EVALUATION 2009/3

TWO RURAL FINANCE AND EMPLOYMENT PROGRAMMES IN INDIA

«SERI 2000» AND «SIDBI»

Schweizerische Eidgenossenschaft
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Swiss Agency for Development and Cooperation SDC

Evaluation of

Two Rural Finance and Employment Programmes in India

«SERI 2000» and «SIDBI»

Commissioned by the Evaluation + Controlling Division
of the Swiss Agency for Development and Cooperation (SDC)

Contents:

Bern, April 2009

Evaluation Process

Evaluations commissioned by SDC Senior Management were introduced in SDC in 2002 with the aim of providing a more critical and independent assessment of SDC activities. Joint SDC/SECO programs are generally evaluated jointly. These Evaluations are conducted according to DAC Evaluation Standards and are part of SDC's concept for implementing Article 170 of the Swiss Constitution which requires Swiss Federal Offices to analyse the effectiveness of their activities. SDC's **Senior Management** (consisting of the Director General and the heads of SDC's departments) approves the Evaluation Program. The **Controlling Unit**, which is outside of line management and reports directly to the Director General, commissions the evaluation, taking care to recruit evaluators with a critical distance from SDC.

The Controlling Unit identifies the primary intended users of the evaluation and invites them to participate in a **Core Learning Partnership (CLP)**. The CLP actively accompanies the evaluation process. It comments on the evaluation design (Approach Paper). It provides feedback to the evaluation team on their preliminary findings and on the draft report.

The CLP also discusses the evaluation results and recommendations. In an **Agreement at Completion Point (ACP)** it takes a stand with regard to the evaluation recommendations indicating whether it agrees or disagrees and, if appropriate, indicates follow-up intentions. SDC's Senior Management discusses the evaluation findings. The CLP may also identify **Lessons Learned** which are generic lessons applicable in similar contexts. The stand of the CLP and the Senior Management Response are published with the Final Evaluators' Report. The Senior Management Response forms the basis for future rendering of accountability.

For further details regarding the evaluation process see the Approach Paper in the Annex.

Timetable:

Step	**When**
Evaluation Programme approved by Management	September 2006
Approach Paper finalized	March 2008
Implementation of the evaluation	March 2008 to January 2009
Agreement at Completion Point	February 2009
Senior Management Response (SDC)	April 2009

I Evaluation Abstract

Donor	SDC Swiss Agency for Development and Cooperation
Report Title	Ex post evaluation of Two Rural Finance and Employment Programmes in India (SERI 2000 and SIDBI)
Geographic Area	India
Sector	Business and other services / Agriculture
Language	EN
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Authors	Consortium GOPA Consultants and ECOPSIS

Subject Description

Promotion of rural finance and employment for the poor was a long-standing key area of SDC's activities in India. The two programmes selected for this ex post evaluation had poverty reduction as overarching goal, both emphasized income and employment, development of the weaker sections of the population including women and to a certain extent environmental issues. SERI 2000 aimed to support the weaker section of the population in sericulture, including small entrepreneurs, by contributing to poverty reduction through generation of sustainable employment and income. The SIDBI (Small Industries Development Bank of India) programme was targeted to support a development bank to alleviate poverty by promoting the generation of income and employment through improved access of disadvantaged SMEs to credit but also to non financial services.

A central objective of this ex post evaluation is to increase SDC's knowledge on the impact of income and employment activities as a strategy for poverty reduction. In addition it shall contribute to SDC's methodological experience with impact evaluations as an instrument to analyse development results. In the context of SDC's efforts to strengthen Management for Development Results, the evaluation also provides some recommendations for results-based management of development interventions.

Evaluation methodology

The focus of this ex-post evaluation is on results, mainly on outcomes and impact of the two programmes. On the basis of the analysis of selected programme components the evaluation assesses more broadly whether the programmes had the desired effects on the beneficiaries at the level of the objectives of the programmes (have desired outcomes been achieved?) and at the level of the broader goal.

For the two programmes analysed here the intended impact is clearly focused on the improvement of income opportunities for the poor (and the targeted groups) via generation of viable enterprises, creation/increment of sustainable employment, reduction of insecurity and dependence as well as on institutional development to make outcomes and impacts sustainable.

Apart from missing baseline date in both programmes, their long implementation period, many external macroeconomic influences as well as the large number of actors on the field made it very difficult to attribute potential outcomes and impacts to the programme outputs, activities and inputs.

The evaluation had to find creative ways to come to meaningful conclusions. In many cases, the continuation or even replication of an intervention ("activity or output level") after termination of a programme had to be taken as first success indicator. In a second stage, reasons for the continuation could be found out by interviews, crosschecked by statistics – if available – and by asking several stakeholders looking at the intervention from different angles.

After collecting secondary information, interviews for SERI 2000 were carried out with resource persons, Government- and sericulture officials, NGO partners and other stakeholders from the private sector, universities and research institutes. Focus group discussions were held with mulberry cultivators, silkworm rearers, reelers, as well as women from self help initiatives. For SIDBI different programme implementing centres throughout the country were visited, discussions and interviews were held with senior officials, managers and staff of SIDBI, programme and implementing agencies, support institutions, entrepreneurs, and other beneficiaries of different programme components.
The collection rate of a random- or a stratified sampling for both programmes would have been too low to justify the relatively high effort to cover such a sampling. Respondents and respondent areas were selected on a roughly representative basis as far as geographical spread, type of respondent and types of implementing agencies were concerned. To that extent selection of samples could be termed as purposive.

Major Findings and Conclusions

The results of the **SERI 2000 programme** are ambivalent. On the positive side there is the successful – yet not quantifiable – community mobilisation via capacity building on the "grass root" level as well as quite substantial traces of capacity building in the private sector. The most visible – although not measurable – impact had been caused by supporting self help initiatives on the level of the workers, farmers, silk worm rearers and reelers. Direct outcomes are: better communication with decision makers, access to credit, awareness of market factors, legal rights and government programmes, direct access to markets, better knowledge of sericultural technologies and less dependency on outsiders via mutual support.
On the other side, development of technologies, one of the major focuses of SERI 2000, cannot be considered as success especially considering the low efficiency of this programme part, which altogether produced very few sustainable results. The technologies were developed to address the issues of poverty, environment, and energy. However, more than half of them could not become popular among the users owing to various factors like the pre-mature termination of the programme but also lacking concern about the economical and commercial factors. This lacking concern for economic issues also resulted in the failure of the programme to provide access to finance for developing and marketing these technologies.
Other critical issues within SERI 2000 are the lacking policy dialogue and the non-achievement of ownership by the partners in the public sector. For various reasons the public partners - other than the private partners - in this heavily Government dominated sector eventually did not take ownership of the programme and its objectives. There was also no successful policy dialogue which could have led to a clear definition of the programme's role within the Indian policy.
Overall the **SIDBI programme** turned out to be a rather effective intervention on the institutional level. It has contributed significantly towards the change of SIDBI's institutional profile towards the poorer parts of the population, the small and micro enterprises in remote areas and a general improved attitude towards risk taking in these areas of business. Insofar it was a visible impact towards poverty reduction. Most of the programme components also reached the objective of sustainability and were replicated by other institutions. The three programme components investigated in more detail for this evaluation have contributed in different aspects, supplementing each other towards the achievement of the objectives. SIDBI's target group was reached and the continuation of most programme components allows the conclusion that it is still being reached with some positive impact.
A point repeatedly stressed in a positive way by the respondents was the innovative approach of SDC which made the programme different from other donors' programmes.

Recommendations and Lessons learned

Baseline data and monitoring

One of the major shortcomings of both programmes is the lack of baseline data as well as the lack of a systematic monitoring to enhance results-based management of the

programmes. A more systematic approach is recommended by defining suitable qualitative and quantitative indicators from the start as well as to monitor these indicators regularly.

Balanced development of technology and economic factors
Selling and financing a new technology requires knowledge about its economic viability under real conditions. Economic viability as well as marketing aspects should be taken into account in technology development.

Parallel programmes should be interlinked
If there are two SDC programmes providing services for related target groups in the same country, there should be some linkage between those programmes.

Realistic estimate of the outreach of SDC-programmes
If a programme is relatively small in the context of a big country like India one should either be modest with what can be achieved alone and lean on to existing structures or alternatively co-ordinate programme objectives with other donors with the same policy approach.

Avoid objectives overload
If the list of goals, objectives, and guiding principles is too ambitious a programme might face the risk that parts of the objectives are ignored and proper and thorough follow up and steering of the programme to reach the objectives are more difficult.

Shorten programme implementation periods
A programme, which stretches over more than 4-5 years, faces increasing problems that the objectives and policies of partners undergo some change over time. Therefore a “cut” is recommended after a period of 4-5 years after which a fresh programme is initiated including a thorough discussion of a possible change of policies or goals or consequently even a potential change of partners.

Experimental approach
The experimental parts of the programmes allowed the partners to try new avenues that would normally not have been tried, although it also included some failures.

Understanding the functions of the partner and communication in two ways
There should always be a two way communication between partners: Not just the partners in the developing country can learn from SDC but SDC should also learn to understand the partner institution’s roles and limitations.

II Lessons Learned by the CLP

The following list of lessons learned is based on discussions and reflections of the evaluation report by the CLP members. They refer to methodological aspects of an ex-post evaluation with focus on impact, to thematic aspects of employment and income and to some general orientations for effective SDC interventions.

1. Methodological lessons

- **An ex-post evaluation can give some answers to the question "what worked and what did not work?" However, to get answers to the question "why did it work or why not?" years after completion of a programme is difficult.** Thus monitoring of context, processes and outcomes during programme implementation including documentation are crucial for understanding facilitating or restraining factors and for learning.

- **The quality of programme documentation is crucial for an ex-post evaluation**, as valuable informal knowledge "evaporates" with staff rotation in SDC, but also partner institutions. To re-establish links with persons involved in the programmes is time-consuming, sometimes impossible. When preparing for an ex-post evaluation, enough time has to be reserved for the compilation of available documents at Headquarter and the Coordination Office.

- **To judge the relevance of a programme and its approach years after completion is a challenge**, since approaches and concepts in development continuously change. Approaches that may have been considered appropriate some years ago may have lost relevance in the light of new developments. An ex-post evaluation should therefore firstly assess if strategies, approaches and methods applied in a specific programme led to intended results and secondly assess the validity of applied strategies, approaches and methods in the current context.

- **Quality of reporting with a focus on results (not only outputs, but also outcomes and impact) should be enhanced in SDC development interventions**. SDC's requirements for key information should be agreed upon with partners and recorded in writing. Roles and responsibilities of SDC and partners with regard to monitoring have to be made clear and explicit: who delivers what kind of data, when, and for what purpose? Monitoring and evaluation systems should be oriented towards internationally agreed good practices and build on local systems.

2. Thematic lessons

The main thematic lessons related to employment and income are included in the chapter "Recommendations" of the evaluation report. However, the generic nature of the recommendations and lessons learnt of the evaluation are of limited use for future Employment and Income projects. The CLP would therefore like to add the following list of lessons:

- **Aid is a subsidy. It needs to be used smartly in private sector development**
  Aid in private sector development can do more harm than good, i.e. crowd out economically viable "competitors" or undermine sustainability and scalability in financial- and private sector development aiming at more jobs and better incomes for the poor. It is therefore important that subsidies in private sector development are targeted, time-bound and conditioned to achieving results. Interventions implicitly or explicitly aiming at (financial) sustainability need to be discontinued if they do not achieve important milestones on the way to sustainable levels of performance.
  It must be clear that interventions that do not aim at sustainable levels of economic

performance will need continuous support at scales that are relevant in the local context, from either a local Government, philanthropic civil society institution and/or donor. Important exceptions to this principle are measures with scope for scaling-up and replication that are intentionally temporary.

The evaluation provides evidence that aid was used in a rather smart way with the marketing fund promoted under SIDBI. SDC contributed to creating an experimental space for SIDBI during which risk perceptions could be tested and changed. Marketing loans quickly proved to be a viable financial product. It was replicated by local banks on a very large scale. Under the Rural Industries Programme (RIP) of SIDBI, rural entrepreneurs were supported in getting loans from banks and in building a credit history for long-term banking relationships, with consulting services from professional service providers. This process was subsidised by SDC and continued by SIDBI after SDC's withdrawal. SIDBI hopes to further expand RIP provided it can mobilise the necessary subsidies. Some features of RIP were apparently also built into a new Microfinance Foundation established with the support of donors other than SDC. It can be assumed that both the Marketing Fund and RIP contributed substantially to safeguarding and creating incomes and jobs in significant numbers.

SERI 2000 promoted Sericulture Quality Clubs (SQCs) and Self-Help Groups (SHG's). This process was fully subsidised – justifiably though since it served the purpose to build social capital, empower the poor and allow them to take advantage of opportunities created by market developments in sericulture (i.e. cocoon production). Local public sector actors continued to promote SQCs after SDC's withdrawal, though at a limited scale. The main risks surviving SQCs are confronted with are related with competitiveness of the sericulture industry as a whole, including agri- and sericulture policies for rain-fed areas.

- **Poverty reduction can be direct or indirect in private sector development**

  Private sector development interventions need to build on entrepreneurs. Entrepreneurs seldom belong to the (very) poor, who are expected to benefit indirectly through incomes and jobs created by entrepreneurial policies and initiatives. SIDBI's Rural Industries Programme (RIP) - and certainly the Marketing Fund - did not reach the poor directly. However, it depends on the (pro poor) nature of the beneficiary industries (do they employ poor people in large numbers?), on backward- and forward linkages and on time perspectives examined whether the poor ultimately also benefit or not. The chances that they do so can be much enhanced through subsidised measures building their social capital.

  The poors' primary needs are often not business- and financial services, but initiatives such as the sericulture quality clubs (though these have also operated group-based savings and credit programmes). It is important to support and subsidise such measures on a large scale. However, they do not achieve their objective of allowing the poor to participate in market opportunities if relevant parts of an industry such as sericulture do not survive due to lack of competitiveness in an increasingly liberalising environment. To demand from an intervention designed to strengthen the competitiveness of an industry that it reaches the poor directly and in the short-term risks to hurt the longer-term interests of larger numbers of poor people.

- **Partner choice and (long-term) partnerships matter above all else**

  SDC's collaboration with SIDBI began in the early 1990s at a time when India's economy started to gradually be freed from strong public sector dominance. With the benefit of hindsight this looks like having been the right partner choice at the right time, a partnership gradually deepened and extended over more than 10 years.

- **A clear thematic focus like "banking" (with the poor) which partners can relate with Switzerland and a track record in the field help in creating and strengthening empathy and effective partnership.**

  SDC's engagement in rural banking and MSE promotion was anchored in field level experience as well as in quality analytical work covering large parts of India. The fact

that SDC is often approached for pro-poor financial sector initiatives is related with the positive side of Switzerland's banking image abroad – although know-how is mostly mobilised globally, not in Switzerland.
However, the experience of SERI 2000 shows that a clear thematic focus and a track record in the field are enabling factors, but not sufficient conditions for effective partnership. SDC supported field level sericulture initiatives since the 1980s, allowing it to become an important partner in the World Bank sericulture project of the 1990s, which then was leading to SERI 2000. This thematic focus and track record in the field helped to initiate SERI 2000. However, the effectiveness of the partnership has been challenged by various other factors (dealt with in the evaluation report and the agreement at completion point).

- **Human and institutional development with the right partner(s) can be highly effective**
  Human and institutional development (HID) initiatives were prominent in both the Seri and SIDBI projects. In SERI 2000, HID measures for example empowered poor farmer families politically and economically through quality clubs. It allowed them to take advantage of economic opportunities and to diversify their incomes. In SIDBI, training, exposures and dialogue on quite a large scale and over an extended period of time changed the risk perceptions of bankers in favour of micro- and small enterprises (MSEs). Profile, policies and programmes of SIDBI, with all the leverages and influences this institution has across India, became significantly more pro MSE and pro poor.

- **Fostering an enabling environment, including changes in the role of the State, needs a deep understanding of local institutions and takes much time**
  Achieving results, i.e. improvements in a regulatory environment and new roles of the State and the private sector, requires a deep understanding of the local context, political economy, strategic partners and change agents, and power relations. A further prerequisite is preparedness of local stakeholders for change. It also demands a cooperative atmosphere and it takes long periods of time (five years and more, depending on the political processes involved). It may include periods of progress and regression.
  In particular the SERI 2000 programme had policy dialogue and a stronger role of the private sector as an important focus. This was influenced by an SDC co-financed World Bank project that preceded SERI 2000. However, in SERI 2000 time frame and atmosphere were not conducive and it turned out that key public sector partners were not really prepared for change. Policy changes on both the Indian (reducing cooperation with small donors) and the Swiss sides (focus on direct rather than indirect poverty reduction interventions) resulted in an early termination of the programme and did not allow making the necessary corrections anymore.

- **Freestanding (SDC) management systems must be extremely strong and competent facilitators**
  SERI 2000 had an SDC management unit guided by mixed public private sector steering fora. It pursued a sub-sector strategy (enhanced productivity, quality and sustainability across the sericulture sector to reduce poverty) combined with a demand-side approach (supporting private- and public sector initiatives rather than public sector measures) and with plans for policy reform. A management unit in such a scenario needs very high levels of legitimacy and competency. Commitment and ownership in the steering fora must be very high. These conditions were not met in SERI 2000.
  In the SIDBI collaboration, programme management was fully integrated within the local partner who had a clear sector-wide mandate and entrepreneurial spirit. This facilitated implementation and steering enormously.

III Agreement at Completion Point Stand of the Core Learning Partnership and Senior Management Response regarding Main Recommendations

A Overall Appreciation

Stand of CLP
The main points of the CLP's general appreciation of the evaluation report are summarised under the five key messages below. The comments received from SDC Delhi and the India Desk in Bern were considered as far as they were within the scope (terms of reference) of the evaluation.
This general appreciation is complemented with some additional lessons the CLP believes can be drawn from the Seri 2000 /SIDBI ex-post evaluation (see section II).

1. The report is well structured and provides a comprehensive analysis.
There was unanimity that the report is logically structured and gives a good picture of the programmes and their main achievements.

2. The methodology is appropriate and transparent, though there are important weaknesses too.
The ex-post evaluation of the SERI 2000 and the SIDBI programmes and their components posed many methodological challenges (lack of baseline and good monitoring data; complex and changing contexts; scope of the programmes and the time that has lapsed since programme closing). The CLP is of the opinion that the evaluation team coped well with these challenges. It had field contacts and meetings with beneficiaries years after programme closing. The CLP particularly appreciates the transparency on methodological issues and the focus on trends and proxies rather than an attempt for "scientific accuracy" under the given circumstances.
In the CLPs assessment, the two main methodological weaknesses are :

- Insufficient clarity in parts of the report on result chains and results management
- Statements related to the programmes' achievements according to the five DAC Criteria for Evaluating Development Assistance (relevance, effectiveness, impact, efficiency and sustainability) appear dispersed in various places of the report.

With regard to gender-specific statements, the problem of lack of gender-specific data in the programme documents is acknowledged. While nevertheless for SERI 2000 some gender-specific hints are given in the evaluation report, the evaluation of SIDBI does not resume the issue of gender at any level.

3. The case studies are valuable.
They include additional and relevant information and need to be read for a full appreciation of the synthesis report of the evaluation, particularly its findings on results and its conclusions.

4. The context, programme strategy, set-up and steering and the role of SDC as a small donor are, in the CLP's view, the main points the evaluation report does not treat adequately.
There would have been a clear need to outline and analyse the complexities and changing nature of the policy and institutional environments in India during the planning and implementation periods of the SERI 2000 and SIDBI programmes in some more depth. This would have been all the more important since both programmes were much dependent on

these environments and aspired for changes in the same, e.g. regarding the roles of State and Central Governments and private sector actors.
The CLP is of the view that the findings and lessons from the SERI 2000 programme would have benefited much had the following dimensions and their implications been considered more clearly:

- The programme strategy: SERI 2000 primarily pursued a sub-sector approach. Strengthening the competitiveness of the Indian sericulture sector and its potential to secure and generate income and employment for the poor, in a context of growing internal and external liberalisation, was an important objective. As such, SERI 2000 was a (bilateral) intervention following-up on a World Bank sericulture project which SDC had co-funded.
- A (probably over-complex) institutional set-up was a reflection of the sector-wide reform aspirations of SERI 2000 which intended to promote a more dynamic and prominent role of the private sector.
- In view of the chosen strategy and institutional set-up the key question remains whether Seri's management system and capacity (organised in an outsourced SDC management unit) was adequate to support a (multi-partner) project **steering process** and all the dialogues that were needed, especially after the policy changes on both the Indian and Swiss sides.

The CLP does not agree with the view of the evaluators that the SERI 2000 and SIDBI programmes were too big for a small donor like SDC. Experience has shown and is well documented that SDC has had influence and levels of effectiveness way beyond its size and financial commitments. Examples include long-term intervention in livestock, rural finance, and (higher technical) education. Decisive has obviously not been size but other factors such as long-standing partnerships and field-experience, familiarity with context, the choice of strategic points of intervention and partners.

5. The recommendations and lessons of the evaluators are too generic and of limited use for future E+I projects

Additional lessons learnt need to be extracted and specified from various parts of the report. The CLP made some complementary points on thematic aspects (see part 2 of section II, Lessons learned).

Senior Management Response

The Senior Management thanks the Section Controlling and the evaluation team for conducting the ex post evaluation of the two rural finance and employment programmes "Sericulture" (SERI 2000) and "Small Industrial Development Bank" (SIDBI) in India. We thank the CLP for discussing and complementing the recommendations and lessons of the evaluation. We take cognisance of the strengths and weaknesses of the evaluation and request the Controlling and Quality Assurance Sections to make an assessment of the potentials and limitations of ex-post evaluations.

The experience, findings, recommendations and lessons need to be shared within SDC for learning purposes. SDC Senior Management has decided that relevant lessons and recommendations to face institutional and methodological weaknesses and challenges brought to light by the evaluation should be adequately taken into consideration in the current phase of SDC's reorganisation.
We must also aim at closing methodological and thematic good practice gaps in the E+I portfolio of SDC.

Private sector development for the promotion of employment and income continues to be an important theme under the Federal Council Dispatch on the continuation of technical cooperation and financial assistance for developing countries 2009 - 2012. The SERI 2000 and SIDBI evaluation is shedding light on the need to improve results-oriented management and reporting, the need for the pragmatic integration of gender and poverty specific

dimensions into PCM practices and the importance of monitoring policy and institutional environments for steering purposes.

The Senior Management agrees with the CLP that it is not so much size (levels of funding) but comparative advantage (where can we make a difference?) and strategy that are key determinants of the effectiveness of an SDC programme. Examples of comparative advantages include (1) the capacity to create space for innovation and change (2) the ability to enable policy development based on implementation- and field experience (3) expertise to work in partnership arrangements with public- and private sector partners (4) a focus and ability to foster capacity development (human- and institutional development).

B. Specific Recommendations

I Base line data and monitoring

Many problems within the programmes could have been detected earlier with a systematic and objective oriented monitoring and the final evaluation could have resulted in clearer and more substantiated conclusions. Therefore, it is recommended for future programmes to collect baseline data and derive qualitative and quantitative indicators (within a log-frame) to enable the programme management in time to judge whether activities are heading towards the objectives and take corrective action. Preferably, such indicators should be defined following the logical sequence of activity-, output-, outcome- and impact- level and – together with the partner institution(s) – supported by a comprehensive pattern of reporting requirements and key ratios to be delivered on a regular basis.

Stand of CLP

The CLP agrees. This recommendation is in line with SDC's efforts to enhance results-orientation in development interventions, based on the concept of "Managing for Development Results". The recommendations V, VI and VIII point to the same direction.

The CLP recognizes the need for methodologically sound and well-documented baseline information and an adequate monitoring system in order to track and document development results based on evidence. For various reasons the collection of data with all scientific rigour for every intervention is not practicable and there will always be the problem of the attribution gap, which cannot be bridged. However, it may be narrowed by collecting key information to consolidate plausibility considerations on the effects of an intervention.

The CLP agrees that the methodological frame of any development intervention should be based on the formulation of outcome and impact hypotheses and result chains, which plausibly link the anticipated objectives and goals with the development interventions. Few but significant and quantitative key indicators should be formulated at the outcome and impact level of the result chain. This would form the base for result monitoring which, on its turn, would provide relevant information for a strategic management system.

This exercise should be done jointly with the partners. Although, the Logframe is considered to be an important planning tool, the CLP is of the opinion that it should be applied with sufficient flexibility. Moreover, one should be aware that monitoring activities and outputs is mainly of interest for short to medium term plans of operation and day-to-day management. With regard to the strategic management and result-orientation, special attention should be given to key indicators at *outcome* level.

Admittedly, strategic management and steering based on monitoring results requires professional proficiency and adequate human resources.

The CLP acknowledges that expectations on monitoring and reporting should be clarified between SDC and its partners and it should be done so timely. In particular, it must be clear and explicit what kind of information SDC needs for steering and reporting.

Senior Management Response

Senior Management agrees with the standpoint of the CLP. The recommendation addresses a known shortcoming with regard to results-orientation. There are various ongoing efforts within SDC HO and field to strengthen focus on outcomes of development interventions in

not only planning, but also in M&E activities and reporting. Senior Management emphasizes its commitment to promote these efforts.
Senior Management recognises that capacity building and sensitising of SDC staff and partners for principles and methods of MfDR are important. It supports initiatives such as the outcome monitoring action plans of the South Asia Department for 2009.
Senior Management will periodically assess the progress with regard to results-oriented management of SDCs development interventions.

II Balanced development of technological and economic factors

Economic viability as well as marketing aspects should be taken into account in technology development, and less educated beneficiaries' mostly short sighted approach about future benefits (for example from energy savings) should be considered. Selling and financing a new technology requires knowledge about its economic viability under real conditions. These requirements should already be taken into account during technology development.

Stand of CLP

The CLP fully agrees that economic viability and marketing dimensions need to be systematically considered very early in an R&D cycle. In fact, good practices emphasize the relevance of getting away from the pilot (*demonstration*) unit stage of technology development and a heavily subsidised niche market to entering mainstream markets. However, the marketing – dissemination and replication - of technology requires professional expertise. With a view to the commercialisation, such a development intervention should partner with the private sector – perhaps even engage in Public Private sector Partnership for Development (PPPD) – at an early stage. It should be recognised that private sector partners at different levels of the production and distribution chain would be able to make a profit. The more profitable their business is, the more effective and sustainable can private producers, dealers, and installation squads deliver goods and extension services.
The CLP also agrees that the role, needs and rationale of the end user should be considered in developing technologies. Only if the end users can afford the technology and clearly benefit from its application they will get (*apply*) it. Therefore, one may consider linking the marketing of a technology with less obvious short-term benefits with awareness raising on medium term benefits.
To this may be added the need to use subsidies in a smart way which, in the case of sericulture, includes a deep understanding of the political economy of the Indian agri- and sericulture sectors and their subsidy practices (see also lessons learnt above).
There is evidence from other SDC technology programmes that suitable (both in terms of price and usefulness) technology can be sold on large scale without subsidies. The CLP suggests clarifying the role of subsidies by the donors as well as by other stakeholders (e.g. government). In the initial stage of developing and testing/adjusting a technology subsidies by donors can be considered as justified. A controversial issue is the embedding *(piggybacking)* of non-financial business services in financial services. Moreover, there is the issue of distorting markets by subsidised services/products. If the product (technology or services) cannot be sold at a cost-covering price, continued subsidies – by the government or other stakeholders – might still be justified for specific reasons, such as in the case of a verified contribution to an important development goal e.g. environment protection, climate change, inclusion of disadvantaged groups, etc.
From the donor perspective there is an interest in sustainability and outreach. This requires clear exit scenarios. Who will pay for the subsidies after the donor has pulled out of the activity?
The CLP emphasizes that only by entering mainstream markets adequate outreach and a substantial contribution to related development objectives such as employment and income creation, gender equality, poverty reduction, environment conservation and energy saving etc. can be achieved.
The CLP adds that one has to do justice to the time lag between developing and testing a technology and its application into the real world. Most technological innovations (R&D processes) take long periods to mature and reach a break-through in their respective markets. This time was not available in SERI 2000.

Senior Management Response
Senior Management agrees with the recommendation and with the stand of the CLP. The development of new technologies is to be associated with an analysis of commercial, financial, economic, *as well as* social factors early on in the planning process. The usefulness and affordability of the technology for the end users should be at the centre. The Management recommends that the E+I Network addresses this question of ensuring a right balance between technology development and economic/social factors for an effective technology transfer.

III Parallel programmes should be interlinked
If there is another SDC programme (like SIDBI) in the country providing financing and handholding to a poor target group the services of this institution should be sought by other SDC-programmes (like Seri 2000) in need for such services.

Stand of CLP
The CLP partly agrees. Reservations exist with regard to the formulation that implies a conditionality for linking SDC's programmes in a country. This is considered to be to constraining. In principle SDC follows a systemic approach which is usually also addressed in the respective country strategy. For various reasons (complexity of the Indian contexts, different target groups and regional focus) there was no formal linking in the specific case of the two evaluated programmes. The CLP suggests to follow a pragmatic approach, in the sense that synergies should be made use of wherever it is implementable *(practicable).*
The CLP adds that with regard to the Paris Declaration on Aid Effectiveness, particularly under the key principles on 'harmonisation', a 'new aid architecture' is already being introduced. Other forms of collaboration not only between programmes of one donor but also between donors are already emerging.
The CLP is of the opinion that this recommendation has therefore not much relevance.

Senior Management Response
Senior Management has aimed at programmatic and effective approaches and interventions prior to the Paris Declaration. However, the latter, together with the Accra Declaration for Action and SDC's Implementation Guidelines are providing additional leverage in managing partnerships in areas that have not worked well enough under the SIDBI- and Seri 2000 projects. Examples of such areas include the ownership of the various stakeholders involved, mutual accountability for results and promoting pro-poor jobs and incomes building on the most effective roles of private- and public sector actors.
It declares its commitment to pursue a policy towards more strategic and coherent portfolios of development interventions in the context of Cooperation Strategies. Specifically, it encourages the use of thematic entry proposals which set the frame for a more holistic and programmatic approach.

IV Realistic estimate of the outreach of SDC-programmes
One of the consequences of this evaluation in the sense of institutional learning is the suggestion to judge the possibilities and the power of one's own programme in a more realistic way. If a programme is relatively small in the context of a big country like India and a huge sector like sericulture, one should either be modest with what can be achieved alone and lean on to existing structures or alternatively co-ordinate programme objectives with other donors with the same policy approach.

Stand of CLP
The CLP disagrees with this statement. The SERI 2000 programme was originally embedded in a more comprehensive national strategy (National Sericulture Project) implemented over a long period together with the World Bank. Nevertheless, it is admitted that weaknesses existed in the appraising of the context and partner institutions and that the

agenda of reforms of SERI 2000 was too ambitious. Moreover, recommendations IV and VII are interlinked and should be seen together.
The CLP emphasizes that a realistic assessment of the relevance of a programme (cf. DAC criteria, *'are we doing the right thing?'*), in particular with regard to the partner country's development policy goals as well as its associated operational framework, is crucial for the success or failure of a programme. This would also include a periodical risk assessment on whether the relevant national policy is actually implemented. Accordingly, a systemic approach is to be designed including identification of strategic entry points and flexibility for necessary adjustments.
Policy advice and dialogue require professional competencies, well-established relations with the partner and resources. Therefore, the CLP is of the opinion that policy advice and dialogue is in principle a core task of SDC that cannot be delegated.

Senior Management Response
Senior Management agrees partially with the standpoint of the CLP. The success or failure of development interventions is not primarily a question of size or financial resources – although the latter is of importance too, especially for the scaling-up of successful pilot projects. Whether a "small" donor such as SDC may contribute to development objectives depends very much on its own competency, a careful analysis of the context and partners, a sound assessment of the complexities of a sector, strategic entry points, partnerships and continuous policy dialogue. Senior Management acknowledges that SERI 2000 faced difficulties due to an underperforming policy dialogue in a highly complex and changing institutional, political and economic environment.
Senior Management is aware that adequate capacities of dialogue, negotiation and steering in the field are necessary with regard to the increasing complexity of SDCs development interventions and partnerships. The current process of reorganisation of SDC is taking into consideration these challenges and envisages a stronger presence in the field.

V Shorten programme implementation periods
Both programmes were to a certain extent affected by the shift of SDC-policy towards direct poverty alleviation (SERI 2000 more than SIDBI). Since it is very likely that the objectives and policies of partners undergo some change over time it is recommended that if a programme is carried on over such a long time, a clearer "cut" after a period of 4-5 years is made after which a fresh programme is initiated including a thorough discussion of a possible change of policies or goals or consequently even a potential change of partners.

Stand of CLP
The CLP disagrees with the recommendation to shorten the overall implementation periods. Longer periods of implementation are required for confidence building with partners, proofing SDC's reliability, getting to know the context attributes that are relevant for entering into a policy dialogue. However, the CLP approves the general trend within SDC of having shorter programme phases of 3-4 years.
SDC applies an open programme architecture which allows for adjustments in a dynamic environment. The CLP agrees that either the exit, the continuation or the adaptation of a programme should be a well reflected process. Moreover, such decisions should take into consideration relevant monitoring information, reviews and final operation reports (according to good quality of PCM).

Senior Management Response
Senior Management agrees in principle with the CLPs assessment. Periodic check-up of the relevance, effectivenes and efficiency of development interventions together with analysis of context and of partners is necessary for strategic steering, for learning and adapting projects accordingly. The end of a phase is a key moment for basic considerations regarding continuation, adaptation or exit and requires a serious analysis of achieved development results based on outcome indicators and in comparison to planned objectives.

VI Experimental Approach

Both programmes often followed experimental approaches. This led to some failures, which however are inherent of experimental approaches. This “out of box thinking” was positively mentioned by stakeholders in both programmes because it allowed them to try new avenues which would normally not have been tried in the traditional environment without some initiative from an outside organisation like SDC. It is recommended to maintain at least parts of such an experimental approach in new programmes.

Stand of CLP

The CLP fully agrees. It points out that the notion of ‘experimental approach’ does not only refer to technology but also to the development of ‘soft’ instruments and tools for addressing specific problems such as in the field of business development, financial services, community development, empowerment. Taking risk and fostering strategic innovation is a key comparative advantage of SDC. Both the SERI 2000 and SIDBI programmes created much appreciated space and opportunities for innovation and change. It is through new, replicable and scalable processes (e.g. quality clubs in SERI 2000) and products (consulting services under SIDBI's RIP and marketing loans) that SDC became relevant with its limited financial resources.

Mobilising international best practices ("untied aid") is a further key comparative advantage of SDC. In both development banking and sericulture this mostly implied South-South exchanges rather than know-how transfers from the North.

However, taking risk can also result in failures. The CLP emphasizes the importance of a systematic monitoring, appraisal and documentation of these experiments. Only if the results of such experiments are made transparent, learning from failures and success as well as informed management decisions will be possible. These information also form the base for the replication and scaling-up of the instruments.

Senior Management Response

Senior Management agrees that one of SDC's trademarks is its readiness to support experimental approaches and innovations, bearing the possible risks and costs of failures. This risk-friendly behaviour is often commended by partner countries, as it provides partners with flexibility and space to try new approaches. The Management agrees that SDC shall maintain an experimental approach in its programmes, provided a proper context, needs, as well as partners analysis is made at the onset. It agrees with the CLP stand that documentation of (failed) experiments is essential to allow for informed decisions and possible replication strategies.

VII Understanding the functions of the partner

Quite a few documents and also some responses from stakeholders within the programmes are supporting the suspicion that in both programmes certain aspects were not always clearly understood by SDC with regard to role and limitations of the partner institutions. In the case of SERI the importance of the sericulture departments was probably underestimated, in the case of SIDBI especially its function as APEX-bank and the role of the P&D department appeared not having been fully clear to SDC. There was probably a lack of two way communications in many cases and therefore it is recommended to SDC before starting a programme not only to require the partner to understand SDC’s objectives but also to make sure that SDC fully understands the partner institutions roles and limitations.

Stand of CLP

The CLP agrees with the first part of this statement. However, it disagrees with the second part: initial and continuous dialogue and communication are among the core principles of SDC’s work. The CLP however admits that putting these principles into practice requires continuing efforts from both SDC and the partners. It also requires an adequate local institutional setting for dialogue, which was not optimal in the case of SERI 2000.

The CLP stresses that changes in policy, approaches and staff in key positions constitute particular challenges for communication on both sides (SDC and the partners). The same applies for the phasing out of a programme. The latter raises the question of how an exit process can be arranged without doing harm.
With reference to recommendation IV the CLP points out that a realistic assessment of the partner country's development policy goals as well as its associated operational framework is crucial for a successful cooperation. At the implementation level, mutual understanding of the partners involved in the programme is a prerequisite for good collaboration. Equally important is a clear and open communication and transparency of differing perspectives, approaches (e.g. poverty reduction) and expectations. A frequent challenge is how these diverging views can be dealt with. In some case conflict resolutions might even be necessary.

Senior Management Response
Senior Management agrees with the recommendation, which is in line with SDCs partnership principles. Management takes notice that their implementation is not always successful: the evaluation indicates a lack of understanding of the effective roles and limitations of the key players in the two programmes.
Management confirms the clear need for a rigorous and careful analysis of the context, partners and institutions at the planning stage of all programmes. A careful understanding of the roles, priorities and readiness for change of the main stakeholders is crucial before starting with programme implementation. Once a programme has started, a good, transparent and frequent dialogue with all stakeholders is needed, to ensure that a gap is not developing between SDC's and the partners' views. The early identification of "allies" or "agents of change" can be important to foster the dialogue and bring the programme towards successful completion.

VIII Focus on fewer objectives and goals (avoid objectives overload)
The list of goals, objectives, and guiding principles (especially after the programme shift in 2000) is very ambitious. Reality looks different: The emphasis to be put on gender concerns, environmental issues, and energy conservation (in SIDBI) after the programme shift was largely ignored and on the central issues of income and employment no target group relevant data were ever collected in both programmes. Therefore it is recommended to concentrate on fewer strategic goals and as a consequence to really monitor and follow up these objective(s) closely during (and not only after) the programme implementation.

Stand of CLP
The CLP agrees with the recommendation. The recommendation deals with the ever-increasing demands from different stakeholders (international, national, institutional, etc.) for including more and more issues into the work of development cooperation. SDC has to comply with international commitments such as the MDGs, including poverty reduction, gender equality, environmental protection, but also national requirements from the parliament for example. One also has to be aware of the fact that the partner country is usually committed to the MDGs, PRSP processes and other international obligations.
There is clearly a temptation of adding more and more objectives (requirements based on thematic and strategic priorities and trends) in the course of implementing a programme over several years. The challenge therefore is to keep a clear focus while at the same time being open minded for experiments, new trends and shifts of approaches. The adding of transversal themes and new thematic or strategic priorities in planning without further action (incl. monitoring and evaluation) does not make sense.
Moreover, according to the CLP it is important to clarify what the various objectives (employment and income generation, poverty, gender) mean in the context of a specific programme. Accordingly, interventions should be designed, implemented and followed up along the PCM.
The challenge therefore is firstly to do justice to the various requirements and secondly to make these operational. Therefore and in conjunction with recommendation I, the following steps are suggested:

(i) to examine which of the various issues are of relevance to a specific development intervention and to set priorities accordingly. Appropriate consideration of SDC's transversal themes gender equality and poverty is compulsory;
(ii) to analyse what a particular thematic issue means in the specific programme (also for transversal themes gender and poverty) and to define objectives accordingly;
(iii) to clarify in conjunction with the development of plausible result chains at what level of the results chains issue-related results are expected and whether these would occur directly or indirectly;
(iv) to develop issue-related key indicators which are regularly monitored and documented.
(v) to include in reporting specific results with regard to the transversal themes gender equality and poverty as well as results linked to any other thematic issue or strategic priority declared as part of a development intervention.

Senior Management Response
Senior Management agrees with the CLP. The recommendation is in line with SDC's general need for thematically focused interventions. It is equally in line with the need to report on results against objectives. Reporting on results also refers to the transversal themes gender equality and poverty as well as any other thematic issue or strategic priority declared as part of a development intervention.

IV Evaluators' Final Report

Ex-post Evaluation of Two Rural Finance and Employment Programmes in India

(SERI 2000 and SIDBI)

Commissioned by the Evaluation + Controlling Division
of the Swiss Agency for Development and Cooperation (SDC)

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IV Evaluators' Final Report

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Abbreviations and Acronyms

AP	Andrah Pradesh
APITCO	Andhra Pradesh Technical & Industrial Consultancy Organisation
APPSRDI	Andhra Pradesh State Sericulture Research and Development Institute
BAIF	Bhartya Agro Industrial Foundation
BIRD	BAIF Industrial Research Institute
CIMAP	Central Institute of Medicinal and Aromatic Plants
CLA	Cluster Level Association)
CLIK	Consortium of Electronic Industries of Karnataka
CLP:	Core learning partners
CODISSA	Coimbatore District Small Industries Association
COOF	SDC country coordination office
CSB	Central Silk Board
CTUP	Cluster Technology Upgrading
DAC	Development Assistance Committee
DFID	Department for International Development
Dfl	Disease free layings (silkworm eggs)
DOS	Dept. of Sericulture
DOS-AP	Dept. of Sericulture Andhra Pradesh
DOS-K	Dept. of Sericulture Karnataka
DOS-TN	Dept. of Sericulture Tamil Nadu
DOS-WB	Dept. of Sericulture West Bengal
EDA	Economic Development Associates
EDP	Entrepreneurship development programme
EP	Enterprise
GDP	Gross Domestic Product
GNP	Gross National Product
GOI	Government of India
HID	Human and Institutional Development
HRD	Human Resources Development
HRU	Heat Recovery Unit
HYU	High Yield Variety (of silkworms)
IA	Implementing Agency
IDFC	Instruments Design and Facilitation Centre
IDM	International Development Enterprise
EDII	Entrepreneurship Development Institute of India
IPM	Integrated Pest Management
IT	Information Technology
JICA	Japan International Cooperation Agency
JPC	Joint Programme Committee (private and public)
KfW	Kreditanstalt für Wiederaufbau
KAR	Karnataka
MAG	Monitoring and Advisory Group (a steering committee for SERI)
MF	Marketing Fund
MFI	Micro Finance Institution
NABARD	National Bank for Agriculture and Rural Development
NBJK	Nav Bharat Jagarti Kendra
NGO	Non Government Organisation
NIRD	National Institute of Rural Development, Hyderabad
P&D	Promotion and Development (refers to SIDBIS so called P&D department, responsible for non financial service
p.a.	per annum (annually)

PSCST	Punjab State Council of Science ad Technology
R+D	Research and Development
RDC	Regional Development Centre
RIP	Rural Industry Programme
Rs	Indian Rupees
SDAs	STUP Delivery Agencies
SDC	Swiss Agency for Development and Corporation
SFr	Swiss Francs
SHG	Sericulture Help Groups (mostly women)
SIDBI	Small Industries Development Bank of India
SIMAP	Small Industries Management Assistance Programme
SME	Small and Medium Enterprise
SMiE	Small and Micro Enterprise
SQC	Sericulture Quality Clubs (predominantly men)
SSE	Small Scale Enterprise
SSI	Small Scale Industry
STUP	Skills cum Technology Upgrading Programme
TERI	The Energy and Research Institute
TIDE	Technology Informatics Design Endeavour
TN	Tamil Nadu
TNAU	Tamil Nadu Agricultural University
UAS	University of Agricultural Science
UNDP	United Nations Development Programme
VC	Venture Capital
WTO	World Trade Organisation

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PART I SYNTHESIS REPORT

1 Executive Summary

i. In the context of the concept "Managing for Development Results", there is a growing demand to focus on results of development interventions, also in evaluations. However, in SDC as well as in many other donor organizations, there is a general lack or deficiency of documented and methodologically sound evidence with regard to questions such as “what worked”, “what not”, “why did it work”, “why not”. This is why SDC evaluation unit has proposed to the Management in 2006 to organise an ex-post evaluation of SDC programmes in 2007/08 with focus on outcome and impact.

ii. The selection of programmes in India for such an ex-post evaluation is due to the phasing over of long-term cooperation between SDC and India towards a new type of collaboration (Partnership Programme India). Government of India decided in 2003 to reduce bilateral development cooperation with small donors, Switzerland being among them. On this background development cooperation of SDC India is currently in a state of transition from its previous development cooperation programme to the new type of collaboration. Several “old” projects and programmes are phasing out; some are oriented towards the new partnership. Capitalization and dissemination of lessons learnt in key areas of SDC’s activities in India within the past 45 years are one component of the transition phase.

iii. This ex-post evaluation will allow a closer look at the outcomes and the impact of two major projects / programmes which were closed in 2004 and 2004/06 respectively. Broadly speaking, SERI 2000 was a programme for supporting disadvantaged and poor people in the sericulture sector, whereas the Small Industries Development Bank of India - programme (SIDBI) was a programme to support a development bank for improving its assistance to small and micro entrepreneurs in rural and semi-urban areas. Both programmes had poverty reduction as overarching goal (with a stronger emphasis after the shift of SDC-policy towards poverty in the year 2000), both emphasized income and employment, development of the weaker sections of the population including women and to a certain extent also environmental issues. Both programmes also focused on supporting of small enterprises.

iv. **Seri 2000**: After co-operation in the sericulture sector in India since the 1980s, SDC launched Seri 2000 as a 5-Year programme from 1997-2002 and later extended it to 2004. The sericulture sector spans agriculture (mulberry cultivation), etymology (silkworm rearing), handicraft (reeling) and industry as well as traditional handicraft (weaving) making it an extremely complex network of forward backward linkages impacted by traditional practices and international market forces. The majority of persons in this sector (51%) are working in mulberry farming, followed by handloom weaving (27%). Nevertheless, sericulture is a chance for traditional farmers to increase their income by moving at least partly into sericulture. Sericulture also provides opportunities for employment and income in reeling, twisting and weaving. However, after the opening of the world markets for textiles the sector is endangered by competition especially from China. This competition also led to different policies about the further development of the (heavily government influenced) sericulture sector: modernising it by

changing cultivation and processing methods and introducing power looms or maintaining the traditional roots?

v. The **results of the SERI 2000 programme** are ambivalent. On the positive side, there is the successful - yet not quantifiable - community mobilisation via quality clubs, on a much smaller scale the schools for working children ("moonlight schools") and quite substantial traces of capacity building in the private sector. The most visible, although not measurable impact is caused by the quality clubs: Direct outcomes are: better communication with decision makers, access to credit, awareness of market factors, legal rights and government programmes, direct access to markets, better knowledge of sericultural technologies and less dependency on outsiders via mutual support. This has led to an increase of self-reliance and empowerment for disadvantaged people (with a special emphasis on women) and eventually also to an increase in income and a stabilisation of income. On the positive side, there is also the experimental approach, which has led - just like in the case of SIDBI - to many interesting and innovative trials, but also - this is the negative side of every experiment- to some failures.

vi. Development of technologies, one of the major focuses of SERI 2000, cannot be considered as successful especially considering the low efficiency of this programme component, which took almost half of the funds and altogether only produced very few sustainable results. The technologies were developed to address the issues of poverty, environment, energy and also the issues of climate change and carbon control. However, more than half of them could not become popular among the users due to various factors like the pre-mature termination of the programme but also lack of concern about the economical and commercial factors. This also resulted in the failure of the programme to provide access to finance for technologies as well as the envisaged development of business support.

vii. Other critical issues are the lack of policy dialogue and of ownership by the partners in the public sector. For various reasons the public partners - other than the private partners - in this heavily Government dominated sector eventually did not take ownership of the programme and its objectives especially after the shift of programme emphasis. There was also no successful policy dialogue which could have led to a clear definition of the programme's role within the Indian policy. It was also an illusion - if it was ever seriously considered - that a small programme like Seri 2000 could change the striking state dominance in this sector. Unlike with the case of SIDBI, where a strong partner was available who was not only open to changes, but also experienced in the Indian policy setting, SDC did not succeed finding such an appropriate and cooperative partner in the case of Seri 2000.

viii. **SIDBI** had been created by the Industrial Development Bank of India in 1990 with the objective "of serving as the principal national institution for the promotion, financing and development of industry in the small scale sector, and for coordinating the activities of the numerous other institutions engaged in the same area." The SDC-SIDBI programme was implemented in three stages: the first one being an experimental stage, the second one only focusing on one aspect (marketing loans) and the 3rd part trying to complement SDC's collaboration with National Bank for Agriculture and Rural Development (NABARD, who addresses primarily farmers and micro as well as tiny enterprises) by supporting and strengthening SIDBI's capacities and relevance for small entrepreneurs.

ix. The evaluation of the SIDBI programme has covered three components in depth; the Rural Industry Programme (RIP), the Marketing Fund and Human and Institutional Development (HID). Remaining components were covered based on secondary sources. Overall it can be concluded that the SDC intervention has left very strong traces and has influenced SIDBI to a great extent. Talking to managers and staff from SIDB as well as associated agencies it was found that almost all of them remembered the SDC intervention in a very positive light. A point, which was repeatedly stressed, was as a former top manager of SIDBI put it, the "out of box thinking", and the innovative approach of SDC. It was a rather fruitful approach to try new avenues. Without the SDC initiated outside initiatives like the marketing window, the venture capital funds, RIP and the other programmes (STUP and SIMAP), changes would either never have happened or at least not have been carried as far. It was this innovative approach, which made SDC different from other donors. The SDC intervention has contributed significantly towards the change of SIDBI's institutional profile towards the poorer parts of the population, the small and micro enterprises in remote areas and a general improved attitude towards risk taking in these areas of business. Insofar it was a visible impact towards poverty reduction, even though SIDBI does not cover the very low end of the income and loan segment. However, it was clear from the very beginning that for the bottom segment SIDBI was not the right partner (this would have been NABARD). Most of the components also reached the objective of sustainability and were replicated by other institutions. The three components investigated closely contributed in different aspects, supplementing each other towards the achievement of the objectives. SIDBI's target group was reached (and the continued existence of most programme parts allows the conclusion that it is still reached with some positive impact), but without any possibility of quantitative verification.

x. Taking into account the similar target group for both programmes during many interviews and discussions the question must be asked why there was apparently no trial to link SIDBI measures with SERI 2000 measures.

xi. One of the major shortcomings of both programmes is the lack of baseline data as well as the lack of a systematic collection of data to enhance results-based management of the programmes. There are many reports and studies (especially for SERI 2000), but there is no common format and there are no common information requirements which could have enabled the management to compare the progress in view of the objectives. In spite of the fact that income and employment were very high on the agenda, no data were collected on these issues during programme implementation. And in spite of the fact that gender aspects were also considered important, there was no particular instrument how to monitor this issue and to take corrective actions if necessary.

xii. From the various documents for both programmes in the various stages it appeared that there was a slight objective overload considering the capacity of the programmes. A concentration on fewer goals, objectives, and guiding principles could have lead to clearer defined indicators for steering the programmes and take corrective actions. SIDBI had the advantage of just being one organisation, whereas for SERI there were several government and private organisations to be coordinated. This resulted in too many steering committees and this was probably also one reason for the lack of overall management.

2 Recommendations

I. Baseline data and monitoring

Many problems within the programmes could have been detected earlier with a systematic and objective oriented monitoring and the final evaluation could have resulted in clearer and more substantiated conclusions. Therefore, it is recommended for future programmes to collect baseline data and derive qualitative and quantitative indicators (within a log-frame) to enable the programme management in time to judge whether activities are heading towards the objectives and take corrective action. Preferably, such indicators should be defined following the logical sequence of activity-, output-, outcome- and impact-level and – together with the partner institution(s) – be supported by a comprehensive pattern of reporting requirements and key ratios to be delivered on a regular basis.

II. Balanced development of technological and economic factors

Economic viability as well as marketing aspects should be taken into account in technology development, and less educated beneficiaries' mostly short sighted approach about future benefits (for example from energy savings) should be considered. Selling and financing a new technology requires knowledge about its economic viability under real conditions. These requirements should already be taken into account during technology development.

III. Parallel programmes should be interlinked

If there is another SDC programme (like SIDBI) in the country providing financing and handholding to a poor target group the services of this institution should be sought by other SDC-programmes in need for such services.

IV. Realistic estimate of the outreach of SDC-programmes

One of the consequences of this evaluation in the sense of institutional learning is the suggestion to judge the possibilities and the power of one's own programme in a more realistic way. If a programme is relatively small in the context of a big country like India and a huge sector like sericulture, one should either be modest with what can be achieved alone and lean on to existing structures or alternatively co-ordinate programme objectives with other donors with the same policy approach.

V. Shorten programme implementation periods

Both programmes were to a certain extent affected by the shift of SDC-policy towards direct poverty alleviation (SERI more than SIDBI). Since it is very likely that the objectives and policies of partners undergo some change over time, it is recommended that if a programme is carried on over such a long time, a clearer "cut" after a period of 4-5 years is made after which a fresh programme is initiated, including a thorough discussion of a possible change of policies or goals or consequently even a potential change of partners.

VI. Experimental approach

Both programmes often followed experimental approaches. This led to some failures, which however are inherent of experimental approaches. This "out of box thinking" was positively mentioned by stakeholders in both programmes because it allowed them to try new avenues, which would normally not have been tried in the traditional environment without some initiative from an outside organisation like SDC. It is recommended to maintain at least parts of such an experimental approach in new programmes.

VII. Understanding the functions of the partner

Quite a few documents and also some responses from stakeholders within the programmes are supporting the suspicion that in both programmes certain aspects were not always clearly understood by SDC with regard to role and limitations of the partner institutions. In the case of SERI the importance of the sericulture departments was probably underestimated, in the case of SIDBI especially its function as APEX-bank and the role of the P&D department appeared not having been fully clear to SDC. There was probably a lack of two way communications in many cases and therefore it is recommended to SDC before starting a programme not only to require the partner to understand SDC's objectives but also to make sure that SDC fully understands the partner institutions roles and limitations.

VIII. Focus on fewer objectives and goals (avoid objectives overload)

The list of goals, objectives, and guiding principles (especially after the programme shift in 2000) is very ambitious. Reality looks different: The emphasis to be put on gender concerns, environmental issues, and energy conservation (in SIDBI) after the programme shift was largely ignored and on the central issues of income and employment no target group relevant data were ever collected in both programmes. Therefore it is recommended to concentrate on fewer strategic goals and as a consequence to really monitor and follow up these objective(s) closely during (and not only after) the programme implementation.

3 The programmes[1]

Promotion of rural finance and employment for the poor has been a major thematic focus of SDC India for several decades and a number of projects and programmes has been implemented in various regions. To consider aspects of sustainable natural resource management while promoting employment in rural areas do characterise many of these programmes.

This ex-post evaluation will allow to have a closer look on outcomes and on the impact of two major long-term programmes of employment creation and rural finance in the domain of small and micro-enterprises, which had the main general goal to contribute "to the creation of sustainable income and employment opportunities in small and micro-enterprises in rural and semi-urban areas" (SDC Country Programme 1996-2003).

Based on case studies and on available documentation the following ex-post evaluation shall assess more broadly whether the programmes had the desired effects on the beneficiaries at the level of the objectives of the programmes and at the level of the broader goal and add value to the compilation of experiences done by others.

The selection of programmes in India for such an ex-post evaluation is due to the phasing over of a long-term cooperation between SDC and India towards a new type of collaboration (Partnership Programme India). Government of India decided in 2003 to reduce bilateral development cooperation with small donors, Switzerland being among them. On this background development cooperation of SDC India is currently in a state of transition from its previous development cooperation programme to the new type of collaboration. Several "old" projects and programmes are phasing out, some are oriented towards the new partnership. Capitalization and dissemination of lessons learnt in key areas of SDC's activities in India within the past 45 years are one component of the transition phase.

3.1 SERI 2000

3.1.1 Background to the Sericulture Sector in India

Unlike other sectors, the **sericulture sector** spans agriculture (mulberry cultivation), etymology (silkworm rearing), handicraft (reeling) and industry as well as traditional handicraft (weaving), making it an extremely complex network of forward and backward linkages impacted by traditional practices and international market forces (Chart 1).The major processes within the sub-sector are divided between pre-cocoon activities including mulberry farming under both irrigated and rain-fed conditions and silkworm rearing; and post-cocoon activities including silk reeling; twisting, dyeing; marketing silk yarn; sari (zari[2]) manufacture; handloom and power loom weaving; printing and finishing and marketing of finished products. The poorest workers in the sector are landless and marginal / small land owing households who generally work with subsidiary activities related to silkworm rearing, reeling, and weaving.

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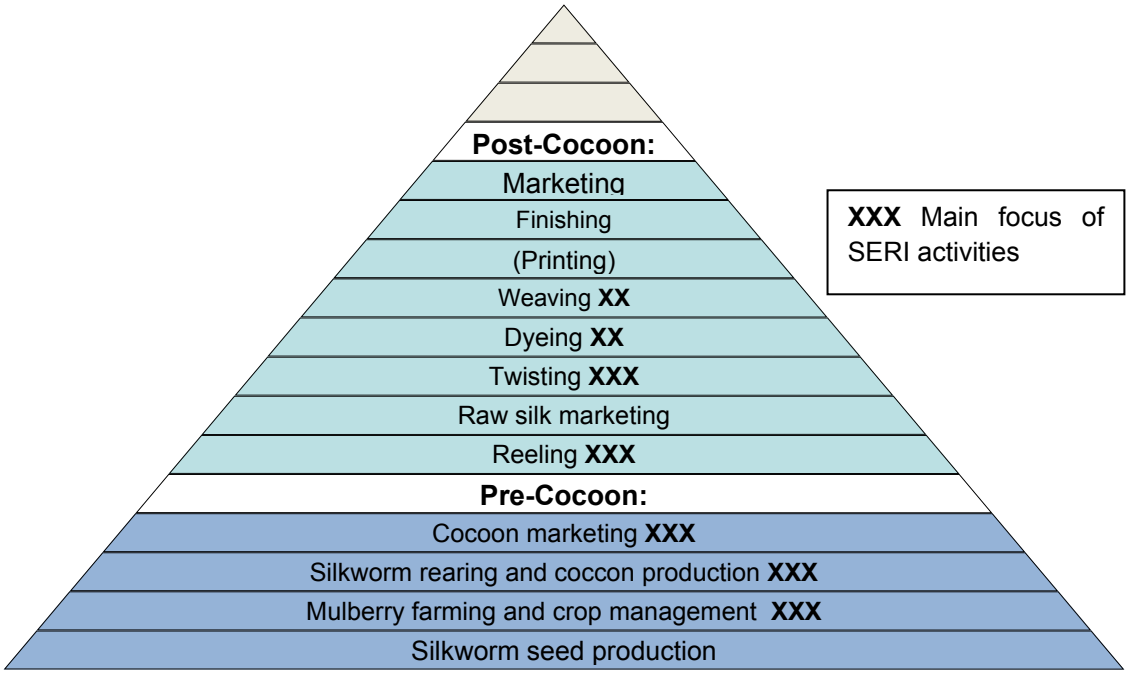
1 The term "programme" shall be used for the entire SIDBI or Seri 2000 intervention, the term "programme component" for the different parts of the programmes, the term "project" for parts carried out under the component or for different stages of the components. However, throughout the documents the terms are sometimes mixed up, for example the "Rural Industry Programme" as a component of the SIDBI-programme is termed as "programme".

2 In India the word „Sari" is often also spelled as „Zari".

Chart 1: Summary overview of sericulture processing



The bulk of mulberry farming and silkworm rearing is clustered around Karnataka followed by Andhra Pradesh, West Bengal, Tamil Nadu and Jammu and Kashmir (see geographical overview inAnnex B). Together, these states account for 98 % of mulberry farmers and silkworm rearers, the area under mulberry, silkworm seed consumed and cocoons produced. Similarly, silk reeling is concentrated predominantly in Karnataka and on a limited scale in Andhra Pradesh, West Bengal and Tamil Nadu. Karnataka with its capital Bangalore, which is still a dominant "textile city" in spite of its significance as an emerging global IT-centre, accounts for about 66% of the total mulberry cultivation and cocoon production. Ramanagaram and Siddlaghatta districts, where the SERI 2000 programme was very active, account for almost 38 % and 40 % of raw silk produced in Karnataka. The bulk of handloom weaving is concentrated in 4 major clusters across the country in Kanchipuram Karnataka, Benares UP, Tamil Nadu and Assam. Reeling and handloom weaving are distributed in distinct clusters in Andhra Pradesh, Karnataka and Tamil Nadu. 85% of all the silk fabrics produced in India are handloom. 60% of the silk yarn produced is on "Charaka" or "Chark"[3] and 30% on cottage basins belonging to the small and marginal cottage basin reelers. The number of cottage basins and semi-automatic reeling machines is however declining.

One of the characteristics of the entire sericulture sector is that it is heavily influenced and even dominated by government institutions. Although the Indian Government was following liberalisation and privatisation policies throughout the years of the programme, there appeared not to be a single function to be privatised or moved away from Government. Especially in the pre-cocoon sector, this dominance has also resulted in a dependency on subsidies comparable to the farming sector in the European Union. Many viable projects are doomed to fail if the government does not connect it with a subsidy and this was also a phenomenon which influenced the SERI 2000 programme.

[3] Traditional spinning wheel

The Sericulture sector employs approximately 2,4 Million people (directly and indirectly, but excluding trade) and about 12,1 Million persons in total are as family members dependent on sericulture (Annex C). The majority of people (51%) are employed in mulberry farming, followed by handloom weaving (27%). Only 2% are employed in power loom weaving, which is not very common in India because the multi-voltine silk used in the country is not very suitable for power-looms. There were and are consistent trials by the Central Silk Board as well as the state departments of sericulture to introduce the bi-voltine silkworm type, which is used in China and Japan, but so far bi-voltine races remain the exception. The reasons for this is firstly that bi-voltine breeds do only enable two harvests per year compared with 5-12 with the multi-voltine types. Secondly, the handling of bi-voltine silk worm rearing, mulberry cultivation and reeling requires more sophisticated skills. The multi-voltine type results in a slightly lower quality of silk, which is less suitable for export, but it appears to be more popular for the typical Indian sari. There are several opinions among Indian silk experts. Some say that the Indian silk market and the international silk market are two completely different markets, and it is best to consider these two markets as separate. Others doubt this and want to modernise the entire sector by introducing bi-voltine silk and power-looms in order to compete with mainly China on the world market. This “war” between modernisers and traditionalists is going on and to a certain extent it also affected the programme, which was clearly on the side of improving the traditional way of producing silk.

Picture 1: Plucking the cocoons and preparing them for the market (Picture: Klaus Stocker)

Silk production in India in 2002 amounted to 62 Billion Rs (plus 22 Billion from power-loom weaving), which is equivalent to SFr 2,7 Billon or € 1,7 Billion (Data in Annex D). The power loom silk is mostly imported and does therefore not play a role as far as mulberry cultivation and reeling is concerned. Within the traditional Indian sericulture sector (multi-voltine and hand-loom) it is interesting to see that the weaving amounts to 64% of the value added, whereas the pre-cocoon sector amounts only to 14%. It is also quite surprising that the rather crucial part of reeling (converting the cocoon to silk thread) comes to 15% of the value added, although it only employs 5% of the people.

The SERI 2000 programme ended between 2002 and 2004, when the first impacts of imports from the world market, notably Chinese silk, were beginning to be felt among Indian producers and sellers all along the chain. The magnitude of the impact had however not been anticipated. There seems to be a common consensus among resource persons that the traditional market for Indian handloom silk (saris) will remain robust, but silk fabric and other products will face increasing competition from Chinese silk, which has already started flooding the market. Chinese silk is not only of better quality, but also priced cheaper than Indian silk; and the challenge for Indian producers is to increase productivity and quality at competitive prices. This shake up of the market has undermined to a large extent many positive impacts of the programme. It has in particular enforced the adoption of improved technologies mainly by larger operators and has probably brought many more changes to the sector than any of the SERI 2000 programme's activities.

3.1.2 SERI 2000 Objectives and Programme Components

SERI 2000 was started in 1997 with a financing volume of SFr 15 Million. The original objectives have been defined as follows:

Overall goal: "Viable enterprises, employment, and sustainable income are being generated, primarily for the weaker sections of the population, including women, in rural and semi-urban areas."

The **overall objective** is expected to contribute to the achievement of the a.m. overall goal and will concentrate on the following:

- "Productivity, quality and sustainability, especially in the post-cocoon sector, systematically enhanced with a demand side approach"[4]

In 2000 the overall objective was re-oriented following a general shift within SDC towards direct poverty orientation:

- **Goal**: Contribution to poverty reduction through generation of sustainable employment and income in sericulture, directly and indirectly, for the weaker section of the population, including woman, in rural and semi-urban areas
- **Objective:** Productivity, quality and sustainability in sericulture are systematically enhanced with a demand side approach[5]:

[4] Antrag No. 00/97, SFr 15 Million, 3.2.97, P.4 of the Annex

[5] Programme Document of SERI 2000 after Re-orientation, Bangalore, Dec. 2000, p.3

Chart 2: SERI 2000 programme components[6]

Component ("Project")	Component objective(s)
Policy dialogue /regulatory framework	A forum (incorporating decision makers, policy planners, representatives of the private and public sector and of key sericulture institutions) will be in a position to discuss the policy and regulatory framework relevant for sericulture and the silk industry and to induce adequate adjustments."
HID (Human and Institutional Development)	Addressing systematically training and organisational development needs of the direct stakeholders and the programme partners, especially in areas of extension and training management, and social and health issues of the sector
Post-cocoon enterprise promotion and access to finance	Small and micro enterprises will have improved access to fair financial services; and will be in a position to cater to the requirements of the domestic and export markets.
Post-cocoon technology generation and transfer	Small and micro enterprises will be increasingly using technologies aiming at better productivity and quality, higher energy efficiency and a profitable use of by-products.
Pre-cocoon technology generation and transfer	Rearers will adopt technologies providing increased productivity, product quality and sustainability of the natural resource management within the sericultural livelihood systems (sustainable water and land use; eco-friendly production and processing, development of appropriate technologies).
Organic silk	Development of a concept of organic silk production and marketing, covering all steps from soil to established channels in the domestic and export markets.

Apart from the objectives and the goal, so-called guiding principles were formulated in the Credit Proposal 1997:

- to bank on a change of mind set of stakeholders
- to go for innovative marketing versus price subsidies
- to facilitate the flow of investment and credit
- to have an integrated gender approach and to address the interest of women systematically
- to target child labour
- to go for eco-friendly solutions (to tap the potential for reduction and even elimination of chemical fertilizers, pesticides and the use of toxic products,
- organic silk production and promotion
- to go for a strategy based on flexible response.

3.1.3 History of SDC Involvement in Sericulture – SERI 2000

The Swiss involvement in the Sericulture sector started already in the 1980s in the framework of a programme co-financed with Worldbank. Based on these experiences and taking up components which had not been taken up or not been emphasised until then, SDC launched SERI 2000 as a 5-Year programme from 1997 to 2002 and later extended it to 2004. The programme was supposed to end in 2004, was however prematurely terminated by the Government of India in 2002. Nevertheless on Nov. 20th, 2003 the programme was extended to 31.12.2006 by SDC[7] to "*allow (a) to finalise the proper phasing out from the port-*

[6] Antrag 001/97, 3.2.97 , p. 6, partly shortened;

[7] Change of Credit Duration No. 7F-02997.02, 20.11.03

folio established under SERI 2000 with adequate documentation of the main results; (b) to explore ways and means to generate sufficient evidence to SDC to decide about extent and scope of *future poverty reduction programmes based on enhancing productivity and income of poor sericulturalists through rain-fed practices and fighting discrimination of sericulture workers, mainly children.*"

Because of the premature termination and the unilateral extension there is some insecurity about the „true" end of the programme: In fact after the extension there was a decision by the "Task Force" group to terminate all programme activities by July 31st, 2003[8]. The real end of the programme is therefore uncertain and lies between 2002 and 2004, most of the projects were terminated in 2003 but some were still carried on until 2004, so 2004 can be assumed to be the "final" end of the programme. Over the seven year programme period 1997-2004 the programme related to promoting rain-fed mulberry cultivation, pre and post cocoon technology development, capacity development and HID were taken up by providing support to government (public sector projects) and NGOs, research institutions and SERI sector small businesses (private sector projects).

A Mid Term Review conducted in March 2000, covered the progress of the programme in the first three years, and recommended the need for greater focus on poverty alleviation along the lines of the new "SDC Country Programme for India 2003-2010".

3.1.4 Management and steering of the programme

Within the programme component "policy dialogue" it was an objective to create a "forum (incorporating decision makers, policy planners, representatives of the private and public sector and of key sericulture institutions), which will be in the position to discuss the policy and regulatory framework relevant for sericulture and the silk industry and to induce adequate adjustments." This was done by **various committees**. The central committee was the Monitoring and Advisory Group (MAG) in which most of the government representatives from Central Silk Board as well as the State Departments of Sericulture (DOS) and private sector representatives were members. There was also a "programme steering committee above the MAG" consisting of fewer members from SDC, the Government and the private sector. Below the MAG there were two joint project committees (JPC), one for the private sector (JPC-private) and one for the public sector (JPC public) consisting also of other stakeholders within the sericulture sector, representatives from research institutes and consultants. All three committees met approximately twice a year, the MAG slightly less often. The MAG sent also field missions out to verify the progress of the programme and to identify critical issues, which were discussed in the following meetings. During the **phasing out** of the programme a special **task force group** consisting of members of the Ministry of Textiles, the DOS and SDC took over the steering functions.

There is an extensive documentation covering meetings of MAG and the JPC's, but not from the steering committee, so it appears that the real steering body during the main programme implementation time between 1997 and 2002 was the "MAG", supported by both (private and public) Joint Programme Committees.

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[8] Report of the Task Force, June 17th, 2003: The task force was a committee set up after the MAG and the JPC had ceased to exist after the "SERI 2000 programme was terminated by mutual agreement between SDC and Ministry of Textiles": "As a rule, Article 8.2 of the Intergovernmental Agreement on SERI 2000 shall be applied, i.e. to phase out within six months from a date mutually agreed upon. This date shall be the January 31, 2003....exceptions from the above rule can be made in order to meaningfully phase out, minimising the negative effects of the premature termination"(Annex 2 A, p.7)"

The key players within the programme were SDC-Delhi, the official management of the programme in Bangalore, the four Departments of Sericulture in four states, the Central Silk Board, The Ministry of Textiles and to a lesser extent the private partners. The programme activities related to private partners (consultants, research institutions, universities) took off very slowly at the beginning but they gained some momentum towards the end of the programme.

There were many guiding principles (chapter 3.1) governing the implementation of the programme. A very characteristic feature of the programme needs to be mentioned here: At the beginning of the programme, there appeared to be much hope that the Seri 2000-programme could **move activities away from the dominant public sector**. Much of the wording within the objectives and guiding principles (*"demand side approach, go for innovative marketing versus price subsidies, bank on a change of mind of stakeholders*") already indicates this, and interviews with persons responsible within SDC during this time clearly confirm an "up and away from government" approach. This, however, proved to be not a successful venture as the results described further below will indicate: Keeping in mind the limited size of the programme versus the huge government influence, it appears to be a very ambitious goal and it was not only missed by the programme but also contributed to its premature termination by the Government.

3.2 SIDBI

The Small Industries Development Bank (SIDBI) had been created by the Industrial Development Bank of India in 1990 with the objective "of serving as the principal national institution for the promotion, financing and development of industry in the small scale sector, and for coordinating the activities of the numerous other institutions engaged in the same area."[9]

SDC India engaged in the sector of small industry in the context of new perspectives opened in the early 90s by processes of deregulation in the Indian economy and with the aim to diversify partners and broaden SDC's impact in the sector.

3.2.1 The SIDBI Programme and its Objectives

The SIDBI programme was carried out in three phases:

Phase 1 (April 93- March 96)**:** Designed as an **experimental phase**, the objective was "to support small scale entrepreneurs in their own efforts to generate employment and sustainable livelihoods, preferably in small and medium towns"[10] (complementary to NABARD's clientele). "The project (actually: programme[11]) will focus on developing and testing innovative approaches...its aim shall not be the implementation of activities on a large scale at this stage... so as to draw valuable lessons for an enhanced support..."[12] (SFr 3,345 Million).

Phase 2: The existing, but fully committed **marketing fund** was augmented through additional contributions still on an experimental basis: Within the context of SDC's over-arching

goal of "*alleviation of poverty by promoting income and employment generation through improved access of disadvantaged and micro entrepreneurs primarily to credit and other financial services",* the specific objective was "*to offer credit, at commercial interest rates to enable SME's to increase their sales in India and for exports"*[13] (95-96: SFr 2,05 Million)

Phase 3: After a self-evaluation of the programme and a planning workshop, goal and an objective were formulated as follows:

Goal: Within the context of SDC's country programme ..."the alleviation of poverty by promoting the generation of sustainable income and employment through improved access of disadvantaged SME's to primarily credit but also to non financial services.."[14]

"The basic **objective**...is still valid: Complement our collaboration with NABARD (who addresses primarily farmers and micro as well as tiny enterprises) by supporting and strengthening SIDBI's capacities and relevance for small entrepreneurs, mainly. The gains derived through the ending phases I and II (…) shall be consolidated and diversified during the coming phase. During this phase, a stronger focus will be given to gender concerns, environmental issues and energy conservation aspects."[15]

Phase 3 was envisaged to last from 1996-99, but it was extended to 2004 and was supported by SDC with a financial volume of SFr 9,85 Million.

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9 SDC-Credit Proposal 1993

10 Agreement between the Gov. of India and the Gov. of Switzerland, Phase I, 15.9.1993, p. 1; see also Antrag Nr. 145/46, 23.5.1996, pp.3

11 Please refer to the terminology in footnote 1 on page 14

12 Ibid, p.2

13 Antrag Nr. 190/95, 18.7.1995, pp. 2

14 Antrag Nr. 145/46, 23.5.1996, pp.3

15 Ibid, p.4

Chart 3: SIDBI programme components

Component	Component objective(s)	
	Phase 1[16] (Phase 2)[17]	Phase 3[18]
Venture Capital (VC) Fund/Study	(1) To contribute to the creation of a viable VC business."	
Human and institutional development	(2) 2nd line management training, (3) Performance improvement for managers, (4) Introduce a small scale enterprise (SSE) -oriented approach to primary lending institutions, (5) Develop business skills of women NGOs/Savings+ credit groups, (6) Enable SIDBI staff/NGOs to support SSEs more effectively	Strengthen the organisational capacity and technical competence of SIDBI and its partner institutions by providing suitable support to make available need based training inputs… through either tailor made programmes or on the job placements and exposure trips.
Marketing/ Marketing Fund Loans to individual Small Scale Industries SSIs	(7) To provide direct finance for a small number of marketing initiatives which will lead to increased sales	The existing marketing will form the nucleus for launching the (marketing finance) department. SIDBI will define the overall framework which shall guide the bank for its intervention under this marketing window
Cluster technology upgrading (CTUP): Upgrade/ modernise technology	(8) To enable a small number of industries to improve their operations so that they can survive and compete in the new liberalized environment; and thus to encourage other industry clusters to improve them in a similar way.	Upgrading the technology of firms clustered in small towns... energy conservation, environment and pollution control measures as well as quality control measures will receive high priority, with a link to SDC's energy environment sphere
Rural Industry programme (RIP)[19]		To provide SSEs in rural areas with support (finance, technology, marketing, HID)
STUP (skill cum technology upgrade)		To enhance skills and knowledge of SSE entrepreneurs through short duration programmes in specific (managerial and technical) subjects
SIMAP (SME management assistance programme)		Provide low cost managers for SSE, and provide employment to unemployed youth, mainly graduates
Assistance to Industry Associations	(9) Strengthen the ability of industry associations to undertake a wider range of entrepreneurial functions.	
Action research		Test and develop innovative ideas

16 Antrag Nr. 145/46, 23.5.1996, pp.3, text is partly shortened

17 Phase 2 was only related to the Marketing Part with the objective: "to offer credit, at commercial interest rates to enable SMEs to increase their sales in India and for exports"

18 Antrag Nr. 145/46, 23.5.1996, pp. 6, numbering refers to this document, text is shortened and partly summarised

19 As already mentioned before the term "programme" has not always been used in line with the terminology used here. RIP – like some other "programmes" as a part of the SIDBI programme should be considered as a "component or a project".

3.2.2 Utilisation of Funds within the SIDBI Programme

The phase 1 of the collaboration between the SDC and SIDBI commenced from 1993. The successful early part of Phase I and the need to assist micro and small enterprises in their marketing related activities, led to Phase II of the collaboration. At the end of Phase I in 1996, various developmental interventions were initiated under Phase III with original phasing up to June 2000. However, the under-utilisation of funds and an unfinished developmental agenda lead to both the partners agreeing to extend this phase till March 2004. Phase III formed the most important phase of the collaboration from the angles of total funds provided, activities covered and the period of implementation.

Chart 4: Components of the SIDB-Programme under the three phases

S.No.	Component	Phase I actual (disbursed)[20] 1993-95 SFr Million	Phase II actual (disbursed)[21] 1995-96 SFr Million	Phase III actual (disbursed)[22] 1995-2004/06 SFr Million
1	Venture Capital Fund Study	0,145 (0,124)	-	
2	Marketing Fund	0,662 (0,468)	2,050 (1,481)	1,000 (0,32)
3	Rural Industries Programme	-	-	2,000 (1,80)
4	Cluster Development Programme	0,330 (0,070)	-	1,850 (0,45)
5	Small Industries Management Programme (SIMAP)	1,230 (0,623)	-	3,000 (2,09)
6	Skill-cum-Technology Up gradation Programme (STUP)		-	
7	Human and Institutional Development	0,800 (0896)	-	1,500 (2,46)
8	Assistance to Industry organisations	0,178 (0,177)		
9	Action Research (testing innovative ideas)		-	0,500 (0,96)
	Total	**3,345 (2,359)**	**2,050 (1,481)**	**9,850 (8,49)**

Other international donors like Japan International Co-operation Agency (JICA), Kreditanstalt für Wiederaufbau (KfW) and the British Department for International Development (DFID) also supported SIDBI. This support included mainly the granting of loans, but in most cases, there was also a consultation and support package with technical assistance as well as Human and Institutional Development parallel to the SDC-programme. Surprisingly no traces of any co-operation or co-ordination between the different donor programmes could be found.

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20 SDC, SIDBI, Administrativer Schlussbericht 27.12.2001

21 SDC, SIDBI Marketing Fund "Administrativer Schlussbericht", 27.12.2001

22 SDC-SIDBI Collaboration - Phase III, Component Wise Budget Estimate, amounts finally disbursed of phase III are converted to SFr on a percentage basis from SIDBI figures in Indian Rupees and may slightly deviate from internal SDC accounts in SFr

Picture 2: RIP-Carpentry workshop at Muzzafpur; Bihar (Picture: Ashish Shrivastava)

3.2.3 Programme Steering Committees

The main programme steering body was the “Joint Programme Committee” (JPC) which was headed both by the SIDBI general manager and the respective SDC representative and had another permanent member from each side. Apart from the permanent members additional guests could be invited by each side, so most JPC-meetings had about 8-15 participants. JPC meetings were held twice annually, which was of course not often enough to discuss actual management problems and so this body was discussing policy matters and questionable cases. Many everyday management problems were discussed over the phone or by fax between SIDBI and SDC. In addition there was a task force for SIMAP and STUP and an advisory committee on Marketing. Members were SDC and SIDBI representatives and representatives from implementing agencies and institutions involved in the various programme’s components.

4 Key Evaluation Questions

The programmes have been analysed on the basis of the "DAC Criteria for Evaluating Development Assistance". A major focus has been put on the criteria of effectiveness and sustainability, whereas relevance and efficiency have been considered as far as it was necessary to come to meaningful results. These evaluation criteria are – in conformity with the DAC-rules – measured by following up the "results chain" (input, activities, output, outcome and impact) and comparing inputs and activities with output, outcomes and impact being achieved.

4.1 Results Chain

A development starts with a planned input and should finally reach a desired outcome and an impact. This results chain consists of the following steps and levels:

- **Input**: What financial and human resources (money, staff etc.) have been provided?
- **Activities**: What has been done and was undertaken so far (research, training, construction of equipment etc.)?
- **Output:** Which products/services result from the activities (research reports, usable equipment, loans granted, better knowledge/competence of training participants, adoption of new technologies, availability of a new credit line)? This criterion should also include the "use of output", i.e. have the products/services/equipment been used?
- **Outcome** goes further than output and measures; it includes "what was achieved and what was not achieved," related to the programme objective? Which unintended side effects can be observed (has the efficiency of a process been improved, did a loan lead to higher sales, did a successful training lead to better quality of services or more loan granted to a target group)?
- **Impact:** The term impact relates to positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended. This criterion focuses on the extent to which the higher goals (above the programme objectives) were achieved. For example: were more loans granted in rural areas (output), did this lead to a better market position of the target enterprises (outcome) and finally even to a better economic situation of the target group? Did the use of a machine (output) and the consequential higher output/sales (outcome) lead to a more sustainable income situation for the targeted farmers, reeler or small businesses (outcome/impact)?

For the two programmes analysed here the intended impact is clearly targeted on **the improvement of income opportunities for the poor (and the targeted groups)** via generation of viable enterprises, creation/increment of sustainable employment, reduction of insecurity and dependence as well as on **institutional development** to make outcomes and impacts sustainable. However, the further an envisaged result is away from the direct output of an intervention (outcome, impact) and the more time has elapsed, the more difficult it will be to attribute a particular result to the original intervention (attribution gap).

4.2 Evaluation Criteria

4.2.1 Relevance

Relevance is the extent to which the objectives of a development intervention are consistent with the beneficiaries' requirements, country needs, global priorities and partner and donor policies.

4.2.2 Effectiveness

Effectiveness relates to *"the extent to which the development intervention's objectives were achieved, taking into account their relative importance" (DAC definition).* Effectiveness has a close relation to the term "impact" as a part of the results chain and measures the degree to which the inputs and activities caused outputs, outcomes and impact.

4.2.3 Efficiency

Efficiency will normally be defined as cost-efficiency: What were the costs and the outreach of the two programmes and the various programme components? The efficiency can only be estimated as far as not only inputs but also physical (qualitative and quantitative) outputs are known, which is mostly not the case in both programmes.

4.2.4 Sustainability

Sustainability can be defined as the continuation of benefits from a development intervention after major development assistance has been completed as well as the probability of continuing long-term benefits and the resilience to risk. Did the programmes have a lasting effect on the capacities and initiatives of the various stakeholders (beneficiaries, partner organisations, government partners, private institutions)? To what extent did the benefits of the programmes continue after the funding ceased?

In general, this criterion serves to evaluate how lasting the positive effects are. This primarily involves using the respective check lists to identify specific risks to effectiveness, efficiency and higher ranking development effects (impact). The questions about sustainability have to be asked together with the questions/ case studies regarding the effectiveness of the programmes.

The a.m. evaluation criteria are not an end by itself; they have to be measured together with a concrete result (see chapter 4.1). But it should be clear that for example "sustainability in sericulture" – as it is frequently used in the programme documents - cannot be an objective unless it is defined whether the sustainability of income, of employment, etc. is meant.

4.3 Evaluation Methodology

4.3.1 Fundamentals of Assessment and Practical Approach

The fundamental principle of assessment is the need to compare the observed situation with the intervention to *what would have been* had there been no intervention at all, i.e., the counterfactual. Valid comparisons imply that the net effect of interventions is isolated from all other extraneous or confounding factors that influence defined outcomes (with/without situation) [23]. A comparison like that requires accurate data before and after the intervention and it

[23] Oldsman, Eric: Assessing the Poverty Impact of Small Enterprise Initiatives, prepared for the Working Group for Impact Measurement and Performance, Committee of Donor Agencies for Small Enterprise Development, Nexus Associates, Inc. 25 December 2003, p. 8

requires that external influences like macroeconomic developments, market changes and effects from other programmes can be isolated.

However in the case of both programmes we have not only missing baseline data, but also a huge attribution gap, because of the time elapsed since the termination and because the programmes are relatively small and there are many actors on the field. Baseline data would have been desirable especially on income of target groups, production and sales volumes, input of resources, and anything, which could reflect the ex ante situation of the target group. It would also have been desirable that those data had been monitored during the execution of the programme to be compared with groups not affected from the programme.

4.3.2 Measurement of results

The further we go within the chain of effects towards outcome and impact, the less we can rely on quantitative data and the more we have to rely on "qualitative methods". Main features of the qualitative method are an inductive approach and a focus on key informants. It includes tools such as interviews, participant's observations, case studies, focus group discussions, etc[24]. Whereas the outputs can mostly be directly measured by headcounts and related statistical data, there is quite a lot of guesswork involved in the measurements of outcomes and even more in the measurements of impacts. Outcomes and impacts are usually influenced by multiple other developments and not just by the intervention evaluated (attribution gap). Furthermore, in the case of SIDBI and Seri there were no relevant baseline data or follow up data which could have shown for example the development of income compared to the average income of persons not touched by a programme.

In many cases, the mere continuation or non-continuation of an intervention ("activity or output level") after termination of a programme has to be taken as first success indicator: If an intervention is being continued or even replicated, there must be a valid reason and hence, it can be suspected that there is also a viable outcome and some impact. In a second stage, this reason can be found out by interviews, crosschecked by statistics – if available – and by asking several stakeholders looking at the intervention from different angles. The third stage, which is the quantitative measurement of an impact, is mostly impossible because there are no data and there are multiple other influences. In other words, in many cases the mere continuation of an intervention together with some qualitative interview results and a deductive conclusion of causality must suffice as a basis for judgement of outcomes and impacts.

A similar approach must be taken for the question whether a poor or disadvantaged target group has been reached. In most cases (especially in SERI 2000) there were also no data available and thus indicators for whether the recipients belong to a poorer and weaker target group are the monetary size of an intervention (e.g. a loan) as well as the region and/ or the type of group a recipient belongs to. The professions of most members of the target group (like reelers, rearers, weavers, shopkeepers, small and micro enterprises) do also indicate that most of them belong to the poorer parts of the population. It must also be taken into account that the various interventions do touch different income groups: Marketing loans from SIDBI are meant for a small to medium enterprise target group, whereas the RIP as well as the Small Industries Management Assistance Programme (SIMAP) go well below this level. SIDBI has later introduced a so called "poverty audit to check whether the supported micro finance institutions do really cater for a poor target group and distinguished the groups in "non poor", borderline poor", poor" and "very poor". This might have been a late conse-

[24] B. Späth, Current State of the Art of Impact Assessment, SDC paper, Kreuzlingen, 2004, p. 14

quence of the SDC-activities (see also chapter 6), but it was not yet done during the time of the programme[25]. SERI activities were carried within a relatively poor group and with targeting rain fed sericulture a much poorer group was taken in than if the activities had taken place within irrigated sericulture. Technology development was - by selecting the type of technology - mostly targeted at a simpler level of production and hence also at a poorer group by using low-tech equipment.

Such approximate indicators suffice if there is no exact scientific conclusion needed, but for completeness sake, it has to be mentioned that in none of the cases data have been taken whether the interventions have really reached the desired poor target group. The emphasis on the poor was more or less general: By selecting certain topics (like rain-fed sericulture), concentrating on simple technologies and (with SIDBI) limiting the size of loans, it was assumed that interventions helped the poor. The same applies to the topic of gender: Sericulture is to a great extent an area in which women's work plays a very important role: about 60% of the persons working in the sericulture are women. Only weaving seems to be a male profession, but even this is changing now. So it can be assumed that a high percentage of women was reached (and some of the data available for SHGs and training classes confirm this). However, apart from a number of unintended consequences there were no visible specific gender approaches within any of the programmes, nor were any gender related data systematically collected. Of course, this too does not prevent us to find out ex post whether the programmes did have gender specific results, but there would be more substance to such results and their attribution to the programmes if gender related data would have been collected while the programmes were still on.

It should not be an excuse for not collecting relevant data, but nevertheless it should be mentioned that as far as impacts are concerned, measurement is generally difficult even under the conditions of perfect programme data, mainly because such a programme cannot be executed under lab conditions and there are always multiple other influences. If we accept the fact that **we are not aspiring scientific exactness**, but that our main objective is **to gain indications and increase our knowledge** about what has worked well beyond doubt, what has worked reasonably well with a rest of doubt and what has obviously not (yet?) worked (and why), we can nevertheless follow this path of a mainly qualitative and inductive approach using some guesswork about causality.

4.4 Evaluation Focus

The ex-post impact evaluation focuses on **outcomes and impact (results)** of the development interventions **on the basis of some in-depth case studies.** Impact is analysed with regard to the political, institutional, socio-economic and natural environment of the key stakeholders, incl. target groups and others concerned by the interventions.[26]

Particular emphasis will not just be put on the formal fulfilment of the a.m. criteria, but also on the "**lessons learnt for SDC and partners"** with special focus on the following issues:

- Strategies of income and employment generation and promotion in rural and semi-urban areas

[25] SIDBI Annual Report 2006/07, p. 52

[26] Finalised Approach paper 1.7.08

- The potential and constraints of embedding environmental issues and appropriate technologies in activities of rural finance and employment
- Effects of shifting agendas of programmes for partners
- HID as a means to achieve sustainable results
- Strategies of including the hitherto “excluded”
- Approaches of “action-research” and other innovative approaches to test hypotheses for wider replication if found successful
- Strategies to include social responsibilities and change of human attitudes in private sector players (informal and formal private sector), deal with child labour and become aware of internationally applied social standards.

4.5 Selection Criteria for the Case Studies

Case studies have been selected after careful evaluation of available data. They cover the project level and they try to retrace information from beneficiaries with a special emphasis on the disadvantaged groups like small farmers, entrepreneurs, women and children and answer the question whether the programme objective have also been fulfilled on their level or, in other words, to what extent the programmes have really reached them. The case studies should also serve as a source for lessons learned and for the planning of future development projects and programmes. Investigation areas for case studies in both programmes have been selected – after a thorough discussion - taking into account the following criteria:

- Components and projects representing some of the main topics of the programmes with also some regional diversification;
- Components and projects having contributed above average to the expected outcomes and impact(s) and also some cases with weaker results in order to be able to judge achievement and non achievement of objectives and to derive lessons learned;
- Components and projects where target groups and stakeholders are still accessible in respect to information.

Since no baseline data were available and since it is difficult four to five years after the end of the programmes to trace back persons and target groups benefiting from the programmes there is also no basis for sampling. So there was a kind of stratified sampling by locations, taking up regions and areas which were believed to give a representative picture of the geographical distribution of the programmes. Some more detailed information about the research methodology will be found in the chapters of the relevant programmes.

Information in both programmes was collected following the hypotheses and indicators for both programmes developed by the evaluation team (chapters 5.2 and 6.3). These indicators were used as a guideline for interviews of target group members: farmers, reelers, small entrepreneurs, officials in sericulture departments (SERI 2000), implementing agencies and regional development centres (SIDBI), associated consultants and support agencies, universities, research institutes (vide also chapters 5.1 and 6.1). Apart from the fieldwork, secondary data (SDC reports, intermediate reports, studies, documents with institutions, files in sericulture departments SIDBI and associated agencies) were evaluated.

5 Seri 2000: Results and Conclusions

5.1 Information Collection Methodology

5.1.1 Secondary data sources

The Monitoring and Advisory (MAG) reports as well as the JPC reports were the main source of **secondary information** for assessing the progress of the SERI programme, cross-checked with the mid term reports and a number of studies conducted on a wide range of subjects related to the sericulture sector. [27]

The main programme activities as evident from various MAG reports, seem to have focused on management decisions related to the selection, support and monitoring of 'public' programmes with DOS and 'private' projects supporting NGO and private sector players. Studies such as the "Study on PCs, silk waste & spun silk from mulberry", or "Study of Reeling Cluster in Ramanagaram" and "Study of Weaving Cluster in Kanchipuram" were done by DELPHI to get an overview on the situation of the sector at large. Some technical studies related to rain-fed mulberry areas/watershed management, upgrading quality of seed and silkworm-rearing techniques were conducted by Tamil Nadu University, University of Uttar Pradesh, BAIF Outreach and others. Other reports deal with development of various technologies.

No studies were however, commissioned on assessing the economic impact of the programme or the change in incomes as a result of programme activities with a specific target group. Nor was an attempt made to collect baseline data on sericulture operations and workers/families for programme beneficiaries and of control groups. It is therefore almost impossible four years post programme for the evaluators to

- identify programme beneficiaries who are not at present members of SHG groups,
- distinguish between benefits accruing from inputs (training and technologies) provided by the programme and those accruing from technologies promoted by DOS on a subsidised basis;
- work out the economics at which different reeling units operate and the changes therein (due to changes in technology, prices of commodities, labour);
- identify increases in income which can be attributed to improved productivity as a result of technological interventions of the programme or that relate to improvements in working conditions and hence in relative profit margins earned by poor sericulturist workers.

5.1.2 Collection of Primary Data

It was decided not to consider specific projects for case studies since they did not represent sector level issues, but to take up the relevant issue and discuss the situation across different projects (vide Chapter 5.2).

The field visits were organised in two stages, beginning on the 19th of May until end of June[28]. The interview methodology for primary data collection included: discussions with resource persons (about 35) from CSB, DOS, SERI 2000, NGO partners and other stake-

27 See Bibliography in Annex J

28 See Part II (Case studies) for itinerary of field visits to these 8 sites across three states.

holders from universities and private sector, focus group discussions with approximately 180-200 beneficiaries (mulberry cultivators, silkworm rearers, reelers, women from SHG groups). Additional data on the sericulture cluster level like activities of sericulture quality clubs, results of technology projects and some statements on yield results and income changes were collected on behalf of the team by the NGO partners Outreach and BAIF through open ended semi-structured questionnaires following the identified indicators and adapted to the relevant situation. The Action Plan as well as the persons being interviewed can be found in Part II (case studies). A time plan of the different projects within the Seri 2000 programme as it was described by the last meeting of the task force can be found in Annexe E, a list of persons interviewed in Annex F.

5.1.3 Seri 2000: Indicators and Feasibility of Measurement

The SERI-programme distinguishes between **goal and objective**: the goal is strongly **impact oriented**: "Contribution to poverty reduction through generation of sustainable employment and income in sericulture.... for the weaker section of the population, including women, in rural and semi-urban areas". The **objective** is more **outcome** related: "Productivity, quality and sustainability in sericulture are systematically enhanced with a demand side approach". Chart 5 shows two examples how and whether outputs/ outcomes and impacts along the chain of effects can be measured

Chart 5: Seri 2000: Indicators and Feasibility of Measurement

	Output/use of output	Outcome	Impact
Example (a) SERI 2000 Quality clubs (SQCs) and self help groups (SHGs)	Existence of functioning SQCs and SHGs	Increase in productivity and quality	Income + employment generation, improvement of living conditions of sericulture workers and farmers
Indicator level[29]	Number of clubs, sample statements about "functioning"	Qualitative statements of sample interviews and of different stakeholder groups	Statistics on target groups before/after, members/non members, results of sample interviews
Feasibility of measurement	Yes	Yes, but only qualitative (not quantifiable)	Only guesswork is possible (existence of clubs/ groups ⇨ Attribution gap and macro-influences)
Example (b) SERI Technology development	Technology development (inputs, activities) has lead to an operational and marketable equipment/ machine	Reduction of drudgery, increase of productivity (less input or more output) and/or increase of quality	Income + employment generation / improvement of living conditions of sericulture workers farmers/ entrepreneurs
Indicator level	Machines sold and working at clients facilities	Qualitative results of sample interviews, triangulation	Statistics on target groups with and without using technology, qualitative results of sample interviews, triangulation

[29] This refers to the way indicators can be measured. Regarding the indicators used see part II, chapter 8.1, Hypotheses, Investigation Areas and Indicators.

	Output/use of output	Outcome	Impact
Feasibility of measurement	Yes	Yes (qualitative)	Guesswork because of lacking quantitative data and attribution gap

5.2 Hypotheses, Investigation Areas and Indicators

Following discussions within the research team and SDC the four hypotheses originally set up by the evaluation team were collated in one major hypothesis with several "investigation areas" [30]:

'SERI 2000 has contributed to poverty reduction though generation of sustainable employment and income in mainly rain fed sericulture.'

The hypothesis was tested through four investigation areas that impact poverty:

a) Technology development and transfer

b) Community participatory processes and local institutional strengthening

c) Capacity building and human institutional development measures

d) Income parameters

These four investigation areas are to be seen as the four "case study areas" with a major emphasis on the first three areas. The fourth investigation area for income was assessed as a cross cutting issue for the three topics mentioned above. The separation by investigation areas instead of cases or components was decided because just covering about three "cases" would be far from representative for the programme. There were also too many locations in which the programme was active and if the survey had just covered three villages or three particular activities, the results would be very much at random. Within these areas indicators ("question areas") were developed to check which programme components or individual projects have contributed positively towards verifying the a.m. hypothesis (vide part II as well as Chart 7, Chart 8 and chapter 5.5 and chapter 5.6)

5.3 Technology Development and Transfer

5.3.1 Technologies developed

Technological interventions as a mean to increase productivity and directly impact poverty (specifically the poorest from among the range of sericultural workers) were given great emphasis by the SERI programme. Out of 18 projects implemented by NGOs, universities and private sector organisations, 12 were directly related to technological interventions. In public projects implemented together with the DOS in different states, 8 out of 36 projects were on technological improvements. Altogether, technology oriented projects accounted for about 45% of the total allocated budget, in addition to training projects to apply new technologies.

[30] Part II of this report (case studies) will provide more detailed information on the points discussed more briefly in this part (vide chapter 8.1)

SERI 2000 worked on technologies, which had potential of benefiting the poorer sections in the sericulture sector – both pre-cocoon as well as post-cocoon. **The technologies developed by SERI 2000 addressed the issues of energy saving, drudgery reduction and improved efficiency of the process**. SERI 2000 developed/promoted a total of 20 technologies/practices of which 7 were in the pre-cocoon sector and 12 in the post-cocoon sector.

After the change in policy in the year 2000 the focus of the programme was slightly modified to become **more pro-poor resulting in leaving some of the costly technologies** (like gasifier). Some other projects that would have benefited from further R&D were also discontinued (e.g. hank dying machine).

The technology/practices are listed in Chart 6, the projects 1-4 and 9-17 were investigated closer in part II.

Chart 6: Technologies developed by Seri 2000

No	Technology	Adoption level
1	Rain-fed sericulture	About 30% of those who started are continuing, mostly as an alternative and in combination with other crops
2	Study on leaf webber	Field demonstration, no further monitoring
3	Development of silkworm hybrids	Promising but not yet available for commercial use
4	Low cost rearing house	50-60% of the rearers affected by the programme (estimate)
5	Bio fertilizers	No significant adoption reported
6	Biotechnological investigations for diagnosis of silkworm diseases	Helped in developing integrated pest management practices
7	Improvement of leaf yield	Limited
9	Energy efficient oven	Sold: about 300 ovens
10	Wood Gasifier	Not in use in reeling units but in 5 non Seri enterprises
11	Heat Recovery Unit (HRU)	About 10 reelers have installed it
12	Motorised charkha	Subsidised by government, installed in over 70% of charkha units in Karnataka,
13	Two for one spindles	Ca.1/3 of the units in Bangalore use it; being developed for cotton yarn too
14	Hank dyeing machine	3 machines exported and about 10 are being used but not in programme states
15	ASU machine	About 500 sold so far
16	Air texturisation of silk	Successfully experimented
17	Knitting of silk	Successfully experimented
18	Modification of Medleri charkha	No significant adoption reported
19	Pupa drier	No adoption
20	Natural Dies	Could not become popular

Source: Based on SERI 2000 documents and interview results

5.3.2 Conclusion: Outcomes of Technology Development

Most of the technology development initiatives were at their final stages of testing and introduction to the users when the programme was terminated. It appears that in the pre-cocoon stage, the technologies developed have helped the users to improve their income levels and

some, i.e. development of new silkworm variety, are poised for long-term income and employment impact after the varieties are available to the sericulturists. It is also evident from the results that introduction of simple technologies find better and wider adoption, and leads to higher economic impact, i.e. practice of shelf rearing.

45% of the programme funds were spent on technology development, making it the single most significant part of the programme. It is difficult to evaluate any impacts of these developments, because for measuring the desired impact **on income and poverty reduction** some economic data are necessary. The programme funded quite a few studies on most of the technologies. However, it is surprising that – with the clearly formulated goal on poverty reduction, employment, income for the weaker section of the population in mind – there **was never a trial to collect economic data** which could prove how and to which extent with any of the technologies such a goal could be achieved. There was not much consideration of economic aspects: most of the technologies were developed from an engineering perspective **without much concern as far as marketing as well as financing is concerned**. Looking at the viewpoint of the poorer stakeholders in the sector, they are mostly thinking rather short termed, not only because of lack of perspective, but more because of lack of affordable finance and because mostly they do not have a cost accounting system showing them for example the long term effect of energy savings. Thus, it is difficult to see why all these developments were stopped at a point when the technical part was finished. The only visible economic efforts to make the technologies popular were the call for subsidies, which is quite a contradiction to the original philosophy of the programme: Wasn't it designed to follow a "market driven" approach, away from subsidies and from the government? Of course the subsidies helped (where they were granted), but would not a good marketing approach and some assistance with financing (why not with SIDBI?) have been a better approach if the management of the programme was really serious with a market driven approach and if it wanted to get away from government institutions? A marketing approach would also have required a proper investigation of the actual handling of equipment under realistic conditions to find out the arguments by which the stakeholders could have been convinced to make an investment. This lack of enterprise support is not caused by the premature termination of the programme, it was already criticised in the year 2000: "*The strengths of the programme and its management with technical focus and expertise are closely related to its weaknesses: lack of a holistic approach to sericulture, especially neglect of the social and marketing dimension of sericulture. Human and institutional development is mostly understood as technical training and one-way transfer of knowledge. The programme is also weak in the key areas of enterprise promotion and access to financial and non-financial services especially in the post cocoon sector.*[31]"

The indicators related to technology development, were as follows:[32]

- Has drudgery / no of hours of work/ been reduced by technological improvements?
- Has the quality of cocoons (and hence price/wages/per piece payment) improved? [33]
- Has productivity of silk thread/reeling improved?
- Did any of the new technologies increase the per unit output of workers?
- What was the adoption rate of new technologies?

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31 SERI 2000, Mid term review Seri 2000, March 2000, p. 2

32 Indicators vide chapter 8.1

33 Since the quality of cocoon was not improved by any of the technologies it was omitted here

- Were workers trained in operation and maintenance of new technologies?
- Have negative environmental impacts of traditional operations been reduced?

Chart 7 summarises the findings in a descriptive manner:

Chart 7: Indicators Related to Appropriate Technology Development[34]:

Technology	Reduction of drudgery/ working hours	Productivity improvement	Workers output increased	Adoption rate	Train-ing	Environment
Rain-fed seri-culture	No	Compared to other crops	Yes	Low	Yes	Potentially
Low cost rear-ing house	No.	Yes	Yes	High	Yes	No
Gasifier	No	+30% estimate	No	Low	No.	Yes
Energy efficient oven	No	+25% estimate	No	Very low-	No	Yes
HRU machine	No	Potentially	No	Negligible	No	Potentially
Motorised charkha	Yes	Yes	Yes	High	Yes	No
Two for one spindle	Yes	Yes	Yes	Medium	No *)	Yes
Hank dyeing machine	Yes	Potentially	Poten-tially	Negligible	No	Not clear
ASU machine	Yes, very much	Yes	Yes	Region-ally high	No *)	No

*) Not within the programme

The programme also had some unintended results like adoption of some technologies promoted for rain-fed in irrigated conditions (i.e. pit plantation of mulberry), use of energy saving oven in restaurants, use of gasifier in dyeing units instead of reeling units, adoption of ASU machine in cotton dyeing units in Orissa, adaptation of two for one spindle in cotton sector.

Most technological interventions of the programme remained on the pilot stage, although goal and the objective still call for more, i.e. the projects which became too large for the programme should have been further developed in close partnership with the major stakeholders including the main partner (Central Silk Board in this case). This part of the programme was missed. The low cost rearing house and to a limited extent the two for one spindle were interventions which achieved a wider distribution and might have had some impact on poverty reduction, although no attempt was made to quantify it. All other technologies were more or less stuck at the pilot and demonstration stage. In all these cases there is almost no visible outcome or impact from the technologies, although there is some hope that some of the inventions will one day become more popular. **Effectiveness** as well as **efficiency** of this part of the programme must be considered very low, **sustainability** was only reached to a limited extent in some cases (low cost rearing house, two for one spindle and motorized charka, in which the programme was only involved to a minor extent. **All in all, taking into account that nearly half of the programme fund was spent on technology**

[34] Question areas (or indicators) refer to chapter 5.2

development, the outcomes visible from this part of the programme remain disappointing.

5.4 Community Participation

Facilitating community participation was one project intervention that was tried in partnership with government as well as non-government organisation. This was mainly done via sericulture quality clubs (SQC), but also schools for working children were founded.

5.4.1 Sericulture Quality Clubs (SQC)

The sericulturists, mainly those in cocoon production were organised in groups – SQCs were formed and promoted by the state departments of sericulture in all the four states where SERI 2000 was working. This was done to provide the members with quality inputs and access to credit and to share knowledge and experiences with each other. This was also done with the objective of enhancing community participation in the development of sericulture as well as the development issues of the community in general. SQCs were linked with each other at various levels including at state level and interstate exchanges were facilitated. Social participation was found to be associated positively with the adoption of rain-fed sericulture technology in Chamrajnagar district of Karnataka[35]. The "formation and strengthening of quality clubs" was supported in all four states with an amount of Rs 32,8 Million (SFr 1,2 Million) or about 20% of the public sector budget.

There are also so called "self help groups" (SHGs). They were mostly founded by NGOs. Their members were mostly women and their main concern was mainly micro finance, whereas the entrance point of the quality clubs was technology, production and joint purchase. SHGs were not founded within the programme, but in a later stage often supported in particular in the framework of the training.

Under the framework of SQCs there was also a very innovative training, i.e. the adaptation of training measures on the reception capacity of the participants and also finding of new participants, especially women. It was called "**training with a difference**" and it proved to be a very successful model replacing the old practices without a practical approach and mostly, carried out by DOS employees with no special teaching capabilities. This type of training involved entire families, even illiterate persons and especially women and it was an encouraging exchange of information between farmers even between different states. Training measures were carried out during a time period of four years and it was very surprising that quite a few preconceived notions were demystified, like caste or religion not posing barriers, women leaving their families for as long as a month and illiterate persons taking part in the training.

5.4.2 "Moon Light Schools" and Mothers' SHGs

On the initiative of the SDC-programme mothers' SHG's were supported to take care of children having to work during the day. Although officially there was no child labour (!) it was evident that there was and that it was not possible in the short run and in the framework of the programme to abolish child labor. So.evening schools were established to teach these children in the evenings, mostly between 7.30 pm to 9.30 pm and that is the reason why they were called 'moonlight schools'. The time was selected to suit the child workers so that they do not have to leave their job and also can study and improve their employability in a better job. A total of 36 such schools were started of which only 10 are functioning till date. The

[35] Chinnaswamy, K.P et al. (2006) Sustainable Rain-fed Sericulture. Seri Programme Unit, Bangalore, SDC, India.

number has reduced because there seems to be no fresh input because child labour is much less frequent now due to the mechanisation of many processes. There was no systematic reporting on the performance of the children, but there were quite a few successful cases who made their way even to college. For most children the moonlight schools were an opportunity to receive a minimum of formal education and although there are no longitudinal data on their performance it can be assumed that they are better off than without any education.

5.4.3 Conclusion: Impact of Community Participation

The starting of quality clubs was one of the **striking success stories** within the SERI 2000 programme: The forward looking review of April 2003 already states:"*Over time we learnt that community mobilisation and people's empowerment are effective tools in fighting poverty. (…) The main approach that has been successful in community mobilization under SERI 2000 is organising sericulture quality clubs.*"[36] Even Government authorities admit that this was a very positive intervention and the DOS are trying now to organise these clubs in clusters. Certainly, the Government's interest is also to have platforms for distributing information and to a certain extent also to have better control. SQCs are only covering mulberry farming, silkworm breeding and to a very limited extent some of the reelers and some of the workers in the reeling sector. They have not been established in weaving and twisting. To a large extent the community participation measures can be regarded sustainable, effective (in the sense of reaching a high priority target) and relevant especially to the poorer target groups.

Looking at the Indicators in part II we can – again only qualitatively - make the following conclusions:

Chart 8: Community participation

Indicators	Outcomes
Membership of SQC and SHG has increased access to decision makers/ markets/ technologies	Definitely yes: The interest of decision makers on communal level within DOS is much higher than it ever was for the single persons or family without support of a group. Women were also successful in attracting interest to their needs, which is in sharp contrast to the situation before
Access to credit has increased (number of loans taken and repaid in SQC/SHG)	Savings have increased, small amounts can be credited to members and group members have increased their creditworthiness for micro loans
Community is aware of market factors, legal rights, government programmes etc.	Yes, to a certain extent
Role of exploitative middlemen has reduced (vis-à-vis profit margin available to workers)	Market access especially for mulberry farmers for selling the cocoons has improved;
Groups created by programme are vibrant and still function effectively Group enterprises are flourishing (e.g. purchase of inputs, marketing of output, use of new technological interventions, etc)	Although the number of functioning groups has declined (which was expected and which is a normal process), there are still 295 SQCs and SHGs in existence. Most of them are still fulfilling important functions

[36] SERI 2000, Forward Looking Review, April 2003, p. 27

Impacts cannot be quantified, but judging from the interview results from stakeholders, DOS and CSB officials as well as from secondary sources (MAG reports and task force reports as well as studies) the following outcomes can be assumed to be very likely:

- Increase in self reliance and "empowerment" of poor and disadvantaged people with a special emphasis on women
- On the basis of better knowledge of sericulture technologies, exchange of information and mutual support, cheaper supply of equipment, seeds and disinfectants as well as access to credit (outcomes):
    - Increment of income and employment,
    - Stabilisation of income and employment.

In spite of the reduction of SQCs as well as SHGs the activities of these groups are still vibrant and widespread in all four states and can therefore be considered sustainable.

Another albeit relatively small project were the moonlight schools, which have definitely contributed to poverty reduction and increased self consciousness of the target group on a small scale. The fact that child labour has been significantly reduced (although not disappeared) in this sector is due to the growth of the Indian economy as well as the mechanisation of many simple processes carried out by unskilled labour and children before. Connected with this development the necessity of moonlight schools also declined, thus there was no replication of this intervention.

5.5 Capacity Building and Human and Institutional Development

To a certain extent capacity building has also been developed upon the establishment of the quality clubs on a primary level. This issue has been discussed above. Within the staff from DOS and CSB capacity building has been tried to be achieved by sending officers – mainly medium ranks - for training and also by establishing many pilot projects. Within the so called private sector[37] the research activities as well as many of the interventions (e.g. rain-fed sericulture) have left traces and replication effects, because quite a few of the interventions have been continued within institutions like BAIF or OUTREACH. An intervention, which was not only very useful but also sustainable, was the computerisation of the cocoon markets.

5.5.1 Capacity Building and Staff training in public and private Sectors

Capacity of the staff has been developed both directly as well as indirectly. Staff was exposed to sericulture practices and situations in various states of the country. They were sent abroad mainly to China for training and on exposure visits to Thailand and Bangladesh.

The programme supported training of **department officers from DOS**, exposure visits of DOS officers to other states and workshops for DOS officers together with reelers and mulberry farmers as well as quality clubs.

Most **private research institutions** and **consultants** attached to the programme had no specific sericulture experience before their involvement in the programme and it was in fact an achievement of the programme to have led these institutions to deal with sericulture on a professional level and not just as a neglected sideline of their agricultural activities. OUT-

[37] It is debatable whether the private sector covered by the programme is really truly private (this concern was also raised in the forward looking review of 2003), because most of these institutions are university research institutions or NGOs with close ties to the public sector.

REACH is still assisting DOS in training and exposure for the cluster programme taken up. **Seri women workers** (from SHG groups visited) were continuing with some of the techniques acquired during training under the programme, notably related to shoot feeding of silkworms, control of pests in both mulberry and silkworm and other rearing techniques.

5.5.2 Computerisation of Cocoon Markets:

The project brought transparency and accountability in cocoon markets by introducing computerized weighing of cocoons. This has helped cocoon producers who come to sell their cocoons from far off places, has reduced the time and labour spent on weighing cocoons and has streamlined the whole process of cocoon selling in the cocoon markets run by the government.

5.5.3 Conclusion on Capacity Building and Policy Dialogue

The indicators in this part of the programme were:

- The training/capacity building/HID activities have been appropriate with adequate follow up and are conducted in parallel with institutional changes that allow target groups to function effectively;
- Associated agencies (DOS, Private sector players) have taken up and replicated changes that have been initiated by the programme;
- NGOs/Research institutions have carried on with R&D and dissemination of results: the new management systems / technological interventions are institutionalised and have been replicated in other areas / further refinement in technology has taken place with inputs from the programme.

The latter two points can be considered as reached in the **private sector**. Many issues were transplanted to these private institutions, which did not really care much about sericulture before. Most of these issues initiated by SERI 2000 are now with the private partners, many of the programmes research results are followed up by them and hopefully some of them will experience a more visible breakthrough. The philosophy of rain-fed sericulture is carried on by BAIF, OUTREACH and UAS and also some farmers are supported by them, although mostly still in the pilot phase. Therefore, there has been some visible institution building in the sector of NGOs and university departments as an outcome of the programme. The first point (HID) was not really followed up by the programme, but from the fact that training and exchange of information has taken place and that the DOS officers interviewed were mentioning training and information measures positively it can be concluded that these measures contributed positively towards the capacity building.

The **computerisation of cocoon markets** proved to be a success, but in this case it is impossible (or very difficult) to measure impacts.

Capacity building in the **public sector**, however, remained a **rather critical issue**. Firstly, because of the simple fact that there were already many institutions with clear functions and mandates before the programme started and secondly, because the attitude of the SERI 2000 programme towards governmental institutions was ambiguous and not well defined. This has also to do with “policy dialogue” which was another part of the programme but is of course closely related to the issue of institution building. The forward looking review in 2003 came to the following conclusion about the relationship of the programme towards public institutions like CSB and Ministry of Textiles: *“We have not been able to influence their attitude in favour of the poor or in bringing about decentralisation in decision making under SERI 2000. Nor have we been able to generate formal and cohesive debates on many of the policy*

issues (…), despite generating relevant information through studies and documentation. A set of complex factors including lack of partner base hindered our efforts for more positive interventions in post cocoon area." (p.11)".

Discussions with CSB, DOS-Karnataka and a review of DOS annual reports from that period indicate that the SERI programme worked relatively independently of DOS, when compared to the support provided by Japan International Cooperation Agency (JICA) and United Nations Development Programme (UNDP), where work done by the programme support team was institutionalized within the state departments.

It was probably not the only reason, but the collaboration with NGOs appeared to be a threat to DOS and CSB officers who saw their monopolistic mandate in sericulture challenged, in particular at a time when everybody was calling for privatisation of government functions. It was definitely a threat to them that some outsider (SDC) collaborated with other outsiders with no official mandate on sericulture issues and this fact became even more challenging once this collaboration remained not just a harmless academic exercise but started to show some successful results. Interviews with former SDC officials as well as the former management of the programme and DOS-officers in Karnataka and Andhra Pradesh revealed that it was indeed a critical issue during this time with different intensity in the four programme states. In the discussions with these officials it was also mentioned several times that a more understanding and a more diplomatic approach from the side of SDC could have helped to keep such bad feelings down and maybe even prevent the premature termination of the programme. One of the former programme managers stated that there was too little understanding and too little sincere co-operation with the Indian side. It was never outspoken, but the SDC position was rather ambiguous. On the one hand government institutions were needed ("we can only influence the government if we work with them[38]"). On the other hand it became also apparent that the original demand side approach and the intention to move away from Government institutions was not really in line with the close co-operation with Government institutions. This dilemma – confirmed by interviews with former SDC-representatives - is probably one of the major keys for understanding the difficulties to achieve sincere communication and a formal policy dialogue especially with the higher ranks in Government. At the end, this lack of communication and policy dialogue was a crucial cause that neither CSB nor the DOS – although they took over some successful parts of the programme – **ever took over the "ownership" of SERI 2000** and this may also have caused the unilateral and the premature termination.

Thus, **capacity building in the private sector** (consultants, NGOs, universities) has led to some positive output with limited outcomes and still outstanding impact, which might still have some potential in the long run. **Capacity building as well as policy dialogue in the public sector** however must – with some exceptions on the operative level – be considered as one of the **failure areas** of the programme with little measurable effectiveness, little sustainability and as far as potential leverage effects are desired, little relevance on the level of the state departments which are still the main players in influencing the sericulture sector.

[38] SERI 2000, Forward looking review 2003,SERI 200, Mid term review, 2000

5.6 Income

The indicators relating to income were as follows:

- The proportion of family income from sericulture, including rain-fed sericulture, has increased post SERI 2000;
- Child labour has reduced - more children go to school in the silk weaving cluster of Kanchipuram.

Work with child labour seems to have resulted in some positive changes in terms of school attendance by child workers (moonlight schools). But this has not been institutionalised or replicated in other clusters. In general, child labour has been reduced (although no official statistics are available). However, this was not caused by the programme, but by other factors.

In the pre-cocoon sector the programme did help the cocoon producers in enhancing their incomes both in irrigated as well as rain-fed sericulture by introducing better mulberry varieties, better agronomic practices, better silkworm varieties and rack rearing of cocoons. Yet the results are neither quantifiable nor can they be attributed to an isolated project. Stabilisation of income in rain-fed areas – which was the original idea of going into these areas – has however not really been achieved judging from the statements of the farmers affected, because income from mulberry farming has shown a rather high volatility up to now due to fluctuations of rain.

A number of technologies were developed in post cocoon sector. Returns on the investment generated by the programme depend on the increased income levels at individual level and number of beneficiaries who have adopted that particular technology. In case of SERI 2000, adoption of the technologies did not happen properly for reasons outlined earlier and thus, assessing the income gains is quite difficult. Such information is not available and was never provided by the programme.

Conclusion on income: Income is a transversal theme covering all components of the programme and it should also be kept in mind that income was an important part of the programme goal, which refers to "*generation of sustainable employment and income*" and thus mainly to **income related data.** Bearing this crucial role of income in mind, it is rather surprising that no income data or at least some estimates on the effects of interventions on income were collected by the programme (see also chapter 5.3.2). The same refers, by the way, to the term employment, which is not closer investigated here. Such an estimate would have to neutralise the effects of inflation, the effects of price changes for cocoons and silk on the markets and the effects caused by other interventions. This is a rather difficult venture, which needs proper preparation ex ante, a set up of a panel of affected and not affected groups and a regular check-up of data. It would also require some economic and financial evaluation of the projects and the machineries developed. Calculations on the financial feasibility of a machine can be rather simple and could also have **helped in marketing such machinery and convincing potential customers**. Ex post and without any database we can only make some qualitative guesses: It is **plausible and likely that the programme caused positive income effects especially in the pre-cocoon area and especially with farmers switching to rain-fed sericulture in semi arid areas,** but neither quantitative judgements nor a separation of other effects are possible now. Again, it has to be criticized that the programme was very much technology oriented and did not provide much assistance for marketing and financing of a technology.

5.7 Other Findings

5.7.1 Duplication of Technologies and uncoordinated financial Support

There seems to be some duplication in choice of technologies supported by SERI with those being developed and subsidized by DOS (e.g., multi spindle reeling machines versus the ASU machine, hank dying machine, motorised charka).

Other technologies supported by SERI (TERI) seem to have been targeted at levels much above what the poor could afford. Moreover, the promotion of rain-fed sericulture (BAIF project) essentially resulted in implementation of watershed activities (already well developed processes in a vast number of rural development projects throughout the country) and plantation of mulberry trees. In the context of world market competition and profitable pricing vis-à-vis quality, the value of these projects in improving and propagating rain-fed sericulture compared to costs incurred by the programme, therefore, seem to be suboptimal. The impact of world trade is borne out by reduction of rain-fed areas under mulberry in almost all traditional sericulture areas throughout the country.

5.7.2 Organic Silk

The project was stopped after it became clear that at least during the time of the implementation the sericulture sector was not ready for such a far-reaching change.

5.7.3 Publication of Technical Manuals and Resource Material:

One quite significant contribution of SERI 2000 was the publication of technical manuals and resource books. Oxford and other publishers were paid Rs 6,37 Million for bringing out the publications.

5.8 Conclusion on SERI 2000

The results of the SERI 2000 programme are ambivalent. On the positive side, there is the successful – yet not quantifiable – **community mobilisation via quality clubs**, on a much smaller scale the moonlight schools and quite substantial traces of capacity building in the private sector. Many outcomes can be considered sustainable, effective, and also relevant as far as the ultimate target group is concerned. Due to lacking data and the impossibility to attribute results to particular measures, no quantitative judgement can be made. On the positive side, there is also the experimental approach. It has lead – just like in the case of SIDBI – to many interesting and innovative trials, but also – this is the negative side of an experiment – to some failures. Surprisingly it is easier to find why something has not worked so well (like the technology development) than why the community mobilisation has worked comparatively well. One can only guess that the support of quality clubs met a development which was on the way already in other areas (like the SHG's) and that it was therefore easier to support something which is already on the verge of development. If this is true, the conclusion can be drawn that it pays off to observe the target groups very close and to have discussions with them before a programme is started just on an assumption what is considered good for the people. There is some parallel development in the handholding approach within RIP (vide chapter 6.4), which was also more a "bottom up"-approach.

Development of technologies, one of the major focuses of SERI 2000, cannot be considered as success, especially considering the low effectiveness (and efficiency) of this programme part, which took almost half of the funds and did altogether only produce very few sustainable results. The technologies were developed to address the issues of poverty, envi-

ronment, energy and these technologies address also the issues of climate change and carbon control. However, more than half of them could not become popular among the users owing to various factors like the pre-mature termination of the programme but also due to the lacking concern about the economical and commercial factors. Even here, it would certainly have been better to closely listen to the target groups' priorities before developing technologies, which are assumed to be good from a "Western" viewpoint.

Another critical issue is the topic of **policy dialogue and ownership** by the partners. For various reasons the public partners – other than the private partners – in this heavily Government dominated sector eventually did not take ownership of the programme and the programmes objectives especially after the shift of programme emphasis. Neither was there a successful policy dialogue that could have lead to a clear definition of the programme's role within the Indian policy. It was also an illusion – if it was ever seriously considered –- that a small programme like SERI 2000 could change the striking dominance of the state in this sector. Unlike with the case of SIDBI, where a strong partner was available who was not only open to changes, but also experienced in the Indian policy setting, SDC did not succeed finding such an appropriate partner in the case of SERI 2000.

5.9 SERI 2000: Recommendations

5.9.1 Baseline data and monitoring

One of the major shortcomings in the ex post evaluation in both programmes was the lack of baseline data as well as the lack of a systematic monitoring. This raises the question how a result-oriented management of such a programme is possible without such information, in particular if no data are compiled on top priority parameters like income and employment. Therefore it is recommended for future programmes to derive qualitative and/or quantitative indicators from goal and objective in order to measure or at least estimate whether activities are generating outcomes contributing towards reaching the objectives. Especially for parameters like income and employment this should not be too difficult.

5.9.2 Balanced development of technology and economic factors

The programme was very much technology driven, with too little concern for economics and financing. Technologies developed successfully in the lab (even if the lab is in a developing country) will not necessarily be successful in a complex social and economical environment. So cost and financing concerns as well as marketing aspects should be part of technology development and the less educated beneficiaries' mostly short sighted approach about future benefits (for example from energy savings) should be taken into account. For a good marketing it is also necessary to know something about the economic viability of a machine under real conditions to be able (1) to convince potential buyers and (2) to find financing sources. Preferably a serious business plan should be developed which can also be presented to a bank. If there is another banking programme (like SIDBI) in the country, the services of this institution should be sought, especially if the programme is also a part of SDC's co-operation programme. It is also recommended to look at what other players in the field are doing: In this case quite a couple of competing programmes were run parallel by the Departments of Sericulture and caused SERI 2000 developments to be obsolete.

5.9.3 Market driven approach

It was noticed that on one side the programme strived for a market driven approach and on the other side the call for subsidies for the technologies was heard and in some instances

even fulfilled. In such a heavily government dominated sector as sericulture the stakeholders might take it for granted that anything new should be subsidised by the government. But this should be realistically judged from the very beginning. Consequently there should be a clear choice either to base technologies on subsidies, or to develop technologies which can start or at least survive in the long run without subsidies. If a subsidy free approach is desired there should be much more concern for the economic and financial problems of a new technology as suggested above (5.9.2). For a market driven approach, an early inclusion of economic parameters is crucial.

5.9.4 Realistic estimate of the outreach of SDC-programmes

The SERI 2000 programme suffered from some ambiguity and some not outspoken undercurrent assumptions, namely the assumption that the programme could be successful without the government. The ambiguity was that in spite of this assumption the programme still relied in many aspects on Government. In fact, there was a realistic chance for creating private structures because of the liberalisation policy in India during that time. But somehow the wave of liberalisation (although it made life difficult for domestic sericulture by facilitating silk imports) did not really reach the intricate network of government institutions in the sericulture sector, maybe the threat of globalisation made it even stronger. Even though towards the second phase of the programme, the co-operation with the private and semi-private partners gained momentum, the state remained the main player. The consequence from this development in the sense of institutional learning is to judge the possibilities and the power of one's own programme. If a programme is relatively small in the context of a big country like India and a huge sector like sericulture, one should either be modest with what can be achieved alone and lean on to existing structures or alternatively co-ordinate programme objectives with other donors with the same policy approach.

5.9.5 Experimental approach

In its projects SERI 2000 often followed experimental approaches. This was not so successful in the area of technology development, but rather successful as far as community mobilisation is concerned. The Sericulture Quality Clubs as well as the innovative training measures were rather effective although not much quantification and estimation of outcomes was possible. This "out of box thinking" was positively mentioned by stakeholders in both programmes (SERI as well as SIDB) because it allowed them to try new avenues that would normally not have been tried in the traditional environment. It is recommended to maintain at least parts of such an experimental approach.

6 SIDBI: Results and Conclusions

6.1 Information Collection Methodology

Information was collected through both secondary data and primary data sources. A large number of studies has already been conducted on a wide range of subjects related to the different components of SDC-SIDBI partnership. The present evaluation is based on the scrutiny of various documents, reports, as well as field visits. Apart from missing baseline data on the programme, the collection rate of a random- or a stratified sampling would have been too low to justify the relatively high effort to cover such a sampling throughout India. Nevertheless the basic idea was to achieve a roughly representative sample as far as geographical spread, type of respondent and types of implementing agencies were concerned. To that extent selection of sample could be termed as purposive.

As expected, the team faced problems of non-availability of target persons and agencies as well as indifference due to changes in personnel and considerable time lag from the programme activities and present evaluation. The main activities had been terminated four years back. However, with the cooperation of SIDBI, which is still continuing some of the activities and maintaining generally good relations with partner institutions, the team had reasonably satisfactory access to most of the intended partner institutions as well as to a large sample of ultimate beneficiaries in the limited time available. In general, owing to the existence of SIDBI as a central institution responsible for the programme it is better and more systematically documented than this was the case with SERI 2000. Nevertheless, most programme related files have not been maintained after closure of the programme.

During the assignment the evaluation team visited SDC country office at New Delhi, SIDBI head office at Lucknow, different programme implementing centres throughout the country and held discussions and interviews with about 150 persons including senior officials of SIDBI, programme and implementing agencies, support institutions, entrepreneurs, and other beneficiaries of different components. A list of places, agencies and units visited and officials of SIDBI and other agencies interacted with, will be been given in the case study part (part II) and Annex F.

6.2 Programme objectives and overall hypothesis

The goal of the SIDBI programme (phase 3)[39] does not clearly follow the chain of effects: ***"Through improved access of disadvantaged SMEs to primarily credit but also to non financial services (outcomes) generate sustainable income and employment and alleviate poverty (impacts)."*** Following this goal the objective was ***"supporting and strengthening SIDBI's capacities and relevance for small entrepreneurs (...) with a stronger focus given to gender concerns, environmental issues and energy conservation aspects".***

The only new aspect within the objective compared to the goal (apart from a stronger focus on gender aspects etc.) is the aspect of strengthening SIDBI's capacities. As already mentioned earlier, for several reasons there is no possibility to measure whether the programme has had an isolated general impact on "alleviating poverty". One can only assume that to the extent the other goals and objectives have been reached a contribution to alleviating poverty

[39] Phase I and II were meant as experimental stages

has also been made. So the measurable goal/objective of the SIDBI programme could briefly be phrased to be reached if the following outcomes have been reached:

Strengthen SIDBI's capacities and relevance to achieve:

- improved access of disadvantaged SMEs to credit and non financial services
- generate (sustainable) income and employment (to alleviate poverty)
  - with a stronger focus given to gender concerns, environmental issues and energy conservation aspects

It must be mentioned here that the term "sustainable" is not clearly measurable, especially since no clear definition of its meaning has been given. (For example: Is seasonable and informal employment excluded, how many hours of work per day are necessary to achieve sustainability or what other criteria should be attached to an employment being "sustainable"?)

It is important to understand that there will be two levels on which outputs and outcomes may (and should) be visible, i.e. one level which covers the first part of strengthening SIDBI's capacities (objective in the "**institutional level**") and a second level which emphasises whether the target groups have been reached satisfactorily ("goal on the **target group level**").

Chart 9 gives some examples to which extent outcomes and impacts can be measured (or just estimated) by indicators. As already mentioned this is rather difficult due to lacking baseline data, multiple other influences and non-existent monitoring during programme implementation.

Chart 9: SIDBI: Indicators and Feasibility of Measurement

	Output/ use of output	Outcome	Impact
Example (a): Marketing loans	Granting of marketing loans	Creation and inclusion of a new loan instrument for the target group (institutional level) Improved access to banking services and (individually) realisation of a business plan (target group)	Change in banking policy(institutional level) Well adapted new instrument increases options and income and employment of SMEs and Micro, Small and Medium Enterprises (MSMEs)
Indicator level[40]	Number and amount of such loans	Loan statistics in SIDBI files, statements from intermediaries and target group on granting of loans	Repayment rates, increase in such loans granted, replication effects (SIDBI files, sample interviews)
Feasibility of measurement	Yes	Yes (SIDBI), to a certain extent (target group)	Estimate from SIDBI files and interviews with intermediaries, triangulation; Income effects not attributable

[40] This refers to the way of measurement of indicators. For the definition of indicators vide chapters 9.3.2, 9.4.2 and 9.5.2 in part II

	Output/ use of output	Outcome	Impact
Example (b): Rural industries programme (RIP)	Number of units set up and employment created with the help of RIP	Growth of enterprises, increment of income, sustainable employment (target group level) Improved access of disadvantaged SMEs to non-financial services and (as a consequence) also credit.	Handholding support as a major factor of success Change in banking policy: Institutionalisation of RIP activities within SIDBI (institutional level): Offering non-financial services;
Indicator level	SIDBI files, project reports, number of clients successfully included, programme documents	Sample interviews of intermediaries and recipients, programme documents, SIDBI officials	Statistics (SIDBI-files), Sample interviews of intermediaries and recipients
Feasibility of measurement	Yes, SIDBI statistics, sample interviews with intermediaries and entrepreneurs	Yes, to a certain extent. However guesswork because of attribution gap and macro-influences	Yes (SIDBI), to a certain extent (target group), however guesswork because of attribution gap and macro-influences; Income effects not attributable

In a later stage of the discussions the issue of "willingness to pay" for the services offered was raised and it was found that this target was never mentioned within the programme and it is also not on the agenda as far as the poorer target groups are concerned. It is recommended to investigate this issue within a separate study (possibly with support of SIDBI) especially focusing on the sometimes rather significant differences in interest rates between institutions like SIDBI (and associated banks) and community oriented micro banks, which charge mostly much higher interest rates to cover high administrative cost.

6.3 Hypotheses for Components to be investigated closer

Out of the main components of the SIDBI-Programme the following three programme components were selected as "case studies":

- Rural Industries Programme
- Marketing fund
- Human and Institutional Development (HID)

The selection of these three components to be investigated was made under the consideration (1) to find interesting and representative areas which reflect the philosophy and the objectives well and (2) to a certain extent also not to cover similar areas (like for example technology development) which were already covered under SERI 2000. The "Rural industry Programme" is a very good example for activities targeting poorer people as well as remote areas. The "Marketing Fund" represents the experimental and innovative part of the programme. Human and Institutional Development was chosen as a transversal theme because it appeared to be of particular interest for SDC. Of course, other components were also covered during the survey, albeit more on the basis of secondary data.

From the overall hypothesis as well as from the partial project objectives three partial hypotheses for the **three projects** to be investigated closer have been derived by the evaluation team. Furthermore it had to be decided which data should be could be collected to serve as "indicators" for the verification of the hypothesis. The research team came to the following set up of hypotheses:[41]

(1) *The **Rural Industry Programme (RIP)** with its main characteristic on assisting SMiE's through long-term support services ("handholding") in rural and semi urban areas succeeded in creating improved access of SMiE's to credit and non financial services as well as in generating income and employment (target group level). It also succeeded in creating an institutional anchor within SIDBI to continue this kind of support in a subsidised way (institutional level).*

(2) *The **Marketing Fund** helped SMEs to gain access to credit for intangible projects and thus generated income and employment (target group level). The activities of the "Marketing Fund" were taken over by regular departments and therefore no subsidies are necessary (institutional level).*

(3) ***Human and institutional Development** inputs improved overall efficiency of SIDBI and partner institutions and (1) contributed towards the self-esteem and the motivation of their employees and (2) changed their attitude towards small business and risk taking. Achieving this, SIDBI's support capacities and relevance regarding SME's and SMiE's were strengthened (mainly on the institutional level).*

6.4 RIP - Programme

6.4.1 Characteristics of the RIP- Programme

Rural Industrialisation in India has a mixed record of strengths and weaknesses. Considering its contribution to the economy and the need to generate self-employment opportunities, particularly in the rural and semi urban areas, several programmes have been conceived and implemented by Governmental & Non Governmental organisations. With growing rural population and the land being limited and fragmented, there is considerable unemployment and under-employment in rural India. In most of the rural development programmes in India, the relevance of micro enterprises have always been related to poverty, employment and livelihood issues. The target groups for this approach are: landless labourers, rural artisans, both skilled and semi skilled, traditional handicrafts manufacturers, unemployed youth, women and families who have been left out in the growth process.

The Rural Industries Programme (RIP) aims at development of viable and self sustaining small and micro enterprises (SMiE's) in rural and semi urban India by harnessing local entrepreneurial talent and providing a cohesive and integrated package of basic inputs like information/awareness, motivation, training and credit, backed by appropriate technology and market linkages for the purpose of enterprise promotion. An important innovative feature of RIP was "**handholding**" till financing and actual founding of the units. During the handholding exercise for strengthening and sustainability of entrepreneurs, the RIP implementing agencies were responsible for identifying the business activities which were to be adopted by local entrepreneurs on the basis of local available resources and need of the local market.

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[41] For the relevant indicators please vide chapters 9.39.3.2, 9.4.2, and 9.5.2

This handholding went normally through a maximum of the following steps.[42]:

- Awareness generation meeting and after selection of interested entrepreneurs: Entrepreneurship awareness camp and (at the end of this camp): Identification and motivation of entrepreneurs;
- Bankers orientation programme to create awareness for the basic requirements of obtaining loans;
- Entrepreneurship development programme (EDP) and entrepreneurship development orientation programme;
- Skill development training programme;
- Technology up gradation programme;
- Stakeholders' meeting.

Apart from the above mentioned information programmes with several participants targeting on broader interest generation to start a business, there are also individual discussions and support sessions. The main actors in this programme are SIDBI, Implementing Agencies (IAs), Regional Development Centres (RDCs), Support Team for RIP and formerly, in the back, the SDC partnership.

Distinct features of RIP were a **strong market orientation**, meaning that market assessment preceded the candidates' identification and an absolute **priority of the candidate's entrepreneurial potential over his or her social background**.

Within SIDBI the "Promotion and Development (P&D) Department was responsible for non-financial services and thus the main counterpart department for the RIP-programme. A different department (as far as the client was directly financed by SIDBI) arranged financing.

6.4.2 The RIP Programme: Results and Conclusions

The evaluation team, during field visit and studying the various evaluation reports, found that a considerable number of micro enterprise units were **successfully founded** during the programme phase: Over 6,000 units were promoted under RIP in 12 states, generating a total employment of 28'243 persons, catalysing investment of Rs 250.6 Million and (statistics only for Andhra Pradesh) 1,000 enterprises set up by women.[43] On the average one unit was reported having created 4.69 employees (2.28 skilled and 2.41unskilled persons including the entrepreneur himself/herself).

The numbers given for "**employment generated**" however should be taken as a very rough and slightly overoptimistic estimate as far as the effects of RIP are concerned, because no indication could be found in the respective report on RIP[44] how far and to what extent the particular RIP support was the only cause for this effect. It is very likely and it has been confirmed by the interviews, that a large part of the enterprises would not have been founded and another large part would probably not have grown so fast without the RIP programme, but the effect caused by RIP has never been clearly quantified.

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42 This is an example provided by EDI Lucknow and published in: Consolidated Report on RIP at Rae Bareli 2004-2007, Dec 2007. Other implementing agencies offer similar, but not identical support steps

43 More details can be found in part II: Case study description

44 Sudhakar Rao and P. Purushottham ,Promotion of Rural Micro Enterprises,.,Lucknow, 2000

The **size of investment** ranges from Rs 25,000 to several Million Rupees, but the majority of the investments are ranging below Rs 100,000 (ca. SFr 3,800[45]) with the average investment being around Rs 48,000 and the average loan amounting to Rs 36,000. The investment size mainly depends on the type of activity. The average investment of certain activities such as beauty parlour, confectionery, shoe manufacturing, meat processing, auto servicing is low as compared to engineering and manufacturing activities. A substantial portion (about 44%) of the units supported had an **investment of less than Rs 50,000.** [46]About 37% fall in the category between Rs 25 – 50,000 and 16% have lesser investment than Rs 25,000 (SFr 950). It may be mentioned that RIP assisted units have higher levels of investment compared to other rural self-employment programmes supported by different schemes of the Ministry of Rural Development.

The entrepreneur has normally contributed about 25% of the total costs. This suggests that for a majority of the entrepreneurs there was an initial income base that would help them to get easy access to credit and – theoretically – also bear a part of the cost for the handholding services provided. This "willingness to pay" was, however, not on the agenda of the RIP-programme.[47]

The evaluation team found from the sample (of "surviving" enterprises) except around 10 % cases, the **income level** of the units interviewed had increased. When probing these first generation entrepreneurs, they have started their enterprise with a very meagre amount of around Rs 10-25,000, either received as loan or self managed. Their income level increased from around Rs 2,000 to more than Rs 5,000 per month and also led to creation of assets. This development is also confirmed by a study on SIDBIs Micro Finance Programme, which concludes that in a three years time span the income of the households having participated in the programme has increased by 68%, whereas income of non participating households has only increased by 31%.[48]. This study also reported a rather significant increase on working household members from 1,3 to 1,86 on the average. The number of jobs created per business unit was not reported.

RIP, in general, has no **caste bias** in selection of entrepreneurs but being focussed on rural industries development there is a relatively large proportion of participants (59%) from **backward classes, scheduled caste & scheduled tribe**. [49] During field visits to different centres of RIP, most of the 80 entrepreneurs visited (60% = 48 units) belonged to backward classes and scheduled castes / scheduled tribes and also from the rural background. In Hazaribagh, the entrepreneurs are from two backward communities and engaged in tailoring and blacksmithing, working in a cluster.

In spite of the quite positive results of the interviews, the entire fieldwork remains unsatisfactory due to lack of systematic follow up data: No comprehensive follow up data have been collected by SIDBI or the IAs about the survival rate of the enterprises or about the effects of the handholding exercises on the survival rates. It would have been very interesting for the design of future SIDBI-SME and SMiE-programmes as well as for SDC activi-

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45 Currencies are converted (and results rounded) at the average exchange rates during project execution (vide also Annex G)

46 Sudhakar Rao and P. Purushottham ,Promotion of Rural Micro Enterprises, Lucknow, 2000

47 See also case study part

48 EDA Rural Systems, Impact Assessment Study, (2001-04), covering data from 20 MFIs (Micro Finance Institutions) and 4510 households (3253 client households and 1257 non client households), 20% of these covered for analysis of income, employment and consumption, also the traceable drop outs (414)

49 Ibid

ties to know whether there has been any influence not only on growth, but also on chances of survival compared to **non supported enterprises** and also what were the reasons for (and the proportion of) **failures.** There are very rough estimates from APITCO as well as from SIDBI managers (estimating from an identified percentage of 65% of entrepreneurs still in contact with the agency), that there is a "survival rate" of above 80%. However, with no baseline data and with no systematic and quantitative follow up data the field study must rely mostly on verbal statements of the persons interviewed and therefore most of the results remain very indicative.

Total numbers of units set up as well as qualitative interview results support the assumption that SDC interventions under RIP have played an important role in providing a workable and sustainable approach for development and financing of SME's and SMiE's in India. Professional mentoring services with handholding till financing and setting up of the units, as well as a system of performance linked remuneration to IAs appeared to have contributed to the success of this intervention. RIP had tried to address the three important objectives, **sustainable rural employment generation**, **income enhancement** and **poverty reduction**. RIP is continuing even four years after the closure of the Programme and has wide potential for further expansion. Many of the RIP functions have been incorporated in SIDBI's Micro Finance Programme and later on in the "Foundation for Micro Credit", which could to a certain extent also be considered as an offspring of the RIP programme. Nevertheless, SDC has for reasons not quite clear declined a support of the SIDBI Foundation for Micro Credit (SFMC).[50]

Looking at the indicators and the related hypothesis it can be safely concluded that RIP was an effective and sustainable programme. The set hypothesis could be confirmed: "(…) *assisting SMiE's through long-term support services ("handholding") in rural and semi urban areas succeeded in creating improved access of SMiE's to credit and non financial services as well as in generating income and employment (target group level). It also succeeded in creating an institutional anchor within SIDBI to continue this kind of support in a subsidised way (institutional level).*" Although quantitative results are speculative, it cannot be denied that considerable employment and income increase was generated in these areas, covering above average groups in backward areas as well as disadvantaged groups (Chart 10 – see next page).

[50] Telefax sent by SDC to SIDBI on March, 31st, 1999

Chart 10: Indicators investigated under RIP[51]

Indicators	Result:
Output indicators Number of units set up & employment created at the start	Approx 6000 units and up to 28,242 persons
Percentage of entrepreneurs belonging to disadvantaged groups	Up to 59 % by an earlier survey (2000), 1000 women in Andhra Pradesh
Percentage of units covered in backward areas	Up to 60% (sample)
Finance mix of units set up	25% equity, remaining funds by local banks and state financial corporations refinanced by SIDBI (after programme closure SIDBI increased direct lending by the SIDBI Foundation for Micro Credit)
Training measures received and comments on usefulness of training measures	Mostly training measures were considered to be very useful
Outcome/impact indicators Growth of enterprises within the sample units	No comprehensive data, especially no data of units closed
Increment of income of the sample units	In 90% of the sample units income has increased from around Rs 2,000 to more than Rs 5,000 per month and also led to creation of assets
Sustainable employment generated	Yes: Statements from respondents confirm this without giving figures. Earlier studies mention an average employment generated of 4,7 per unit. (likely to be overstated and with multiple causes)
Was the "handholding support" during different stages a major factor for the successful setup and survival of SMiE's?	Yes, handholding support was a decisive factor for business success, especially at the beginning
Percentage of cost of Implementing agencies covered through programme support	Very low (about 5,000 Rs/case)
Improved access of disadvantaged SMEs to non financial services and (as a consequence) also credit	Yes, through the RIP programme and later on (see below) Micro Enterprise Foundation
Have the RIP activities been institutionalised by SIDBI (sustainability)?	Yes: In SIDBI (Micro Enterprise Foundation) as well as within the private sector (IAs)

It should also be reiterated that this instrument was a rather **innovative instrument** for a bank, although there was no direct lending but lending over other banks. The handholding services were equally new and without direct reward targeted to a new banking clientele with a higher risk level. Very seldom the profit generated from small loans cover the handling costs. In this case, costs were kept low by outsourcing the process to local regional services acquainted with local practice and environment. The instrument "RIP" has been kept by SIDBI's P+D department and is now seen as a very long-term instrument not only to develop remote regions but also to attract long-term customers. Together with the Human and Institutional Development, which slowly changed the attitude and also the background of SIDBI-officers towards small and micro entrepreneurs (see below), the RIP-programme can be considered a sustainable as well as effective intervention in the defined sense.

[51] A more detailed description of indicators can be found in chapter 9.3.2

6.5 The Marketing Fund

6.5.1 Characteristics of the Marketing Fund

The marketing fund scheme was another initiative taken by SIDBI with SDC support at the time of changing economic scenario in tune with a very much-needed emerging demand for the SME sector. It was targeted for the intangible needs of entrepreneurs looking for new avenues for their market penetration, but also for the need of the service providers which are involved in providing infrastructural and marketing support to small units.

Credit for intangibles, particularly for SMEs, was quite scarce in India in the early nineties, which created a typical bottleneck for private sector development. Realizing this problem, SIDBI, on an initiative of SDC, started experimenting by offering marketing loans directly to clients. A separate marketing fund outside the existing portfolio for normal marketing assistance was created to fund a number of marketing activities such as advertisements, design development and trade shows, brand promotion etc. for creating new marketing channels for products of the SME sector. Granting loans on intangibles with neither any primary security nor a measurable output is something rather unusual and innovative for a banker, even by Western standard. Therefore this instrument can be truly characterised as being experimental and at the end it created a new product of combined financial and non-financial services.

A cautious, conservative, but comprehensive approach was adopted and assistance was provided, on case-to-case basis, after scrutinizing the genuine need of the entrepreneurs and credibility of the clients. Repayments of almost all the financed units were regular according to statements of senior officials of SIDBI. However, as so often within this programme, no separate files have been kept on the marketing loans and now, years after merging the marketing department with other service departments of SIDBI, it is impossible to add some quantitative proof to the repayment performance of this part of the programme. This is again quite disappointing especially keeping in mind that working out key ratios on repayment performance is an established standard procedure of development bank support programmes and SIDBI is definitely preparing such data for other donors.

6.5.2 The Marketing Fund: Results and Conclusions

This project supported under SDC-SIDBI collaboration covers both tangible assets (construction of showrooms, exhibition halls, acquisition of R &D equipments, etc) and non-tangible expenditures (participation in exhibitions, both domestic and international, advertisements, printing of promotional literature, etc.) of entrepreneurs and service providers. While the major part of the assistance was provided as loans, a part of assistance was given as grant, primarily for training, awareness, and promotional activities to support marketing efforts. It should be clear, however, that the Marketing Fund was – apart from some exceptions – not a loan usually granted to very small businesses: The amount SIDBI used to lend was about 400 times larger than what was lent over RIP (Rs 15 Million against Rs 36,000 on the average).

There is a rather low utilization of the programme budget under the marketing part (SFr 1.981 Million out of SFr 3.7 Million) even declining more in phase III (SFr 0,23 Million out of 0,74 Million). When discussing this issue SIDBI management stated that since the clients accepted the programme very soon it was in a very early stage taken over by the regular departments and mostly granted as a part of a normal loan. This was a very diplomatic interpretation, because the low utilisation in phase III was also caused by the shift in SDC-policy towards poverty. Nevertheless loan disbursements under the “Marketing Assistance Scheme” (financed by SIDBI funds) between 1996 to end March 2004 amounted to (!) Rs 2,6

Billion[52] (SFr 97 Million), that is almost 20 times the SDC assistance of roughly Rs 137 Million disbursed by SDC during all three stages for the Marketing Fund. So the funds from the programme were no more needed, but it can be seen that **an enormous leverage was achieved by this project**.

The hypothesis set up for the marketing fund was that "***the Marketing Fund helped SMEs to gain access to credit for intangible projects and thus generated income and employment (target group level). The activities of the "Marketing Fund" were taken over by regular departments and therefore no subsidies are necessary (institutional level)***

The related indicators were as follows[53]:

Indicators	Result
Output Indicators Role of marketing related loans within SIDBI's business	Low in relation to total loans, but the instrument is well established and took up a considerable proportion of the working capital loans granted in the normal credit departments of SIDBI
Percentage of units who had received loans from banks for such intangibles before the programme	Practically none before the programme was started
How difficult was it to obtain a marketing loan?	Possible but SIDBI was careful in checking the financial stability of the applicants. This was also a reason why no micro enterprises were among the loan beneficiaries
Contribution of marketing loan activities to assist small and micro enterprises	Not directly (market loans were relatively large), but the associated activities were helping small and micro enterprises
Outcome/impact Indicators	
To what extent did the marketing loans contribute towards the increase in sales, growth of the enterprise?	No overall statistics, but units visited all reported increased sales Exports were not covered and no significant relationship between exports and marketing measures could be established
Any other non-quantifiable effects of marketing loans?	Most effects were non-quantifiable: Increase in awareness on the domestic market as well as –in some cases- export markets.
Multiplier/leverage effects as well as takeover by SIDBI (institutional outcome/impact)	Very high: Marketing Loans amounting to Rs 2,6 Billion (1996-2004)
Loan repayment rate of units covered under the scheme	No quantitative data, but at least not lower than for "normal loans"

It has been realised after the analysis of the results that this instrument (Marketing Fund) is not suitable for quantitative measurement, because no relationship between investment and increase in turnover or in employment can be clearly established, as it would be possible for the relationship between a new machine and increment of turnover or additional staff employed. When asked during the interviews, all entrepreneurs and managers readily reported increased sales. The question is, however, to which extent such increment was directly

[52] E-mail from Mr. Chandak and Mr. Boseto and Mr. Maini (General Manager SIDBI) dated Oct. 14., 2008; see also SIDBI development Report 2002, p.47

[53] Vide chapter 9.4.2 for a more detailed description of the indicators

caused by the marketing loans. There was no reporting required from the clients and now, four years after the closure of the programme and keeping in mind that the marketing fund started already in 1993, it is difficult to establish any trace of cause and effect. Nevertheless, the qualitative statement of entrepreneurs as well as SIDBI officials point quite clearly towards the direction that this instrument was quite successful in the sense of **the hypothesis**, which covers **two aspects**:

- Helping SMEs to improve their business
- Establishing a new and (in spite the intangible content) sustainable instrument, which was also replicated by other institutions as well as smaller financial intermediaries.

Both parts could be reached with the restriction that the marketing loans extended were not small loans and not directed to small units. On the other hand the intervention did also have a significant "**non financial services part**": group participation of SME and SMiE units in domestic / international trade fairs, publications and seminars, show windows, internet assistance, buyer/seller meetings were also very beneficial for small and even some micro enterprises.

The Marketing Fund intervention of SDC proved helpful in encouraging financing institutions in entering the perceived risky area of financing intangibles for market promotion by SSIs. The **relatively slow and incomplete disbursement** in all three stages of the marketing fund, however, shows that the instrument was treated with great care by SIDBI at the beginning; but the tremendous increase in loans shows that the intervention resulted in a very high replication rate and there was also an enormous leverage effect of SDC funds. Despite its undisputable success it appears that the marketing fund was seen rather critical by SDC because it **did not target the very small enterprises and it was also not in line with the objective of direct poverty reduction**. There were several letters exchanged during this time in which SDC clearly asserted a rather critical position and quite some reservations about several aspects of the marketing window.

Nevertheless the instrument has since been internalized and made part of mainstream financing, not only by SIDBI, but also by all major banks. This has helped in supporting SSIs in better market outreach, increase in their turnover and income and in most cases also led to generation of employment. Like all intangible interventions, it is difficult to measure the quantitative impact regarding the facts, whether an increase in income was generated by a marketing loan only.

Therefore, the final conclusion of the outcome of this intervention is: **Even though the instrument "marketing loans" is rather far away from SDC's objective of <u>direct</u> poverty reduction, it still covers the SME target group and thus "helps SME's to improve their business. It had an enormous leverage effect already during as well as after implementation and it was also an innovative instrument on the institutional level, far away from the mainstream activities at the time of its implementation.**

6.6 Human and Institutional Development

6.6.1 Characteristics of Human and Institutional Development (HID)

Although HID should cover human resources and institutional development aspects, under SDC funding it primarily covered **training of SIDBI officials**, not so much the institutional development. Later, however, it turned out that the training also influenced the shape of SIDBI as an institution.

The training was imparted under three heads, i.e.

- International Training
- Inland Training
- In-house training

At the time of evaluation of phase III, 96 staff members had been deputed for international training, 338 for domestic training and 1987 got in-house training up to the year 2000.

21 SIDBI officers who had undergone training have been interviewed about their training experiences within international, national and in-house training.

6.6.2 Human Resources Development: Results and Conclusions

It was clear from the start of this project evaluation that in spite of HID being an interesting topic, it was impossible to scientifically proof the effects of HID. Not only because of the lacking data but also because the nature of the subject: a real proof of causes and effect would have required an entirely different set up of monitoring during project execution. Nobody would seriously believe that without such monitoring it is possible to reach any reliable conclusions four years after closure and about 12 years after start of the first HID-measures. There is a quite voluminous report on the results of the HID measures within SIDBI[54], but this report is rather descriptive. It mostly covers just numbers of trainees, locations, formal features and characteristics of training institutions, type of feedback measures as well as a description of training appraisal. It might have been helpful for documenting the activities, but there was little trial to measure qualitative or quantitative performance (output) and no trace to collect any information on attitude and behaviour of the staff before and after the training (outcomes). It surprises that in spite of the fact that the wider meaning of HID must have been clear to SDC when setting the objectives, there was no trial from SDC management to take any corrective action after reading the report.

So even though the hypothesis was formulated rather carefully, a proof without doubt cannot be expected: “Human and institutional development inputs improved overall efficiency of SIDBI and partner institutions and: (1) contributed towards the self esteem and the motivation of their employees and (2) changed their attitude towards small business and risk taking. Achieving this, SIDBI’s support capacities and relevance regarding SME’s and SMiE’s were strengthened (mainly on the institutional level).”

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[54] Phase III of SDC-SIDBI collaboration. Evaluation of Human and institutional Development (HID) component, without date (estimated. 2001)

Chart 11: Indicators regarding Human and institutional Development[55]

Output Indicators	Result
Percentage of people trained during the programme and post programme period	Almost all staff
Training budget or training days per staff during the programme period and post programme	Rs 0,4 Million (abroad), 30,000 – 45,000 for domestic and in-house training
Outcome/impact indicators	
Growth in average business per staff	From Rs 20,000 to 40,000 per person
Change in institutional profile (statements of SIDBI staff & partners)	Definitely yes: From a commercially oriented bank towards a development bank covering also the needs of SMiE's
Change in attitude of staff towards development finance	Training measures were found highly motivating Attitude towards risk taking (especially in small business) was changed Attitude toward small business as a whole has changed

Again the results (see also Chart 11) will be found more on the qualitative side, because the increase in business per staff cannot be attributed without doubt to the training measures and the training budget alone does also not allow any conclusion on the outcomes. Changes have been observed on the attitude and motivation level, which could to a large extent be attributed to the training measures as an important part of HID:

Firstly, it has been observed that SIDBI's focus of business slowly changed from an APEX-bank (meaning a bank which re-finances other, smaller institutions) to covering more and more direct business. Refinance does not require many efforts for appraisal, supervision and recoveries. Refinance, which has covered about 90% of SIDBI's business, has gone down to 30%. Direct lending now 70% of the credit business involves risk taking and closer investigation of the situation of the entrepreneur, including human and social factors. The percentage of small loans and direct lending to SMiE's also went up with stronger exposure to the small and micro business sector, which has now lead to the start up of the SIDBI Foundation for Micro Credit. In turn, this development has also created the need for a different type of staff further away from the classical "banker" to a type more inclined towards social interaction and creativity, of course without losing the financial part of the lending out of eyesight. There might also be other reasons for this development, but as a matter of fact the staff has been thoroughly prepared for this development and the comparison with NABARD shows that SIDBI has managed this change comparatively well.

Secondly, the training had some other important effects, which were realized when discussing with staff and management:

- Employees sent for training felt appreciated by their employer, so training is an important motivating factor as well as a factor which increases the feeling of belongingness and loyalty to an organization,
- Over the years the exposure to training and in particular also the exposure to international training considerably changed the attitude of the staff towards (a) risk taking, (b) small businesses and (c) the needs and characteristics of small businesses.

[55] Vide chapter 9.5.2 for a more detailed description of the indicators

These three points were emphasized in many interviews and reiterated in discussions with management. This **change of attitude** should not be underestimated, because it is one of the core requirements of a development bank to be distinguishable both from a commercial bank as well as from a government office just proceeding applications.

Especially the latter point contributed considerable towards institutional development: SIDBI developed from a more traditional bank to a much more small business oriented development institution which is not only going more into direct lending but also provides valuable non-financial services.

After the closure of SDC Programme, SIDBI is continuing deputing its staff for such training programmes out of their own resources as well as with support from other donors. During the year 2006-07, total 678 staff members were deputed for various training programmes, including 56 officers to international training. Almost all officers underwent training in the meantime. Repeat training of staff on various aspects and according to needs is quite frequent.

The first part of the hypothesis – "*Human and institutional Development inputs (1) improved overall efficiency of SIDBI and partner institutions"* – could not be verified due to varying other influences. However, it was not falsified either. The 2nd and 3rd part – "*HID contributed towards the self esteem and the motivation of the employees and (3) changed their attitude towards small business and risk taking"* – however has been clearly confirmed.

Even though HID is considered largely a successful activity here, it has to be taken into consideration that the "institutional part" of HID was only covered unintentionally. This backs up the conclusion of another SDC study:" *that a major part of the SDC India role in HID is to design, implement, evaluate and document training concepts and programmes in those areas of work identified for partners. Modes of HID other than training are not clearly defined*."[56]

6.7 Other projects

Apart from the three programme components investigated there were other components which partly complemented the other projects: The Venture Capital Fund, the Small Industries Managerial Assistant Programme (SIMAP), the Skill cum Technology Up-gradation Programme (STUP) and the Cluster Technology Up-gradation Project (CTUP). All these components will be briefly described below. However, it has to be noted that this is a description of mostly quantitative outputs including some comments on them, no thorough analysis of the outcomes or the impacts of these components.

6.7.1 Venture Capital Fund

This was part of Phase I used for study of Venture Capital funds, particularly for the small-scale sector and training of people for undertaking this new activity. The officers who were associated with the study and deputed for training were given the actual responsibility of setting up such funds for the first time and making them operational. Resources for the venture capital in a later stage came from SIDBI, banks and other partners/investors. SDC funds were only used at the beginning. After some initial starting difficulties when SIDBI was not yet ready for such an innovative instrument it slowly became a useful instrument, which resulted in successful operation of more than 15 venture funds for the small-scale sector.

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[56] SDC South Asia, Human and Institutional Development, Conceptual and Institutional Framework, Delhi 2000, pp. 4

6.7.2 Small Industries Managerial Assistant Programme (SIMAP)

SIMAP was a new concept introduced under the Programme. It had two purposes; to provide low cost managers to SSIs and to provide employment to educated unemployed youth. As part of quick assessment, the evaluation team visited two institutes involved in implementation of SIMAP. These are: Indian Institute of Technology, Delhi and NMIMS, Mumbai. Besides, a report on earlier evaluation of SIMAP done by Management Development Institute (MDI), Gurgaon during Phase 3 has also been taken into consideration. Unemployed youth, young employees and entrepreneurs of SSI's were deputed for short duration (2 to 6 months) management training to reputed business and engineering institutes. They were given basic training of enterprise setting, business development, marketing, and general management. Trainers and lecturers also included professionals from industry. Wherever possible, trainees were attached to some SSI units to have hands on experience. The placement after the training has been varying from 20% to 100%, average placement being 50%. Besides, many entrepreneurs and their family members benefited from such training (numbers see chapter 6.7.4).

The programme component is still being continued, now financed through a corpus fund of around Rs 2 million (SFr 74,000) provided to each partner institution by SIDBI under SDC support. Besides interest from the corpus fund, around 40% of the course fee is contributed by the participants, administrative cost, salaries and travel cost is normally born by the institute. Thus, the average cost per trainee to SIDBI is quite low, around Rs.5,000 to 8,000 (SFr 185 - 300), which can be regarded as very cost effective for this innovative activity.

6.7.3 Skill-Cum-Technology Up-gradation Programme (STUP)

STUP seeks to enhance the knowledge and upgrade the skills of the existing SSI entrepreneurs. For this purpose short duration courses on specific technical as well as managerial and entrepreneurial aspects are conducted with the help of reputed institutions, known as STUP Delivery Agencies (SDA). SIDBI provides funds to SDAs, either through interest on corpus fund or on course to course cost basis. The average cost per participant/per programme comes to Rs 2,200 which can be regarded as very low looking to the overall benefits to the target group and good publicity for SDAs and SIDBI. Most of the institutes are not charging their overheads and salaries of regular faculty involved., because the trainings remain the peripheral activity and not part of the main activities of the institutes. Looking to the overall utility, general feedback and low cost, SIDBI has continued and will probably still continue the programme with need based modifications, including, more focus by SDAs on specific themes. However, non-performing and unwilling institutes may be substituted by other appropriate and willing institutes. Depending upon the number of courses and annual cost, SIDBI may consider increasing the size of corpus fund on selective basis.

6.7.4 Summary: Achievements under SIMAP and STUP

- Cumulatively, from Phase I and Phase III, 19 institutions were supported;
- 4,300 trained managers provided to the SSI sector through 148 SIMAP / 13,000 owners/managers underwent skill up-gradation Programme through 677 STUPs;
- about 50% of SIMAP candidates managed to get a final placement immediately and most of the remaining candidates were able to find suitable placement within a period of 3 - 6 months;
- half of the candidates from corpus institutes were placed at a salary of Rs.4,000 or more while salaries for candidates from non-corpus institutes were lower;

- about 50% of SIMAP trainees were females;
- about 40% of the cost of SIMAP were recovered from the candidates;
- sector specific technology institutes were the vanguard for STUP effort (62% of STUPs) while management entrepreneurship and allied subject institutes made a significant contribution of 23%.

Out of 18 institutions to which corpus support was granted, 3 institutions have refunded the amount with interest (Rs.7.641 Million) consequent upon unsatisfactory performance. New institutions are being identified for placing the corpus fund.

6.7.5 Cluster Technology Up-gradation (CTUP)

The interventions covered a package of assistance to technology-based business clusters. Besides core technology inputs, it also covered other need based inputs relating to production processes, environmental aspects, management, finance, marketing, training, etc. There have been successful interventions in specific clusters such as Ludhiana, Chandigarh and Howrah. However, as expected, these did not serve as demonstration units leading to adoption by other clusters. There was also a part of the programme supporting environmental programmes. A detailed list of achievements and projects under CTUP can be found in Annex I.

The Cluster Development Initiative has lead to a sustainable programme within SIDBI pursued after the SDC programme was terminated:

- SIDBI with SDC's assistance has been pursuing cluster developmental initiatives ever since its establishment in 1990. In recent years, the cluster development programme (now called CDP) of the bank has undergone a paradigm shift from a technology centric intervention to a comprehensive package of business development services. In this holistic approach, the Bank tries to meet the diverse developmental needs of a cluster, such as technology update, capacity building, environment, marketing, credit, quality, WTO, information dissemination, etc.
- A cluster-based approach for financing SME sector offers possibilities of reduction of transaction costs and mitigation of risk. As per a UNIDO study, about 388 clusters have already been identified in the country and the cluster-based approach is now being treated as a thrust area. Banks are increasingly adopting the cluster-based approach for SME financing. Within this approach the risk profile of each cluster is studied by a professional credit rating agency and such risk profile reports can be made available to commercial banks. SIDBI has so far intervened in more than 25 small industry clusters for structured intervention.

6.8 The SIDBI programme: Conclusions

In chapter 6.2 goal and objective of the SIDBI-programme have been summarized as follows:

> Strengthen SIDBI's capacities and relevance to achieve:
>
> - improved access of disadvantaged SMEs to credit and non financial services
> - generate (sustainable) income and employment (to alleviate poverty)
>
> - with a stronger focus given to gender concerns, environmental issues and energy conservation aspects

In order to find out to what extent objective and goal have been reached the evaluation has very thoroughly covered three parts of the SIDBI programme (RIP, Marketing Fund and HID) as well as – based mainly on secondary sources – the remaining programme components (STUP, SIMAP, Venture Capital Fund, CTUP).

6.8.1 Institutional level

Overall it can be concluded that the SDC intervention has left very strong traces and has influenced SIDBI to a great extent on the institutional level. In other words, it has reached sustainability by leaving permanent structures within SIDBI and within the private sector behind. It was also "relevant" in the sense of fitting into the objectives of the recipient. Although there were some doubts about its relevance after the switch of SDC's emphasis towards direct poverty reduction, the evaluation team found out – after some quite controversial discussion with several stakeholders – that for the majority of the projects within the programme the switch did not cause any problem. However, it must be mentioned that for the marketing fund there were considerable insecurities from the SDC-side whether it should be continued and a rather hesitant attitude from the side of SDC also caused some irritation within SIDBI. Finally the SIDBI management continued the marketing project alone without using the remaining funds and without making much "noise" about the fact that there were still unutilised funds available. With a less diplomatic attitude from the SIDBI top management a similar pullout as in the case of SERI 2000 might have been a possible consequence.

Nevertheless, talking to managers and staff from SIDB as well as associated agencies it was found that almost all of them remembered the SDC intervention in a very positive light. A point which was repeatedly stressed was – as a former top manager of SIDBI put it – the "out of box thinking" and the innovative approach of SDC. It was a rather fruitful approach to try new avenues, because without some outside initiatives like the marketing fund, the venture capital funds and also the far (down) going approaches within RIP, SIMAP and STUP changes would neither have happened or not have been carried as far. All components of the SDC intervention contributed significantly towards the change of SIDBI's institutional profile towards the poorer parts of the population, the small and micro enterprises in remote areas and a general improved attitude towards risk taking in these areas of business.

6.8.2 Access of disadvantaged SMEs to credit and non financial services

Although there were no exact statistics before and after the intervention due to the problems already discussed (lacking baseline data, weak monitoring and attribution gap), it can be concluded from the sample interviews that the interventions (especially RIP, SIMAP and STUP) contributed towards a much better access to non-financial services ("handholding support") and credit in remote areas and also towards generating income. HID was a transversal activity (more on the institutional level) and the Marketing Fund can be seen as an innovative approach influencing SIDBI's institutional profile and creating a very high lever-

age, but not with a very poor target group. Altogether, it was a significant contribution towards income generation and possibly poverty reduction, even though SIDBI does not cover the very low end of the income and loan segment (below an investment size of Rs 25,000 or ca. SFr 900). However, it was clear from the very beginning that for the bottom segment SIDBI was not the right partner (this would have been NABARD). Most of the programmes also reached the important objective of sustainability and were replicated by other institutions.

6.8.3 Focus to gender concerns, environmental issues and energy conservation

If one did not know that these were specific programme concerns it could neither have been found out from the project documents nor from any of the discussions with the respondents. Gender concerns were probably touched unintentionally, because a rather high proportion of recipients in most of the projects (RIP, Marketing Fund) were women. There was no monitoring, no comparison with other programmes and no specific programme activity to touch gender issues was ever developed (this has been criticised already in the core team report in 2000). Environmental concerns and energy conservation aspects were sometimes mentioned as side issues in a few of the documents. All three aspects were not part of the programme steering or monitoring, maybe because they were formulated after the shift towards poverty, which was already too late to decisively influence the project, maybe also because burdening the programme with these issues in a rather late (and critical) stage meant to overburden it with too many good intentions.

6.9 The SIDBI Programme: Recommendations

6.9.1 Baseline data, monitoring and understanding of the partner's functions

(1) The SIDBI programme was rather broad and touched many issues within the bank. Nevertheless, it was a project aiming at non-financial services as well as loans and therefore standard information requirements for a development bank should have been applied: Repayment ratios, sizes of investment and loans, credit duration, average interest rates, loan application standards and procedures etc. This information is normally collected during the credit application and repayment process and it is an unnecessary effort to try to collect such data by sample interviews four years after the closure of the programme. Even if SIDBI is not the direct lender there are still the implementing agencies which are keeping close contact with the majority of their clients.

(2) When going through some of the documents and correspondence of the programme, sometimes it is not really clear whether the role and function of SIDBI – especially its function as APEX-bank –was always fully understood by SDC. The mid term report[57] as well as an internal memorandum of SDC were complaining about the meagre role of the P&D department and the fact, that "P&D activities do not seem to influence mainstream banking in favour of the target group" (letter of Nov 18th , 1999). This ignores the significant role the P&D department played as a strategic opinion leader within SIDBI and in the mind of the general manager, Brij Mohan and it also ignores that P&D had a huge multiplier effect over external institutions like implementing agencies, supported institutions (e.g. with a corpus fund) and of course other banks and microfinance institutions. These effects were not fully recorded within

[57] SIDBI SDC, Review of the SIDBI-SDC collaboration, extended phase 3, by Amrita Dass and Marc Havers, Lucknow 2000, p. 4 and 9

SIDBI and it would have been the task of the SDC management during that time to set up a framework for a complete monitoring and recording. Thus it is recommended for future programmes:

- To obtain proper baseline information before the start of a project,
- to define objectives, goals and desired outputs/outcomes only after fully understanding the function as well as the outreach of the partner institution (and possibly render the services of an experienced development banking consultant to define and monitor realistic and measurable outputs/outcomes),
- to define indicators for monitoring the degree of reaching goals on the activity, output, outcome and impact level,
- to work out – together with the partner institution – a comprehensive pattern of reporting requirements and key ratios to be delivered on a regular basis and potential corrective actions in case the data reported deviate substantially from the outputs and outcomes defined.

6.9.2 Difficulties of very long programme implementation periods

In the case of SIDBI the partner was not so much affected by the shift of SDC's policy towards direct poverty alleviation as in the case of SERI. The authors of the core team report complain very loudly about several cases in which policies were not sincerely discussed with SIDBI already in 2000. These accusations were not confirmed during the final evaluation by the SIDBI managers, but taking a closer look there were many "undercurrents" which showed that the shift caused quite some misunderstandings between SIDBI and SDC. (Marketing Fund, refusal from SDC to support SIDBI's Microfinance initiative). As a consequence it is recommended that, since objectives and policies of partners undergo some change over such a long time in the future a clear "cut" should be made after a period of at most 4-5 years after which a fresh programme is initiated including a thorough discussion of a possible change of policies or goals. Such a cut may also include a potential change of partners.

6.9.3 Focus on fewer objectives and goals

There were many and very ambitious objectives and goals within the programme: Generating income, alleviating poverty, creating access to financial and non financial services in remote areas and at the same time give a stronger focus to gender concerns, environmental issues and energy conservation aspects. Emphasis on gender concerns, environmental issues and energy conservation (emphasised after the programme shift) were largely ignored and this poses the question whether there was an "objective overload": One should not forget that this was a relatively small programme within the Indian context, in which the entire SDC-contribution amounted to about 0,1% of SIDBI's loan sanctions between 1993 and 2004[58]. Therefore it is recommended to concentrate on fewer strategic goals and not to include each and every desirable outcome into one single programme.

6.9.4 Innovative approach

The innovative approaches and the "out of box" thinking were attributes often praised by the partners during the interviews and found to be a very outstanding feature of the SDC-

[58] In 1996 loan sanctions amounted to about Rs 42 Billion (SFr 1,446 Billion), taking this as an average for the years between 1993 and 2004 (or even 2006) the SDC contribution is less than 0,1%, This does not mean that the SDC-contribution is not important (other and bigger donors do not contribute much more) but this comparison should serve an indication for the leverage of the contribution

programme(s). With an external partner supporting experiments (and who takes the blame if experiments fail), it is easier to try new avenues. The marketing loans, the far going hand-holding practice in RIP and also SIMAP and STUP had many innovative aspects especially for a government bank like SIDBI. It is very much recommended to keep this approach when designing new projects.

PART II CASE STUDIES

7 Work and Time Plan

The preparatory work of the evaluation (mainly desk research of secondary material on both programmes) was carried out between March and April 2008. It culminated in a kick off workshop of the research team and between SDC-Delhi and the research team in Delhi end of May 2008. After this the draft inception report was presented and after a discussion of these preliminary results and the research design the preparation of field work could begin in May (selection of locations and target group, letters to institutions to be interviewed, evaluation of remaining secondary material). The actual fieldwork started end of May/June and was slightly delayed for SERI 2000 because the responses from the Sericulture departments were still outstanding. It is, by the way, rather characteristic for the dominance of Government departments in this sector that everybody in India strongly recommended not to begin any interviews without the written consent of the state sericulture departments. Finally the fieldwork for SERI 2000 could start end of June, the results being discussed in a team workshop in Bangalore beginning of July. The detailed time plan can be seen in Chart 12. A list of persons contacted by the team leader is found in Annex J.

Chart 12: Time plan

TIME TABLE: EVALUATION SERI/SIDBI			Jan	Feb	March	Apr	May	Jun	July	Aug	Sept	Oct
1	Documentary studies, interviews	March										
2	Kick off meeting, Berne	4th of April										
3	Kick off meeting in Delhi and finalisation of approach Paper (evaluation team)/ SDC	14th -20thof April										
6	Preparation of field work	End of April-										
7	Draft Final Inception report	Mid May										
8	Field work SIDBI and SERI /1st stage	May/June										
9	Feedback on 1st stage	Early June										
10	Field work SIDBI and SERI /2nd stage	Mid June to early July										
11	Field trips to sericulture areas, visits to SIDBI + intermediaries, workshop on case study results in Bangalore (research team)	Early July										
12	Remaining field work and statistical evaluation	Early July										
13	End of mission workshop – presentation of preliminary results in India	4th of Aug.										
14	Data analysis and writing draft report	August/Sept										
15	3rd CLP Meeting: Discussion of Draft Report in Berne	25th of Sept										
16	Final Report, incorporation of final comments	Oct										

8 SERI 2000 Case study results

8.1 Hypotheses, Investigation Areas and Indicators

The approach was to understand field reality so as to identify lessons based on an assessment of the impacts of the SERI 2000 programme that could offer opportunities for the planning and management of new programmes as well as inputs for reconsidering strategies.

A first planning workshop with SDC and programme resource persons helped to provide the broad framework within which impacts could be assessed. The programme objectives as well as the discussions during the programme execution were taken as the starting point to formulate four draft hypotheses including indicators for the SERI 2000 programme.

- Hypothesis 1: Sector Approach to poverty alleviation is viable;
- Hypothesis 2: Appropriate technological interventions increase productivity, benefits to the poorest and decrease environmental degradation;
- Hypothesis 3: Participatory processes are crucial for long term sustainability of improvements introduced / programme interventions;
- Hypothesis 4: A partnership approach to capacity building / HID is required to institutionalize changes introduced by the programme.

After screening the available documents, it became clear that the above hypotheses were not measurable in the way it was anticipated (vide also chapter 4.3). Following discussions with SDC these four hypotheses were collated in one major hypothesis with several “topic areas” (sets of indicators):

‘SERI 2000 has contributed to poverty reduction through generation of sustainable employment and income in mainly rain fed sericulture.’

The hypothesis was tested through four investigation areas that impact poverty:

a) Technology development and transfer

b) Community Participatory Processes and local institutional strengthening

c) Capacity Building and Human Institutional Development measures

d) Income parameters

These four investigation areas are to be seen as the four “case study areas” with a major emphasis on the first three areas. The fourth investigation area for income was assessed as a cross cutting issue for the three topics mentioned above. The separation by investigation areas instead of cases or components was decided because just covering about three “cases” would be far from representative for the programme. There were also too many locations in which the programme was active and if the survey had just covered three villages or three particular activities the results would be very much at random.

Since most of the indicators originally set up were too quantitative and it was clear from the beginning that they could never be covered in a satisfactory way, they were modified to a set of mainly qualitative indicators for the structured interviews to be conducted:

a) Indicators related to Appropriate Technology Development:

- Has drudgery / no of hours of work/ been reduced by technological improvements?
- Has the quality of cocoons (and hence price/wages/per piece payment) improved?
- Productivity of silk thread/reeling has improved
- Did any of the new technologies increase per unit output of workers?
- Adoption rate of new technologies
- Workers are trained in operation and maintenance of new technology
- Negative environmental impact of traditional operations has reduced

b) Indicators related to Participatory Processes and Local Institution Strengthening

- Membership of SQC and SHG has increased access to decision makers/ markets/ technologies.
- Access to credit has increased (number of loans taken and repaid in SQC/SHG)
- Community is aware of market factors, legal rights, etc., government programmes
- Role of exploitative middlemen has been reduced (vis-à-vis profit margin available to workers)
- Groups created by programme are vibrant and still function effectively
- Group enterprises are flourishing (e.g, purchase of inputs, marketing of output, use of new technological interventions, etc)

c) Indicators related to Capacity Building

- The training/capacity building/HID activities have been appropriate with adequate follow up and are conducted in parallel with institutional changes that allow target groups to function effective
- Associated agencies (DOS, Private sector players) have taken up and replicated changes that have been initiated by the programme
- NGOs/Research institutions have carried on with R&D and dissemination of results: – the new management systems/technological interventions are institutionalised and have been replicated in other areas/ further refinement in technology has taken place with inputs from the programme

d) Indicators related to Income

- The proportion of family income from sericulture, including rain-fed sericulture, has increased post SERI 2000
- Child labour has reduced / more children go to school in the silk weaving cluster of Kanchipuram

These indicators are mainly touching the **output / outcome** level and to a certain extent also the **activity level** with the assumption (refer to chapter 4.3.1) that in certain cases the mere continuation of an activity may allow conclusions about the outcomes of this activity. **Impacts** will not yet be defined at this level. It has to be discussed after summarising the results whether and to which extent the outcomes can be characterised as impacts.

8.2 Work and time plan for interviews

The fieldwork was conducted following the work plan shown in Chart 13:

Chart 13: SERI 2000 plan for fieldwork

Organisation and Location	ISSUES TO BE ADDRESSED			
	Poverty reduction (direct)	**Technology / Practice**	**Participatory processes**	**Partnership approaches to capacity building**
Hosur, Dharampuri (TN)	Income from pre-cocoon	Rain fed sericulture (area, technology, agronomic practices)	SQC/SHG functioning, areas of non-SERI development work taken up	Outreach – SERI work continued as a model (replication)
Salem/ Coimbatore (TN)	Income from post-cocoon – weaving	Motorised charkha units	SQC / functioning of local groups	DOS policy issues, subsidies, technology, markets, dissemination /adoption
Sidalgatta (KAR)	Income from post-cocoon - reeling	Reeling units, gasifiers, charkha (oven)	Adoption of charkhas, functioning of local groups	TIDE/TERI, participatory technology development
Kanchipuram (TN)	Income of different groups, (co-workers)	Hank dyeing	Mothers' SHGs, Schools	Child labour schools (partnership of traders association, weavers)
Tiptur/Hubli (KAR)	Income from sericulture	Soil and water conservation techniques and practices	Participatory dissemination of rain fed sericulture technology	BAIF (NGO approach to rain fed sericulture technology dissemination)
Hindupur (AP)	Income from sericulture	Breeding/ improved silk worms/ increased productivity	Breeding, productivity clubs	APSSRDI, Govt. partnership in breeding improved silk worms suitable for the area
Hyderabad/ Rangareddy (AP)	Income from pre cocoon	Rain fed sericulture (area, technology, agronomic practices)	Productivity clubs functioning, areas of non-seri development work taken	DOS, policy issues, technology, dissemination efforts
Nalgonda (AP)	Income from post cocoon – dying	ASU machines	Adoption of ASU machine by groups	DOS and IPR issues, adoption of technology in non-SERI areas

8.3 Technology Development and Transfer

Technological interventions as a means to increase productivity and directly impact poverty (specifically the poorest from among the range of sericultural workers) were given great emphasis by the SERI programme. Out of 18 projects implemented by NGOs, universities and private sector organisations, 12 were directly related to technological interventions. In public projects implemented together with the DOS in different states, 8 out of 36 projects were on technological improvements. Altogether technology oriented projects accounted for about 45% of the total allocated budget, 80% in the private sector and 18% in the public sector. In addition, four projects within the public sector were carried out to train people to apply new technologies.

SERI 2000 focused on areas not covered by other research institutes (notably government organisations) working in sericulture. Rain-fed sericulture is one important example of this, as public research and policies favour irrigated sericulture and neglect rain-fed sericulture (for example DOS provided subsidies of Rs 6000/acre for promoting improved varieties of mulberry cultivated with drip irrigation, but no subsidies were and are provided to farmers cultivating mulberry in rain-fed areas).

SERI 2000 therefore worked on technologies, which had potential of benefiting the poorer sections in the sericulture sector – both pre-cocoon as well as post-cocoon. **The technologies developed by SERI 2000 addressed the issues of energy saving, drudgery reduction and improved efficiency of the process**. SERI 2000 developed / promoted a total of 19 technologies / practices of which 7 were in the pre-cocoon sector and 12 in the post-cocoon sector. In the case of the pre-cocoon sector, the technologies promoted were on rain-fed sericulture, improved silkworm breeds, integrated pest management (IPM), biotechnological investigations for diagnosis of silkworm diseases, rearing houses. In the case of the post-cocoon sector, the technologies were for reeling (gasifier, energy efficient oven), twisting (two for one spindle) and dyeing (hank dyeing machine, ASU machine).

The mid-term review led to changes in the focus of the programme, which became **more pro-poor after 2001 resulting in leaving some of the costly technologies** (like gasifier) Some other projects that would have benefited from further R&D were also discontinued (e.g. hank dying machine).

One important point that needs to be remembered is the fact that SERI 2000 supported projects for the development of pilots whereas scaling-up was not considered as part of the programme. In an ideal situation developing pilots pays if the pilots are developed in close partnership with the major stakeholders including the main partner (Central Silk Board in this case). Involving acceptance of the pilots in the national system some times faces resistance (as in this case) and fails to be adopted by the users. Closely linked to the adoption of technologies, was the fact that CSB provides subsidies for some technologies making it difficult for the SERI developed technologies to compete effectively without subsidization. The technology / practices are listed in Chart 14:

Chart 14: Technologies developed by SERI 2000

No	Technology	Partner(s)	Cost (Million Rs)	Adoption level
Pre-Cocoon				
1	**Rain-fed sericulture**	UAS	5,48	About 30% of those who started are continuing, mostly as addition to conventional crops
		BAIF	7,50	
		OUTREACH	7,07	
2	**Study on leaf webber**	TNAU	2,70	Field demonstration, no further monitoring
3	**Development of silkworm hybrids**	APSSRDI & KSSRDI	24,02	Promising but not yet available for commercial use
4	**Low cost rearing house**	DOS, SQC's	n.a.	50-60% estimate
5	Bio fertilizers	Nitrofix Lab	4,94	
6	Biotechnological investigations for diagnosis of silkworm diseases	Karnataka University, Dharwad	4,52	Helped in developing integrated pest management practices
7	Improvement of leaf yield	DOS West Bengal	6,93	Limited
Post-Cocoon				
9	**Energy efficient oven**	TIDE	4,33	Sold: about 300 ovens
10	**Wood Gasifier**	TERI	31,56	Not in use in reeling units but in 5 non SERI- enterprises
11	**Heat Recovery Unit (HRU)**	TERI	Developed after SERI 2000	About 10 reelers have installed it
12	**Motorised charkha**	DOS, Tamilnadu	0,6	Subsidised by government, installed in over 70% of charkha units in Karnataka,
13	**Two for one spindles**	KOWAI	3,97	Ca.1/3 of the units in Bangalore use it; being developed for cotton yarn too,
14	**Hank dyeing machine**	BIET, Karnataka	5,66	3 machines exported and about 10 are being used but not in programme states
15	**ASU machine**	Shivam Handloom	1,1	About 500 sold so far
16	**Air texturisation of silk**	PSG college of Engineering	5,66	Successfully experimented
17	**Knitting of silk**	BIET		Successfully experimented
18	Modification of Medleri charkha	India Dev, Service	3,23	
19	Pupa drier	TERI		
20	Natural Dies	SKVIS	3,07	Could not become popular
Total			**132,2959**	

Based on SERI 2000 documents and interview results

[59] Assuming that the average exchange rate of 27,832 Rs/SFr between 1998 and 2000, the project costs amount to approximately SFr 4,7 Million.

In the following two chapters, an overview on the current situation of selected technologies (No 1-4 and 11-17 in Chart 14) developed in the pre-cocoon and post cocoon sectors will be given. The results are based on information obtained in the open-ended interviews with sericulturists, former programme staff and staff from the implementing institutions.

8.3.1 Rain-fed Sericulture (pre-cocoon)

The reason why SERI 2000 concentrated more on the rain-fed areas than on the irrigated areas was the emphasis of the programme on poverty reduction. About 5-7% of the total area under mulberry in Karnataka is under rain-fed mulberry. Government policies, particularly by subsidies, encourages irrigated and discourages rain-fed sericulture. In the rain-fed areas, it is likely to find more of the poorer farmers then in the irrigated areas. Those who practice rain-fed sericulture are comparatively poor and are constrained by lack of water, but the sericulture is a promising alternative to traditional crops for those who can put in some extra efforts. Therefore farmers introduced rain-fed sericulture in the areas where it was not being grown traditionally. SERI 2000 collaborated with two NGOs (OUTREACH and BAIF) and the University of Agricultural Science (UAS) Bangalore to improve the productivity and quality of rain-fed sericulture (Chart 15).

Chart 15: Partner organisations for rain fed sericulture

Partner organisation	Districts	States	Comments
OUTREACH (NGO)	Hosur and Gauribidanur	Tamilnadu & Karnataka	Silk production was already going on in the area
BAIF (NGO)	Tiputur and Dharwad	Karnataka	Silk production was introduced by SERI 2000
UAS, Bangalore	Chamrajnagar	Karnataka	Traditional silk producing area

The approach with which these three organisations worked was slightly different. BAIF worked a lot on participatory watershed development and community organisation for promoting tree based cropping systems. They considered sericulture as one of the livelihood options for small farmers as a part of their tree based cropping system. OUTREACH worked to organise the community in the area where sericulture was already in practice to improve its quality. UAS worked in an area where sericulture is a traditional activity. They introduced new varieties of mulberry and improved practices of cocoon rearing. They also documented the results scientifically.

BAIF promoted rain-fed sericulture in the rained areas in Tumkur and Dharwad districts. They introduced sericulture in the areas where it is not being practiced traditionally. A total of 130 farmers were included to popularize rain-fed sericulture. Watershed approach has been used to improve the quality of land where the mulberry was grown. Field ponds, trenches, organic manuring and mulching were used in order to improve soil fertility and water retention capacity. BAIF uses an integrated approach of watershed development and promotes tree based cropping systems. In this case they included mulberry as one of the farm enterprises in their tree based cropping system.

Farmers were supported financially by the programme to construct small cocoon production units (small huts for shelf rearing) at their fields. This, however, proved not to be an acceptable solution in the longer run. All farmers who had constructed such sheds in their fields abandoned them and returned to rearing cocoons in their dwelling units[60]. The farmers have

[60] The reason given by farmers was that the sheds were too far from the homestead for regular monitoring.

found that the sericulture may be taken up as a profitable activity in the rain-fed areas. About one third farmers are continuing with sericulture and are taking 2-5 crops a year. Marketing is an issue for these farmers as the cocoon market is quite far from here. Some farmers are trying to synchronize their production and going to market in a hired vehicle as a group.

The rain-fed sericulture was introduced in Tumkur and Dharwad districts and it was improved in Chamrajnagar district, where it is in practice for decades. In case of the districts where it was introduced by SERI 2000, about 40% of those who started are continuing with it, whereas the rest could not as it is very labour intensive and requires more work than cultivating other crops. Some irrigated farmers, after seeing the rain-fed farmers practicing sericulture, have also started sericulture in non-traditional sericulture areas. However, the number is small i.e. only four in Tiptur area.

In case of Chamrajnagar, practices to retain moisture and improve mulberry production and its quality along with improving cocoon rearing practices were introduced with an objective to popularize it. Not all farmers who participated in the programmes continued with the practices. Vermi-composting practice introduced under the programme has not been adopted by any of the farmer. About one third of the total 54 farmers in Kalanhundi village (that was visited for group discussion) are still following the practices of trenching and mulching in their mulberry fields.

UAS has standardized technology for rain-fed sericulture by working with the farmers in three villages of Chamrajnagar district. The technology has helped the farmers to increase the leaf production and thus the cocoon production. They addressed the issue of mulberry production and cocoon production. Insect attack was one of the major problems in cocoon production. The programme promoted meshed wire protection for the cocoon production bamboo trays, which are placed in the racks one above the other.

Detailed studies have been conducted both by BAIF as well as UAS to document the improvements in soil condition, ecology and root system of the mulberry plant when planted in watershed treated fields. The main aspects studied are:

- Water/moisture related
- Biomass – nutrient flow
- Microbial assessment
- Root system
- Social dynamics
- Economic benefits
- Diversity – birds, insects
- Soil carbon content

This has provided quite useful information for not only sericulture but also crops in rain-fed area as such. The university has named this technology of rain-fed sericulture as ‘Swarna technology’ and disseminates this knowledge to the farmers in the ‘Kisan mela’ (farmers’ fairs) organized annually by the university. Various awareness generation events have been organized to popularize the technology. Swarna technology has also been made part of the regular curriculum of the graduate course in agriculture.

A project on Micro irrigation System for Sericulture was discontinued. International Development Enterprise (IDE) was supported for developing affordable micro irrigation systems for mulberry and its mass marketing through private sector firms. IDE selected system based on

micro tubes, irrigating four mulberry plants at a time as the prime technology to be disseminated after appropriate studies on technical feasibility and economic viability. This technology was tried with the farmers in Andhra Pradesh state and was found successful. However, IDE found that it is not in a position to market the technology in the given subsidy system in irrigation for sericulture.

Although rain-fed sericulture appears to be a promising approach firstly for improving the income of the very poor farmers and secondly from an ecological viewpoint of saving water it remains a much neglected sideline of mulberry farming. Farmers interviewed gave ambiguous answers. Most of them stated that replacing a traditional crop by a mulberry field will give more financial reward per acre, but on the other side, it means more work and also a certain insecurity about the prices of the cocoons. Even more important: If there is little rain the number of annual crops goes down from a theoretical maximum of eight for rain fed areas to two to four and it appears that somewhere between two and four crops there is a break-even point with traditional crops. If an urban area is nearby and crops (especially vegetables) can be sold for higher prices this break-even point moves further up. Unfortunately, **the programme never investigated such crucial economic parameters in these rain-fed areas**. DOS representatives and Government were trying to encourage irrigated sericulture but there was no sincere interest from their side in rain-fed sericulture, so no institutional sustainability was achieved. It was however taken up by at least two of the partner institutions (BAIF and OUTREACH), but even now, five year after the programme ended this technology is still more or less in a pilot stage. A study from BAIF comes to rather positive results with a technology called BFT (Biomass filled trenches) especially regarding the income of the farmers. This, however, was reached with quite substantial support from BAIF agricultural specialists and although it looks rather promising, it is not sure whether the results can be repeated under unsupported conditions. [61] A similar study was carried out by Outreach[62], obtaining better results than in an earlier study still carried out in cooperation with SDC.[63]

To sum it up (referring to the indicators): the **adoption rate** of rain-fed sericulture is low, the **output** appears to be slightly higher compared to traditional crops, nevertheless insecure (and never measured), the **number of hours to be worked for sericulture** appears to be higher (but this was never measured too) and the **ecological effect** remains speculative and is dependent on the amount of rain.

8.3.2 Study of Leaf Webber on Mulberry (pre-cocoon)

The project was given to Tamilnadu Agricultural University, Coimbatore (TNAU). The primary objective of the project was to determine the extent of economic loss to the sericulturists due to leaf webber in Tamilnadu and to produce integrated pest management (IPM) system and develop IPM methodology to control the damage caused by the pest. After studying the economic loss to sericulture due to leaf webber, IPM system was developed to control the damage caused by the pest. Field demonstration trials on IPM leaf webber were conducted in Dharampuri, Salem, Erode and Coimbatore districts of Tamilnadu state. After the study,

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61 BAIF, Action research on integrated rain-fed Sericulture as a Livelihood Option for the Poor, 2006:

62 Outreach, Rain fed Sericulture a Livelihood Option in Hosur etc., A case study and Action Research from Hosur Field Office, 2008

63 Outreach, Capacity Building of sericulturists for enhanced productivity and sustainability – Hosur, Dharmapuri district, Tamil Nadu, 2004

Project Period: Dec 1999 to march 2003

however, there was no monitoring of the outcomes of the IPM system so it remained on this experimental stage.

8.3.3 Development of Silkworm Hybrids (pre-cocoon)

Andhra Pradesh State Sericulture Research and Development Institute (APPSRDI) located in Hindupur, which was set up in 1995 by the state government of Andhra Pradesh was supported by SERI 2000 for 'Silkworm breeding for productivity improvement of silk'. The project objectives were to evolve silkworm hybrids which:

- are highly productive and qualitatively superior,
- give consistent yield,
- cater to the regions and seasons,
- are tolerant to NPV (Nuclear polyhedrosis virus),

APSSRDI has developed 10 new breeding lines of which 5 lines have been found promising and have already undergone multi-location field-testing, coordinated by Central Silk Board, at 25 locations in the country. Parallel to this APSSRDI has involved about 700 farmers in different parts of Andhra Pradesh state.

The results of the multi-location trials will be analyzed this year and APSSRDI is expecting **that 3 of their 5 hybrids**[64] that have been evaluated **may be released for commercial use**. These hybrids have shown significant resistance to the diseases and tolerance to the higher temperature conditions. Impact of these hybrids cannot be assessed until these are available for the sericulturists. However, this project has **good potentials of high economic impact**.

Dharwad University was also supported to develop a diagnostic kit, which can be used for very early detection of viral infestation in silkworms thereby reducing the crop losses due to viral diseases.

8.3.4 Low cost Rearing House (Chawki[65] Rearing Centres CRC) (pre-cocoon)

Within the low cost rearing house SERI 2000 developed and promoted shelfs instead of trays for silkworm rearing. This has become quite popular with the cocoon producers. The cost is reduced, the practice is simple, and quality improves. This is a small intervention but it has helped the cocoon producers significantly, as it reduces the required labour. There was no reliable measurement, but farmers as well as local DOS-representatives interviewed stated that the productivity (in terms of numbers of silkworms and in terms of labour input) increased by about 10-20%. It is not clear, however, to which extent this practice had been adopted by the mulberry farmers throughout the country. An adoption rate of 50-60% as it was indicated during an interview with DOS-Karnataka[66] would result in annual economic savings (on the basis of the 2002 figures) of between Rs 0,5 -1 Billion[67] (SFr 22 - 41 Million) just for Karnataka and thus alone exceed the cost of the programme. This calculation is, however highly speculative because all parameters are estimated and it does not yet include

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64 These hybrids were developed under a project (1998-2004) supported by SERI 2000. After developing hybrids, they are required to be tested by CSB at different locations for two years before recommending the better ones for release.

65 Chawki means worm (in this case silkworm) and should not be mixed up with charkha, which refers to the wheels used in the reeling process

66 Interview with Mr. Kazi and Dr. A. Basker from DOS Karrnataka on July 11th, 2008. Mr Kazi confirmed that the low cost rearing house was – at least in his opinion - one of the simple but very effective outputs of the Seri 2000-programme which was also taken up and promoted by DOS.

67 Based on a total production value in the mulberry cocoon sector in India of Rs 8,8 Billion, a share of 62% of Karnataka and an estimated improvement of between 10 and 20%

the cost of the construction of the rearing houses. Nevertheless such a rule of thumb calculation demonstrates that the **lack of financial and economic data** – more or less throughout the entire programme - constitute an important obstacle not only in steering the programme but also as a (lacking) argument vis-à-vis the Indian side for the proper continuation of the programme.[68]

Picture 3: Low cost rearing shelf (Picture: Klaus Stocker)

8.3.5 Energy efficient ovens for Charkha reeling (post cocoon)

Reeling silk from the cocoons requires a process in which cocoons need to be put in boiling water before the yarn is unreeled from the cocoons. There is requirement of energy to boil water for boiling the cocoons. This energy requirement is met from various types of fuel like wood, agricultural waste, tree leaves etc. SERI sponsored research activities carried out by an NGO named TIDE (Technology Informatics Design Endeavour) to develop energy efficient ovens. This oven has been introduced to the reelers in Siddelgatta area of Karnataka. At the same time a local fabricator and a mason in Vijapura town of Kolar district (now Chikabalapur district) were trained in energy efficient oven design and fabricating it. Energy efficient ovens require small iron fabricated units to be fixed in cement by a mason, who was trained by TIDE in the design of the energy efficient oven. The TIDE stoves result in a saving of 25% fuel[69]. Under the SERI programme, the total cost of the stove including a depreciation for development cost were calculated at Rs 30,000 The price was brought down to Rs 5,300 and DOS provided 40% subsidy for reeling units to adopt the stove. So far about 300 energy efficient ovens have been sold by TIDE and an associated entrepreneur. In Vijaypura area,

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[68] An overview of exchange rates of the Indian Rupee toward some important Western currencies is attached in Annex G.

[69] The reeling unit owners in Vijayapuram and Sidelgatta area of Chikbalapur district in Karnataka told that the improved oven require 65 - 75 kg of fuel instead of 90 - 100 kg needed per day to run in traditional ovens.

about 80% of 250 reelers are using the TIDE stove as per the information provided by the owners of the reeling units visited.

If an economic evaluation of such a project is carried out one has to distinguish between benefits reaped by the reeler (which are subsidised) and total economic benefits. Only the latter approach can justify such a technology from a development economic perspective unless the subsidy is only meant as a means to help the start-up of such a project. Due to the lack of data, only some plausibility calculations can be applied here: With 84,000 reelers in the country the average value added per reeler is around 108,000 Rs p.a. The cost for heating are estimated to be at most around 10-15%, the bulk of the cost being attributable to the purchase of cocoons, equipment, and labour. In the case of a mean value of 12,5% for energy cost the savings of 25% in fuel would amount to 3,400 Rs. For a relatively long 10-years period the internal rate of return of such an investment would be 4,75 % p.a., which is a rather low return and bearing in mind that most reelers are thinking not in a long term perspective. With a subsidy bringing down the price to Rs 5,300 the internal rate of return for the reeler (not for the economy as a whole) increases to over 65% p.a. (payback time in this case is less than two years). With proper marketing efforts and even less subsidy there should be no reason why this oven could not be successfully marketed throughout the country unless there are other reasons like the use of very cheap heating material (see next chapter), so a careful financial evaluation is called for. Such an evaluation must also include the latest technology development (integration of the technology into automatic and semi-automatic reeling units, see also the following subchapters).

8.3.6 Wood Gasifier for Silk Reeling and Dyeing (post cocoon)

Work on gasifier was also planned with the objective of making the reeling process more energy efficient. TERI (The Energy and Research Institute) was given the project to develop a gasifier, which may be used for boiling water for boiling the cocoon before un-reeling the silk. The gasifier was tried in Sidelgetta area but later the work on gasifier was terminated[70]. This technology could not go beyond experimentation and during this experimentation stage the project was shelved after shift in the focus on the poverty reduction. Officials and reelers in Sidelgetta told that even if it would have been continued, its adoption was a question mainly because of the two reasons.

- In the existing system the water is boiled using cheap quality fuel in the ovens and the initial capital requirement is very low or the reeling units are semi-automatic. The reelers, having manual processes of reeling do not want to invest high cost of Rs 50,000 for a gasifier.
- After un-reeling the silk yarn from the cocoon, it needs to be dried over rotating wheels by putting burning wood coal under these rotating wheels. The left over coal from the ovens used for boiling water is used for this purpose and no additional cost is required for this. In case of gasifier there was a need of having coals / wood separately for drying silk.

8.3.7 Heat Recovery Unit (HRU) (post cocoon)

This is an example where the work done during SERI 2000 has led to the development of a technology after the SERI 2000 work was over. HRU was developed after the programme period was over but the partnership of SERI 2000 with TERI and their work with the reelers

[70] Discussion with Mrs. H.R. Girija, ex-Programme Director, SERI 2000

led TERI to develop heat recovery units. The ovens used for boiling water have chimneys for emitting the smoke. There is a heat loss from these chimneys and TERI has tried to use that heat energy that was going waste. They have developed a round shaped tank to be put around the chimney and water is filled in this tank which is heated to 60-70 degree by the heat going out. This water is taken out through a tap put in the lower end of these tanks and used for boiling. Thus, the water which is already hot gets boiled faster resulting in saving of energy and also the time between two lots of cocoon boiling operations is reduced. This unit is becoming popular with the reelers using the ovens for boiling water. This saves about 20% of the energy used in the reeling units.

Use of energy efficient stoves in combination with heat recovery units should help in saving of up to 40% energy requirement of the reelers and thus also reduces the operational cost of the reeling units. However, government's focus on automatic and semi-automatic reeling units is not providing a favourable environment for these technologies to become very popular.

8.3.8 Promotion of motorized Charkhas to reduce drudgery in reeling (post cocoon)

The word charkha means spinning and the charkha reeling units are the units where the silk thread is driven by a wheel which was formerly hand driven, frequently by children.

Picture 4: Motorised charkha for reeling, (see also Picture 6: Reeling), (Picture: Klaus Stocker)

According to the programme documents this work was done in Tamilnadu but a visit to Dharampuri revealed that charkha units have not adopted this. The charkha units in Tamilnadu use second grade cocoon and a very low level of technology, so the motorized units are apparently not suitable for this type of cocoons. In contrast, DOS Karnataka, where a higher grade of cocoons is mostly used, has popularized the motorized charkhas more successfully by offering subsidy on it. Officials told us that this was done to stop employment of child labour and reduce drudgery for women who were mainly employed for running the charkha in such units. SERI 2000 supported this technology in Karnataka, but this technol-

ogy was already ripe for the market and in other states this technology was initiated by the private sector and taken up by the DOS. The motorised charkas have contributed substantially to the reduction of child labour in the post-cocoon sector.

8.3.9 Two for one Spindles (post cocoon)

The private organisation KOVAI Hi-Tech in Coimbatore was supported to develop the 2 for 1 spindle. The objective of the project was to have conversion of conventional up twisting machines with 2 for 1 spindle and retrofit existing up twisting machines. Production of conventional up twisting spindles are 50% lower than TFO spindles due to insertion of double twist in single rotation of TFO spindle. The use of power per kg of silk twisted is reduced and thus there is less power cost. The noise level is less in TFO spindle and wastage of yarn is reduced because the TFO spindle takes care of the problem of loose unwinding and slough off in the conventional machine. Overall these improvements result in better quality twisting and the production is doubled when compared with the conventional machine, which increases the profit margin. This system has been registered as per the Indian Patent Act 1970 as an invention entitled 'A novel spindle system for retrofitting in any up twisting machine'.

Twisters have been convinced of this technology and in Bangalore[71] 30-40% of them have converted to this. Discussion with the inventors of this technology revealed that presently the cost of one spindle is about Rs 350 and this is the reason that not all the twisters have shifted to it. There is a possibility of bringing the cost to about half of this and after that most twisters would like to go for it. Again, there are no traces to quantify the economic effects in order to be able to come to a conclusion of the size of the outcomes in relation to the entire sector, so only guesses are possible that there must be quite substantial improvements of productivity in twisting. Twisting as a whole, however, adds less than 1% to the value added in the sector.

8.3.10 Hank Dyeing Machine (post cocoon)

Silk, like any other yarn needs dyeing to generate fabric of different colours and designs. Bapuji Institute of Technology Davegere in Karnataka state was given a project to develop the hank dyeing machine to be used by dyers mainly in the Kanchipuram area in Tamilnadu state. Visits were made to Kanchipuram to understand the requirement.

The machine was developed and given to a dyer for trials. The developers were constantly in touch with the dyer to know his reaction about the working of the machine. The dyer dyed about 100 kg silk and asked another fellow dyer to dye some of the silk. Both of them found the yarn was getting entangled while dyeing and were not satisfied with the performance of the machine. After nine months, it was taken back by Bapuji Institute of Technology to Davegere for addressing the problems. This machine, after rectifications of the problems that were faced in its trial run at Kanchipuram, has not gone to the users in Kanchipuram area, which is one of the largest silk dying and weaving clusters. However, three machines have been exported after silk related trainings had been organised for participants from various countries. As per the information available with the developer of the machine, 10 units are being used in various places in other than programme states. So it appears that this machine can be considered as a failure because of the insignificant adoption rate.

[71] Most of the silk twisting work is done in Bangalore.

8.3.11 ASU Machine (post cocoon)

Preparation of weft for tie and die of the yarn was done manually mainly by the women and was quite tiresome. Preparation of weft for one standard piece of silk (for example one sari) required a person (mainly women) to make 9000 rounds. Apart from being a rather tedious kind of work this led to shoulder/joint pain in many those who were doing this activity. One person can prepare weft for 2 - 3 saris by working for 10 - 12 hours a day while weaving one sari requires a minimum of four days. The wages paid for weft preparation were/are lower than for those who weave saris. One youth, whose mother and wife were working in weaving units for preparing the weft, started brainstorming how this drudgery may be reduced by a technical device. He was successful in preparing a machine but there were some problems with it. This machine was noticed by the local sericulture officer, who organised a meeting between SDC staff based in Bangalore and this innovator. SDC in turn invited the technologists from the PSG College of Technology, Coimbatore. PSG College of Technology improved the design of the machine and sold it to some dyers in Pochampalli area. This was a mechanical machine. The dyers still had some smaller issues and the original innovator, who was in touch with the dyers using this machine, further improved the design to make it more suitable.

Picture 5 ASU Machine (Picture: Klaus Stocker)

The cost of this machine was Rs 12,500 and the machine has been further improved and made electronic now. The electronic machine costs Rs 15,000. The machine helps the dyers to save Rs 1,000 per month per machine, which means that it pays off in less than 2 years. Consequentially the machine has replaced some of the women who used to make weft manually and has rendered them jobless. However, some of the women have learnt weaving and are earning more after improving their skills but some have to look for work elsewhere after they were rendered without work after the installation of ASU machine by their employers.

Manual method	ASU machine
Physical strain by hand movement to and fro for 18000 times a day for preparing weft for 2 saris	Electronic machine run with single phase household electric connection.
Eye strain and chances of error – 4 layers per peg need to be lid in 31 pegs of 100-150 repeats.	Counting done accurately by the machine
Uneven yarn tension during winding causes variations in weft length and causes poor quality design	Uniform yarn tension in case of machine gives uniform yarn length, which is required for perfection in the design.
Labour, mainly women got the employment for one week per loom per month for making weft.	Machine has replaced women labour and one machine can prepare weft required for 6-7 looms per month

The ASU machine has definitely reduced drudgery and improved productivity. The adoption rate in the area of its production is relatively high (about 25% or 500 machines for around 2,000 dyers in the area of Nalgonda / Pochampalli). Like all successful attempts to increase productivity, there is of course the danger that the people (especially women) traditionally employed in this function become jobless. This, however, is not a reasonable argument, because if we turn it round it means that any improvement of labour efficiency is not permissible. In fact, if there is no increase in productivity and if one insists to conserve old fashioned and tedious ways of production, the national and international competition will probably soon sweep such jobs away anyway. In fact the present economic upswing in India has already led to a scarcity of weavers and other qualified persons.

8.3.12 Air Texturisation and Knitting of Indian Silk (post cocoon)

SERI 2002 supported PSG College of Technology for a research and development project 'Air-jet texturisation of silk filaments'. Texturisation is done in order to have better air permeability to improve wearing comfort of the silk garment. Bleached and dyed silk filaments were textured in 118 different trails. Texturised silk filaments were produced based on optimized process parameters and woven/knitted fabric were developed. Yarn and fabric were evaluated and analyzed. The process has been registered as per Indian Patent Act of 1970 as an invention entitled 'A Process for manufacturing Air-Jet Texturised Silk Filament and a System for manufacturing the texturised silk filament', and the technology is ready for dissemination.

8.3.13 Conclusion: Impact of Technology Development

Development of technologies was one of the major focuses of SERI 2000. Most of the technology development initiatives were at their final stages of testing and introduction to the users when the programme was terminated. The technologies had had different levels of adoption and impact. It appears that in the pre-cocoon stage the technologies developed have helped the users to improve their income levels and some, i.e. development of new silkworm variety, are poised for long term income and employment impact after the varieties are available to the sericulturists. It is also evident from the results that introduction of simple technologies finds better and wider adoption and leads to higher economic impact, i.e. practice of shelf rearing.

When the technologies for pre- and post-cocoon stages are compared in terms of their outcome, one finds that the number of technologies developed for post-cocoon stage was much greater than for the pre-cocoon stage. This may be because of the nature of activities carried out in the two stages. The technologies in post-cocoon stage, which found comparatively better adoption are those which were subsidised by the government (i.e. motorized charkha)

and the one which was initially developed by a local youth after observing the problem of drudgery and later improved by the technical and financial support from SERI 2000 (i.e. ASU machine).

45% of the programme funds were spent on technology development, making it the single most significant part of the programme. It is difficult to evaluate any impacts of these developments, because for measuring the desired impact **on income and poverty reduction** some economic data are necessary. The programme funded quite a few studies on most of the technologies. However, it is surprising that – with the clearly formulated goal on poverty reduction, employment, income for the weaker section of the population in mind - there **was never a trial to collect economic data** which could prove how and to which extent with any of the technologies such a goal could be achieved.

There were very careful considerations of the appropriateness of the technologies by looking at the users' perspectives and testing it in real situations as well as by staying in constant touch with the users. Some of the technologies have also been successfully subsidised after the respective initiatives from SERI 2000. So indeed there were many activities from the side of the programme management to make the technologies popular among the users. However, there was not much consideration of economic aspects: most of the technologies were developed from an engineering perspective **without much concern as far as marketing as well as financing is concerned**. Looking at the viewpoint of the stakeholders in the sector they are mostly thinking rather short termed, not only because of lack of perspective, but more because of lack of affordable finance and because mostly they do not have a cost accounting system showing them for example the long term effect of energy savings. Thus, it is difficult to see why all these developments were stopped at a point when the technical part was finished and the only economic efforts to make the technologies popular seemed to have been the call for subsidies, which is in turn a huge contradiction to the original philosophy of the programme: Wasn't it designed to follow a "market driven" approach, away from the government? Of course the subsidies helped a lot, but would not a good marketing approach and some assistance with financing (why not with SIDBI?) have been a better approach if the management of the programme was really serious with a market driven approach and if it wanted to get away from government institutions? A marketing approach would also have required a proper investigation of the actual handling of equipment under realistic conditions to find out the arguments by which the stakeholders could have been convinced to make an investment. This lack of enterprise support is not caused by the premature termination of the programme, it was already criticised in the year 2000: "*The strengths of the programme and its management with technical focus and expertise are closely related to its weaknesses: lack of a holistic approach to sericulture, especially neglect of the social and marketing dimension of sericulture. Human and institutional development is mostly understood as technical training and one-way transfer of knowledge. The programme is also weak in the key area of enterprise promotion and access to financial and non-financial services especially in the post-cocoon-sector.*[72]"

The Indicators related to technology development were as follows:

- Has drudgery / no of hours of work/ been reduced by technological improvements?
- Has the quality of cocoons (and hence price/wages/per piece payment) improved? [73]

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[72] Mid term review Seri 2000, March 2000, p. 2

[73] Since the quality of cocoon was not improved by any of the technologies it was omitted here

- Has productivity of silk thread/reeling improved?
- Did any of the new technologies increase per unit output of workers?
- Adoption rate of new technologies?
- Were workers trained in operation and maintenance of new technologies?
- Have negative environmental impacts of traditional operations been reduced?

Chart 16 summarises the findings in a descriptive manner.

Chart 16: Indicators related to appropriate technology development[74]:

Technology	Reduction of drudgery/ working hours	Productivity improvement	Workers output increased	Adoption rate	Train-ing	Environment
Rain-fed seri-culture	No	Compared to other crops	Yes	Low	Yes	Potentially
Low cost rear-ing house	No	Yes	Yes	High	Yes	No
Gasifier	No	+30% estimate	No	Low	No.	Yes
Energy efficient oven	No	+25% estimate	No	Very low	No	Yes
HRU machine	No	Potentially	No	Negligible	No	Potentially
Motorised charkha	Yes	Yes	Yes	High	Yes	No
Two for one spindle	Yes	Yes	Yes	Medium	No *)	Yes
Hank dyeing machine	Yes	Potentially	Poten-tially	Negligible	No	Not clear
ASU machine	Yes, very much	Yes	Yes	Region-ally high	No *)	No

*) Not within the programme

The programme also had some unintended results like adoption of some technologies promoted for rain-fed in irrigated conditions (i.e. pit plantation of mulberry), use of energy saving oven in restaurants, use of gasifier in dyeing units instead of reeling units, adoption of ASU machine in cotton dyeing units in Orissa, adaptation of two for one spindle in cotton sector.

Although the programme was designed to support projects for the development of pilots and scaling-up was not considered as part of the programme, the goal and the objective still call for more. The projects which became too large for the programme to be developed nation-wide, should have been further developed in close partnership with the major stakeholders including the main partner (Central Silk Board in this case). This part of the programme was missed as far as technology development is concerned, for whatever reason. The low cost rearing house and to a limited extent the two for one spindle were interventions which achieved a wider distribution and might have had some impact on poverty reduction, although no attempt was made to quantify it. All other technologies were more or less stuck at the pilot and demonstration stage. In all these cases there is almost no visible impact from

[74] Question areas (or indicators) refer to chapter 5.2

the technologies, although there is some hope that some of the inventions will one day become more popular. **Effectiveness** as well as **efficiency** of this part of the programme must be considered very low, **sustainability** was only reached to a limited extent in some cases (low cost rearing house, two for one spindle and motorized charkha, in which the programme was only involved to a minor extent. **All in all, taking into account that nearly half of the programme fund was spent on technology development the outcomes visible from this part of the programme remain disappointing.**

8.4 Community Participation

Facilitating community participation was one project intervention that was tried in partnership with government as well as non-government organisation. This was mainly done via sericulture quality clubs (SQC), but also schools for working children were founded.

8.4.1 Sericulture Quality Clubs (SQC)

The sericulturists, mainly those in cocoon production were organised in groups. SQCs were formed and promoted by the state departments of sericulture in all the four states where SERI 2000 was working. This was done to provide the members with quality inputs and access to credit and to share knowledge and experiences with each other. This was also done with the objective of enhancing community participation in the development of sericulture as well as the development issues of the community in general. SQCs were linked with each other at various levels including at state level and interstate exchanges were facilitated. Social participation was found to be associated positively with the adoption of rain-fed sericulture technology in Chamrajnagar district of Karnataka[75]. The "formation and strengthening of quality clubs" was supported in all four states with an amount of Rs 32,8 Million (SFr 1,2 Million) or about 20% of the public sector budget.

SQCs were clubs of SERI-cocoon producers formed for:

- Making joint purchases of seeds, quality disinfectants and equipment at reasonable prices to the cocoon producers
- Discuss problems with purchases, cocoon production, marketing and (in the case of reelers) processing in the group and seek solutions from the better performing farmers.
- Collect savings and provide credits for sericulture related activities.

Chart 17: Table: Numbers of SQCs

State	No of SQCs formed (2003)	No of SQCs working presently*
Tamilnadu	220	115
Andhra Pradesh	250	80
Karnataka	603	100
West Bengal	25	

* based on discussions with the DOS officials

There are also so called "self help groups". SHGs were mostly founded by NGOs, their members were mostly women and their main focus was micro finance, whereas the entrance point of the quality clubs was technology, production and joint purchase. SHGs were not

[75] Chinnaswamy, K.P et. al (2006) Sustainable Rain-fed Sericulture. Seri Programme Unit, Bangalore, SDC, India.

founded within the programme, but in a later stage often supported in particular in the framework of the training.

There were the following observations from the field

- **Sidellgatta**: A total of 15 SQCs were registered in Sidellgatta and as per the discussion with the officials 2 - 3 of them are not functioning. The SQC that was visited started with 10 members and now there are 33 members. SQC used to make quality disinfectants available to the farmers. Now a women's SHG has taken up that role. The members take 10 - 11 crops a year by following alternate harvesting of leaves from the mulberry field. The group has savings of Rs 62,000 and meets once every two months.
- **Tiptur**: A total of 9 SQCs were formed in the two counties (Talukas) of Tiptur and Trinkeri (district Tumkur) of which 5 are functional presently and others have stopped functioning. All these 9 SQCs were in villages having irrigated sericulture. SQC in Village Kallankeri was visited and discussions were held with members and office bearers of the SQC. The office bearers and the members of SQC told that there were 13 members when the club was started and now there are 47 members. Those who join now have to pay a share amount of Rs 1,000 per person. The group has savings of Rs 25,000. The club started by making quality disinfectants available to its members. Now there are sales outlets for buying the disinfectants but the club meets to discuss their problems and sharing knowledge with each other. The area is irrigated and five crops a year are taken. This village was also assisted by JICA (Japan International Cooperation Agency) and they have introduced rotating plastic chandrikas (cocoon breeding frames). This was a Japanese initiative which could also be seen in other villages. It improved the quality of the cocoons by giving them a more uniform shape which makes reeling easier
- **Dharampuri:** A total of 21 SQCs were formed in Dharampuri district of Tamilnadu and presently12 of these are functioning. SQC in Siddangotai village was visited for discussions with the members. This SQC started with 8 members on 24 November 2000 and presently there are 13 members. Members meet once in a month and discuss their problems related with sericulture as well as other crops. Members are into small savings and find it easier to get loan from the bank for their requirements related to sericulture. SQC trained farmers from the non-traditional sericulture areas in Tamilnadu. Those who showed interest in sericulture in these areas to the local sericulture department were placed with the members of SQC. They stayed for one month in the houses of members of SQCs and learned techniques and practices of sericulture while working with the members of SQCs.

Some SQCs have started micro enterprises. With the successful support of SQC's SERI 2000 has also influenced policy, because in the 11th five-year plan SQC's have been included as important partners for the DOS.

Picture 6: Reeling (Picture: Klaus Stocker)

There was also a very innovative training being carried out within the framework of SQC. It adapted training measures on the reception capacity of the participants and also found new participants, especially women. It was called "**training with a difference**" and it proved to be a very successful model replacing old practice without a practical approach, which had been carried out before by employees of DOS with no special teaching capabilities. The new type of training involved entire families, even illiterate persons and especially women and it also gave ample opportunity to an encouraging exchange of information between farmers, even of different states. The actual rearers in the households were the women and traditional training (mostly for the men) did not pass on the knowledge in a systematic way. The new training measures were carried out during a period of four years and it was very surprising that quite a few preconceived notions were demystified[76]:

- Caste or religion did not pose any barriers. There were examples were Hindu families were hosting Muslim families and also different castes were mixed.
- Women did leave their families for as long as a month, sisters and mothers taking over their responsibilities.
- Illiterate persons took part in the training and were supported by other members.
- Families from different regions kept in touch even after the training.
- The common denominator "income related problems" facilitated cooperation and demonstrating to them that persons from other regions, other castes and other religions are facing similar problems gave them self confidence.

[76] SERI 2000, Forward Looking Review, April 2003, p.29 and interviews with group members

It is very likely that such measures contributed in the long run towards the improvement of income, but again there was no monitoring about such effects. Now, five years after the end of the programme, it is not possible to trace back such effects.

8.4.2 A Case Study: Usage of Revolving Fund and Technical Spread Effect of Sri Maruti Quality Club-Kurubur

The following case study was already published as a result of the 9th MAG-Mission (Nov 17th to 27th, 2002). It is included here because it gives a good description of the typical activities of a **sericulture quality club**. This case study captures the successful activities of Sri Maruti Quality club in the areas of usage of revolving fund, spread effects of technical guidance and other activities, which has developed as a pattern of its own kind which is being replicated by the Quality clubs functioning in and around the Taluk.

A Introduction

Sri Maruti Quality club, Kurubur was established under SERI 2000 Programme during 1999-2000. The club consists of 12 members comprising of 11 men (one from a "scheduled caste") and one woman. The club is a mixture of large, marginal and small farmers. All the farmers are (cross bread) silk worm rearers. Average numbers of Dfl (disease free layings of silkworm eggs) reared by the club members ranges from 300 to 1000 per crop and person.

This quality club was formed as per the evolved guidelines of Quality clubs project by the Department of Sericulture, Karnataka with main intentions being to improve the quality of the cocoons, increase the productivity levels by adoption of latest technical practices. Along with this, Rs.10'000 was given to the club as a start up capital for practicing revolving fund activities.

After the club formation the quality club members have installed drip irrigation system to their mulberry fields, planted high yielding mulberry varieties, shifted to shelf (shoot) rearing system from tray system, adopted better mulberry garden and rearing management practices.

Cocoon production has increased by 10-15 Kgs/100 bush. Some of the members have constructed independent rearing houses. The club is maintaining good accounting system and other registers.

The club was adjudged the best club in Kolar District by DOSK during the Year 2001-2002.

B Revolving Fund Activities

1. Bleaching powder, which was available at the shelf of the local shops in the village, was observed to be of low quality. Many farmers had lost their crops by using them.
2. For procurement of disinfectants the farmers in the village had to travel all along from Kurubur to Chintamani which is 8.0 kms away by incurring a expenditure of Rs.10/- for bus fare in addition to half day manpower.

With these two above mentioned constraints the club decided to purchase the material with the assistance of Rs.10'000 provided to the club as revolving fund under the SERI 2000 programme. At first the club members were of opinion that this was a very small amount to do any intervention activity and also were not sure whether the other farmers would purchase from them. Beginning was made by purchasing Bed disinfec-

tants worth of Rs. 8000 from authorized agency /company where they were assured of quality. Disinfectants were sold out and as the response increased, the club had to purchase the 2nd consignment with balance Rs. 2000 also. Disinfectants were sold with marginal profit by the club. It is observed that members of the club and others are happy to purchase inputs like chemicals in unadulterated form at their doorsteps any time of the day.

Authorized agency / company at quality clubs doorsteps

The club members approached the agency and got the disinfectants at wholesale rate on credit basis. Studying the prompt repayment pattern, the agency/companies have come forward to lend their products on credit and the club has generated a business to the tune of Rs. 250'634 as on 31.03.2002 and earned a profit of Rs.43'281.

C Technical services guidance and its spread effects

The club members are also extending technical service guidance voluntarily not only to farmers of their village but also to 15-20 surrounding villages covering nearly 600 farmers through group meetings and interaction sessions.

As it was observed that oil stained newspapers were positively affecting silk worm growth, club members have tied up with local newspaper agencies for procurement of unsold newspapers to be sold to the farmers for rearing purposes.

The spread effect of this club is so much that some of the villagers who earlier used to brush around 100 Dfls have gone up to 300 Dfls, by adopting a new package of practices. Club members are happy that unlike before both technology and technical inputs are available in plenty at their own doorsteps.

D Other activities undertaken by the club members

For the benefit of surrounding village farmers, the club organises technical workshop by inviting scientists and department officers. Exposures / study tours, workshops and exhibitions are organised. The club participates in National Programmes like Pulse Polio and other social activities.

E Future Vision of the Club

Selling of fertilizers, pesticides to more number of farmers, not only to sericulturists**.** Construction of a club building as a common facility, separate mounting hall, batch brushing etc.

8.4.3 "Moonlight Schools" and Mothers' SHGs

On the initiative of the SDC-programme mothers' SHG's were supported to take care of children having to work during the day. Although officially there was no child labour it was evident that there was and that it was not possible in the short run and in the framework of the programme to abolish child labor. So.evening schools were established to teach these children in he evenings, mostly between 7.30 pm to 9.30 pm and that is the reason why they were called 'moonlight schools'.

An NGO named Nilovoli Palligal and the district administration of Kancheepuram district, which is known for silk saris, approached SERI 2000 with a proposal to run such a moonlight schools for the child workers. These schools were named Nilovoli Palligal and were/are run in the buildings of existing schools. The time was selected to suit the child workers so that they do not have to leave their job and also can study and improve their employability in a

better job. In order to ensure parents participation in this effort, mothers' SHGs were formed. Many of those who have been admitted in these schools have passed X and XII class examinations. One student, who studied at moonlight school, passed SSLC examination in the year 2002-03 and is now studying in first year of mechanical engineering at Thirumalai Engineering College with an educational loan. A total of 36 such schools were started of which only 10 are functioning till date.

The number has declined because there seems to be no fresh input because child labour is much less frequent now due to the mechanisation of many processes. There was no systematic reporting on the performance of the children, but there were quite a few successful cases who made their way even to college. For most children the moonlight schools were an opportunity to receive a minimum of formal education and although there are no longitudinal data on their performance it can be assumed that they are better off than without any education. The role of moonlight schools in improving the education level of the child labour working in silk sector has been quite positive and has helped the child labour students to get jobs in various other sectors than silk.

8.4.4 Conclusion: Impact of Community Participation

There were two main pillars of community participation within the programme:

One pillar was the moonlight schools which have definitely contributed to poverty reduction and increased self consciousness of the target group, albeit on a small scale. The fact that child labour has been significantly reduced (although not disappeared) in this sector is due to the growth of the Indian economy as well as the mechanisation of many simple processes carried out previously by unskilled labour and children. Connected with this development the necessity of moonlight schools also declined, thus there was no replication of this intervention.

The starting of quality clubs was one of the **striking success stories** within the SERI 2000 programme: The forward looking review of April 2003 already states:"*Over time we learnt that community mobilisation and people's empowerment are effective tools in fighting poverty. (…) The main approach that has been successful under SERI 2000 is organising Sericulture Quality Clubs.*"[77] Even Government authorities admit that this was a very positive intervention and the DOS are trying now to organise these clubs in clusters. Certainly, the Government's interest is also to have platforms for distributing information and to a certain extent also to have better control. SQCs are only covering mulberry farming, silkworm breeding and to a very limited extent some of the reelers and some of the workers in the reeling sector. They have not been established in weaving and twisting.

[77] SERI 2000, Forward Looking Review, April 2003, p. 27

Looking back to the indicators in chapter 5.2 we can – again only qualitatively - make the following conclusions:

Indicators	Outcomes
Membership of SQC and SHG has increased access to decision makers/ markets/ technologies	Definitely yes: The interest of decision makers on communal level within DOS is much higher than it ever was for the single persons or family without support of a group., Women were also successful in attracting interest to their needs, which is in sharp contrast to the situation before.
Access to credit has increased (number of loans taken and repaid in SQC/SHG)	Savings have increased, small amounts can be credited to members and group members have increased their creditworthiness for micro loans
Community is aware of market factors, legal rights, government programmes, etc.	Yes, to a certain extent
Role of exploitative middlemen has reduced (vis-à-vis profit margin available to workers)	Market access especially for mulberry farmers for selling the cocoons has improved
Groups created by programme are vibrant and still function effectively Group enterprises are flourishing (e,g. purchase of inputs, marketing of output, use of new technological interventions, etc)	Although the number of functioning groups has declined (which was expected and which is a normal process), there are still 295 SQCs and SHGs in existence. Most of them are still fulfilling important functions

Impacts cannot be quantified, but judging from the interview results from stakeholders, DOS and CSB officials as well as from secondary source (MAG reports and task force reports as well as studies), the following main sustainable impacts – partly unintended - can be assumed to be very likely:

- Increase in self reliance and “empowerment” of poor and disadvantaged people with a special emphasis on women;
- On the basis of better knowledge of sericulture technologies, exchange of information and mutual support, cheaper supply of equipment, seeds and disinfectants as well as access to credit (outcomes);
    - Increment of income and employment
    - Stabilisation of income and employment.

In spite of the reduction of SQCs as well as SHGs the activities of these groups are still vibrant and widespread in all four states and can therefore be considered sustainable. Quantification is again difficult but this would be even difficult with perfect baseline data because the economic effects of exchanging information and increased empowerment are difficult to be measured. Also, it became clear during the interviews that a comparison with control groups is also difficult, because members of quality groups and self help groups appear to be above average active persons and therefore comparison “with and without” membership to such groups would be rather biased.

8.5 Capacity Building and Human and Institutional Development

To a certain extent capacity building has also been developed upon the establishment of the quality clubs on a primary level. This issue has been discussed above. Within the staff from DOS and CBS capacity building has been tried to be achieved by sending officers – mainly

medium ranks - for training and by establishing many pilot projects. Within the so called private sector[78] the research activities as well as many of the interventions (e,g. rain-fed sericulture) have left traces and replication effects, because quite a few of the interventions have been continued within institutions like BAIF or OUTREACH. An intervention that was not only very useful but also sustainable was the computerisation of the cocoon markets.

Capacity building and staff training in public and private sectors

Capacity of the staff has been developed both directly as well as indirectly. Staff was exposed to sericulture practices and situations in various states of the country. They were sent abroad mainly to China for training and on exposure visits to Thailand and Bangladesh.

The programme supported training of **department officers from DOS**, exposure visits of DOS officers to other states and workshops for DOS officers together with reelers and mulberry farmers as well as quality clubs. Researchers working at APPSRDI were sent to China for training and a Chinese scientist was invited to come to APSSRDI and work with the scientists there. On the other hand working for the development of silkworm hybrids with SERI 2000 helped the scientists to understand systematic programme formulation and working with sericulturists to understand their socio-economic conditions and livelihoods dimension of sericulture. It also helped in networking and development of meaningful linkages during SERI 2000. International field trips to Thailand and Bangladesh to see sericulture were perceived as beneficial and the “SERI Business Manual” and other technical documents produced by the programme have been much appreciated. On the other hand, no follow up of the training measures was carried out. When asked now, five years after the end of the programme, DOS staff remembers that there were training measures that they consider beneficial especially in technical issues. However, such casual memories do not replace a systematic evaluation of training measures right after the training.

Most **private research institutions** and **consultants** attached to the programme had no specific sericulture experience before their involvement in the programme. It was in fact an achievement of the programme to have led these institutions to deal with sericulture on a professional level and not just as a neglected sideline of their agricultural activities. OUTREACH is still assisting DOS in training and exposure for the cluster programme taken up. **Seri women workers** (from SHG groups visited) were continuing with some of the techniques acquired during training under the programme, notably related to shoot feeding of silkworms, control of pests in both mulberry and silkworm and other rearing techniques.

Computerisation of Cocoon Markets

The project brought transparency and accountability in cocoon markets by introducing computerized weighing of cocoons. This has helped cocoon producers who come to sell their cocoons from far off places, has reduced the time and labour spent on weighing cocoons and has streamlined the whole process of cocoon selling in the cocoon markets run by government.

[78] It is debatable whether the private sector covered by the programme is really truly private (this concern was also raised in the forward looking review of 2003), because most of these institutions are university research institutions or NGOs with close ties to the public sector.

Picture 7: After buying cocoons at the cocoon market (Picture: Klaus Stocker)

8.5.3 Conclusion on Capacity Building and Policy Dialogue

The original indicators in this part of the programme were:

- The training/capacity building/HID activities have been appropriate with adequate follow up and were conducted in parallel with institutional changes that allowed target groups to function effective;
- Associated agencies (DOS, private sector players) have taken up and replicated changes that have been initiated by the programme;
- NGOs/Research institutions have carried on with R&D and dissemination of results: the new management systems / technological interventions are institutionalised and have been replicated in other areas / further refinement in technology has taken place with inputs from the programme.

The latter two points can be considered as reached in the **private sector**. Many issues were transplanted to these private institutions, which did not really care much about sericulture before. Most of these issues initiated by SERI 2000 are now with the private partners. Many of the programmes research results are followed up by them and hopefully some of them will experience a more visible breakthrough. The philosophy of rain-fed sericulture is carried on by BAIF, OUTREACH and UAS and some farmers are supported by them, although mostly still in the pilot phase. So there has been some visible institution building in the sector of NGOs and university departments as an outcome of the programme. The first point (HID) was not really followed up by the programme, but from the fact that training and exchange of information has taken place and that the persons interviewed were mentioning training and information measures positively it can be concluded that these measures contributed positively towards the capacity building.

The **computerisation of cocoon markets** proved to be a success, but – obviously – without measurable impact.

Capacity building in the **public sector**, however, remained a rather critical issue. Firstly because of the simple fact that there were already many institutions with clear functions and mandates before the programme started and secondly because the attitude of the SERI 2000 programme towards governmental institutions was ambiguous and not well defined. This has also to do with "policy dialogue" which was another part of the programme but is of course closely related to the issue of institution building. The forward looking review in 2003 came to the conclusion about the relationship of the programme towards public institutions like CSB and Ministry of Textiles: *"We have not been able to influence their attitude in favour of the poor or in bringing about decentralisation in decision making under SERI 2000. Nor have we been able to generate formal and cohesive debates on many of the policy issues (…), despite generating relevant information through studies and documentation. A set of complex factors including lack of partner base hindered our efforts for more positive interventions in post cocoon area* (p. 11)".

A review of the MAG reports shows relatively little involvement of DOS towards the end of the programme since often the places of members remained vacant. To some extent this seems to be linked to the difference of opinion regarding the choice of partners SERI was working with under the 'private' projects (that included NGOs and profit making organisations) and the choice of technologies that were being supported. Discussions with CSB, DOS-Karnataka and a review of DOS annual reports from that period indicate that the SERI programme worked relatively independently of DOS, when compared to the support provided by Japan International Cooperation Agency (JICA) and United Nations Development Programme (UNDP), where work done by the programme support team was institutionalized within the state departments.

It was probably not the only reason, but the collaboration with NGOs appeared to be a threat to DOS and CSB officers who saw their monopolistic mandate in sericulture challenged, in particular at a time when everybody was calling for privatisation of government functions. It was definitely a threat to them that some outsider (SDC) collaborated with other outsiders with no official mandate on sericulture issues. This fact became even more challenging once this collaboration remained not just a harmless academic exercise but started to show some successful results. Interviews with former SDC officials as well as the former management of the programme and DOS-officers in Karnataka and Andhra Pradesh revealed that it was not only a critical issue during this time (with different intensity in the four programme states), but also that in such a situation a more understanding and a more diplomatic approach from the side of SDC could have helped to keep such bad feelings down. Maybe it could have even prevented the premature termination of the programme. One of the former programme managers stated that there was too little understanding and too little sincere co-operation with the Indian side. It was never outspoken, but the SDC position was rather ambiguous. On the one hand government institutions were needed ("we can only influence the government if we work with them[79]") and on the other hand the SDC-representatives also felt tempted to be a little bit more courageous and to think about their original demand side approach and the intention to move away from Government institutions. This dilemma is probably one of the major keys for understanding the difficulties to achieve sincere communication and a formal policy dialogue especially with the higher ranks in Government. At the end this lack of com-

[79] SERI 2000: Forward-looking review by SERI team, April 2003.and SERI 2000: Mid term review Seri 2000, March 2000

munication and policy dialogue was a crucial cause that neither CSB nor the DOS – although they took over some successful parts of the programme - **ever took over the "ownership" of SERI 2000** and this may also have caused the unilateral and premature termination.

Thus **capacity building in the private sector** (consultants, NGOs, universities) has led to some positive outputs with limited outcomes and still outstanding impact, which might still have some potential in the long run. **Capacity building as well as policy dialogue in the public sector** however must – with some exceptions on the operative level - be considered as one of the **failure areas** of the programme with little measurable effectiveness, little sustainability and as far as potential leverage effects are desired, little relevance on the level of the state departments which are still the main players in influencing the sericulture sector.

8.6 Income

The indicators relating to income were as follows:

- The proportion of family income from sericulture, including rain-fed sericulture, has increased post SERI 2000;
- Child labour has reduced - more children go to school in the silk weaving cluster of Kanchipuram.

Work with child labour seems to have resulted in some positive changes in terms of school attendance by child workers (moonlight schools). But this has not been institutionalised or replicated in other clusters. In general child labour has been reduced (although no official statistics are available), but this was not caused by the programme, but by other factors.

8.6.1 Pre-cocoon

The programme did help the cocoon producers in enhancing their incomes both in irrigated as well as rain-fed sericulture by introducing better mulberry varieties, better agronomic practices, better silkworm varieties and rack rearing of cocoons.

- The most popular among these has been the rack rearing method that has reduced the cost of cocoon production by about 5% and has increased the productivity by up to 10%. Effects on income cannot be quantified but judging the overall effect and cost for the shed an increase of about 3 - 5% in income can safely be assumed.
- Introduction of sericulture in rain-fed areas where it was not in practice has helped the farmers who have adopted it to increase their income by Rs 2,000 to 3,000 from one acre per year in comparison to other rain-fed crops.
- Availability of quality inputs (mainly disinfectants) and access to credit through SQCs and SHGs and exchange of knowledge and experience sharing among the SQC and SHG members have helped in reducing the risk by pests and diseases and have improved productivity and thus income but it is not easy to quantify it.
- Once the new silkworm varieties that have been developed will be available for use by the cocoon producers (this may happen in one more year) the economic gains may be higher.

Stabilisation of income in rain-fed areas – which was the original idea of going into these areas - has however not really been achieved judging from the statements of the farmers affected, because income from mulberry farming has shown a rather high volatility up to now due to fluctuations of rain.

8.6.2 Post-cocoon

A number of technologies were developed in post-cocoon sector. Returns on the investment generated by the programme depend on the increased income levels at individual level and number of beneficiaries who have adopted that particular technology. In case of SERI 2000, adoption of the technologies did not happen properly for reasons outlined earlier and thus, assessing the income gains is quite difficult. However, the fuel efficient oven helped in reduction of use by about 30% which means a saving of about Rs 2,000 energy cost per month per small reeling unit using about 100 kg of fuel every month. ASU machine helps in saving about Rs 1,000 per month per machine. Two of one spindle also reduces electric energy use by about 30% and could lead to a saving in operating cost of about Rs 2,000 per month. However, all these figures refer to **operation cost** only and do not include amortisation of **investment cost**, which also includes the estimated life span of the respective equipment. Subsidies for the individual user must also be taken into account. Such information is not available and was never provided by the programme. Since all these machineries are not (yet?) really widely used, it is also difficult to judge the prices for the investment once they are used on a larger scale and thus estimates on net income effects are not possible.

8.6.3 Conclusion on Income

Conclusion on income: Income is a transversal theme covering all components of the programme and it should also be kept in mind that income was an important part of the programme goal, which refers to "*generation of sustainable employment and income*" and thus mainly to **income related data.** Bearing this crucial role of income in mind, it is rather surprising that no income data or at least some estimates on the effects of interventions on income were collected by the programme (see also chapter 5.3.2). The same refers, by the way, to the term employment, which was not closer investigated here. Such an estimate must have had to neutralise the effects of inflation, the effects of price changes for cocoons and silk on the markets and the effects caused by other interventions. This is a rather difficult venture which needs proper preparation ex ante, a set up of a panel of affected and not affected groups and a regular check-up of data. It would also have needed some economic and financial evaluation of the projects and the machineries developed. Calculations on the financial feasibility of a machine can be rather simple and could also have **helped in marketing such machinery and convincing potential customers**. Ex post and without any database we can only make some qualitative guesses: It is **plausible and likely that the programme caused positive income effects especially in the pre-cocoon area and especially with farmers switching to rain-fed sericulture in semi arid areas,** but neither quantitative judgements nor a separation of other effects are possible now. Again it has to be criticized that the programme was very much technology oriented and did not provide much assistance for marketing and financing of a technology.

8.7 Other Findings

8.7.1 Duplication of Technologies and uncoordinated financial Support

There seems to be some duplication in choice of technologies supported by SERI with those being developed and subsidized by DOS (e.g., multi spindle reeling machines versus the ASU machine).

DOS has been promoting certain own technologies and techniques and has offered subsidies for a number of technologies (rearing sheds, multiple reeling machines, drip irrigation for mulberry, breeding of superior quality silkworms, etc). This has definitely caused some of the

farmers, workers, and reelers towards use of such DOS- technologies and techniques at the cost of others designed and developed with SERI 2000 funds but not adopted by DOS and left.unsubsidised (ASU machine, hank dying machine).

Other technologies supported by SERI (TERI) seem to have been targeted at levels much above what the poor could afford. Moreover, the promotion of rain-fed sericulture (BAIF project) essentially resulted in implementation of watershed activities (already well developed processes in a vast number of rural development projects throughout the country) and plantation of mulberry trees. In the context of world market competition and profitable pricing vis-à-vis quality, the value of these projects in improving and propagating rain-fed sericulture compared to costs incurred by the programme, therefore, seem to be suboptimal. The impact of world trade is borne out by reduction of rain-fed areas under mulberry in almost all traditional sericulture areas throughout the country.

8.7.2 Organic Silk

The project was stopped after it became clear that at least during the time of the implementation the sericulture sector was not ready for such a far-reaching change.

8.7.3 Publication of Technical Manuals and Resource Material:

One quite significant contribution of SERI 2000 was the publication of technical manuals and resource books. Oxford and other publishers were paid Rs 6,37 Million for bringing out the publications. Some of these publications were based on translation from Japanese and Chinese literature. All stakeholders have appreciated this and the scientific publications have helped and will be helping to build the capacity of scientists and researchers engaged in the development of sericulture. The nature of such interventions makes it impossible to judge any outcomes or impacts.

9 SIDBI Case study results

9.1 SIDBI Programme Stages

Phase I

Phase I of the collaboration commenced in April 1993 and concluded in June 1996 with contribution of Rs 70,2 Million (SFr 3 Million[80]) by SDC against programme cost of Rs 79,4 Million (balance contributed by SIDBI).

Chart 18: SIDBI Phase 1: overview

No.	COMPONENTS	TARGET No	ACHIEVED, No. 30-6-96
1	Study on Venture Capital (persons trained)	6 studies	6 studies
2	Small Industries Management Assistant Programme	86 programmes	97 programmes
		Corpus support to 5 institutions	5 institutions
3	Skill-cum Technology Up gradation Programme	179 programmes	251 programmes
4	SIDBI, PLIs & NGOs staff training (Persons)	48 – 50	52
5	Training in credit usage/ delivery to women	33 programmes	57 programmes
6	Cluster improvement	8 or 9 clusters	6 clusters
7	Assistance to industry organisations	12 agencies	12 agencies
8	Marketing assistance (No of agencies) [Revolving Fund, assistance picked up after creation of new Department in April 1996],	12 agencies	7 agencies

Thus most of the quantitative targets made under Phase I was met.

Phase II (Marketing)[81]

Phase II of the collaboration became operational in April 1996 and continued up to March 2000. This phase was an extension of Phase I but was exclusively meant for augmenting the marketing fund, with SDC and SIDBI committing Rs 50 Million each to the fund.

The achievements of this stage were the strengthening of the Marketing Finance Department with a total assistance for marketing activities eventually disbursed of Rs 80,5 Million (SFr 2,87 Million).[82]

Phase III

Total SDC contribution to Phase III during April 1996-March 2004 was envisaged at Rs 275 Million, total utilization was Rs 236,9 Million [83] and SIDBI contribution at Rs 213 Million.

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80 Converted with the average exchange rate in phase I, see also Annex G

81 As per Information received from SIDBI Head Office

82 Converted with the average exchange rate in phase II, see also Annex G

Chart 19: Utilisation of SDC fund under Phase III

COMPONENTS	BUDGET Rs Million	TOTAL UTILISATION Rs Million 1996-2004
SIMAP & STUP	90,00	62,736
Marketing	20,00	6,441
Cluster Technology Up gradation	45,00	10,936
Human and Institutional Development	45,00	73,931
RIP	60,00	54,043
Action Research	15,00	28,810
Total	**275,00**	**236,897**

Phase I and II were considered experimental phases. In phase III most of the components and projects of phase I were taken up and/or continued again.

9.2 Information Collection Methodology

Information was collected through both secondary data and primary data sources. A large number of studies have already been conducted on a wide range of subjects related to the different components of SDC-SIDBI partnership. The present evaluation is based on the scrutiny of various documents, reports, as well as field visits. Apart from missing baseline data on the programme, the collection rate of a random- or a stratified sampling would have been too low to justify the relatively high effort to cover such a sampling throughout India. Nevertheless the basic idea was to achieve a roughly representative sample as far as geographical spread, type of respondent and types of implementing agencies were concerned. To that extent selection of sample could be termed as purposive.

As expected, the team did face problems of non-availability and indifference due to changes in personnel and considerable time lag from the programme activities and present evaluation. Even the formal closure took place four years back. However, with cooperation of SIDBI, which is still continuing some of the activities and maintaining generally good relations with partner institutions, the team had reasonably satisfactory access to most of the intended partner institutions as well as a large sample of ultimate beneficiaries in the limited time available. In general, owing to the existence of SIDBI as a central institution responsible for the programme, it is better and more systematically documented than this was the case with SERI 2000. Nevertheless, most programme related files have not been maintained after closure of the programme.

During the assignment the evaluation team visited SDC country office at New Delhi, SIDBI head office at Lucknow, different programme implementing centres throughout the country and held discussions and interviews with about 150 persons including senior officials of SIDBI, former programme officials, implementing agencies, support institutions, entrepreneurs, and other beneficiaries of different components. A lists of places, agencies and units visited and officials of SIDBI and other agencies interacted with can be found in Annexe H.

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[83] In Rupees according to SIDBI files. Converting this with the average exchange rate for phase III (Rs 26,94/SFr) it amounts to SFr 8,8 which deviates slightly from the amount given in SIDBI files (SFr 8,48 Million). This deviation is caused by different dates of conversion

9.3 Rural industries programme (RIP)

9.3.1 Characteristics of RIP

Rural Industrialisation in India has a mixed record of strengths and weaknesses. Considering its contribution to the economy and the need to generate self-employment opportunities, particularly in the rural and semi urban areas, several programmes have been conceived and implemented by Governmental & Non Governmental organisations. With growing rural population and the land being limited and fragmented, there is considerable unemployment and under-employment in rural India. In most of the rural development programmes in India, the relevance of micro enterprises have always been related to poverty, employment and livelihood issues. The target groups for this approach are: landless labourers, rural artisans, both skilled and semi-skilled, traditional handicrafts manufacturers, unemployed youth, women and families who have been left out in the growth process.

Picture 8: Dhanlakshmi Garments (RIP) Andhra Pradesh (Picture: Ashish Shrivastava)

The Rural Industries Programme (RIP) aims at development of viable and self sustaining small and micro enterprises (SMiE's) in rural and semi urban India by harnessing local entrepreneurial talent and providing a cohesive and integrated package of basic inputs like information/awareness, motivation, training and credit, backed by appropriate technology and market linkages for the purpose of enterprise promotion. An important innovative feature of RIP was "**handholding**" till financing and actual founding of the units. During the handholding exercise for strengthening and sustainability of entrepreneurs, the RIP implementing

agencies were responsible for identifying the business activities to be adopted by local entrepreneurs on the basis of local available resources and need of the local market. This handholding went normally through a maximum of the following steps.[84]:

- Awareness generation meeting
- After selection of interested entrepreneurs: Entrepreneurship awareness camp and (at the end of this camp): Identification and motivation of entrepreneurs;
- Bankers orientation programme to create awareness for the basic requirements of obtaining loans;
- Entrepreneurship development programme (EDP) and entrepreneurship development orientation programme;
- Skill development training programme;
- Technology up gradation programme;
- Stakeholders' meeting.

Apart from this more general information programmes with several participants there are also individual discussions and support sessions. The main actors in this programme are SIDBI, Implementing Agencies (IAs), Regional Development Centres (RDCs), Support Team for RIP and formerly, in the back, the SDC partnership.

Distinct features of RIP were a strong market orientation, meaning that market assessment preceded the identification of candidates and an absolute priority of the candidate's entrepreneurial potential over his or her social background.

Within SIDBI the "Promotion and Development (P&D) Department was responsible for non financial services and thus the main counterpart department for the RIP-programme.

9.3.2 RIP-Indicators

*The **Rural Industry Programme (RIP)** with its main characteristic on assisting SMiE's through long-term support services ("handholding") in rural and semi urban areas succeeded in creating improved access of SMiE's to credit and non financial services as well as in generating income and employment (target group level). It also succeeded in creating an institutional anchor within SIDBI to continue this kind of support in a subsidised way (institutional level).*

Output Indicators

- Number of units set up and employment created
- Percentage of entrepreneurs belonging to disadvantaged groups and percentage of units covered in backward areas
- Finance mix of units set up
- Training measures received and comments on usefulness of training measures

Outcome / impact indicators (to be covered mainly qualitative via personal interviews)

- Growth of enterprises within the sample units
- Increment of income of the sample units

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[84] This is an example provided by EDI Lucknow and published in: Consolidated Report on RIP at Rae Bareli 2004-2007, Dec 2007. Other implementing agencies offer similar, but not identical support steps

- Was the “handholding support” during different stages a major factor for the successful setup and survival of SMiE’s?
- Percentage of cost of implementing agencies covered through programme support
- Have the RIP activities been institutionalised by SIDBI (institutional level and sustainability)

Question checklist

The interviews were conducted in an open way with the implementing agencies (using the topics below) and in a more structured (but still open ended) way with the entrepreneurs

Implementing agencies

- Approach for selection of district / clients / target?
- Process followed for different services for entrepreneurs?
- Programme fee was adequate? What was the process followed for getting performance fee?
- Replication of the same programme methodology with any other institutions?
- Is there a continued relationship with entrepreneurs?
- Suggestions for improving the programme?

Entrepreneurs (“units”)

After giving demographic data and income the following questions (if applicable) were discussed in an open interview style:

Q1. When did you set up your unit?
Q.2 what was project cost at the time of start up
Q.3 what was the finance mix at the time of start up
Amount Received as Loan from Financial Institutions _____
Arranged from own resources _____
Q.4 Received any training for starting your venture Y /N
Q.5 If “yes” what was the input of the training?
Q.6 Was it useful for you in setting up of the unit?
Q.7 Who motivated you to start your business activity?
7.a Please provide us the name of motivator and agency
Q.8 How many workers /labour were appointed at the initial stage?
Q.9 What is your product line?
9.1 Manufacturing
9.2 Service
9.3 Business
Q.10 What were the problems you have faced in the initial stage

Product related Information

Q.10 What is your end product?
Q.11 What are the raw materials required for your unit?
Q.12 Are you procuring it locally or out side the districts
Q.13 What was your market at the initial stage?
Q.14 What was the turnover in the first year?
Q.15 What is your current turnover?
Q.16 What is your current market ? Distribution channels?
Q.17 Are you interested to diversify your product(s)?

9.3.3 Programme Sites visited

During field visits to different RIP implemented programme sites in Lucknow, Raibareli, Patna, Muzzaffpur, Ranchi, Hazaribagh, Hyderabad, Warangal, Kareem Nagar, Ananathpur, the evaluation team met implementing agencies (IAs) officials and entrepreneurs assisted under RIP (Chart 20, see also Annex H.

Chart 20: Small and micro enterprises visited during the research group survey

S.No.	State	Place of visit	Type of Place (Units set up)	Number of Units
1	Andhra Pradesh	Hyderabad	Semi Urban	4
		Warangal	Rural	8
		Ananthpur	Rural	9
		Dharmavaram	Rural	14
		Putupartty	Rural	3
2	Karnataka	Bangalore	Semi Urban	2
3	TamilNadu	Coimbatore	Rural	3
4	Uttar Pradesh	Rai Bareily	Rural	6
5	Bihar	Muzzafpur	Rural	16
6	Jharkhand	Hazaribagh	Rural	17
		Total		**82**

The role of IAs has been significant in the entire exercise of RIP. During the whole process, the evaluation team visited four implementing agencies: the Entrepreneurship Development Institute of India (EDII) - Lucknow centre APITCO in Hyderabad, Nav Bharati Jagariti Kendra (NBJK) in Hazaribagh and EDA Rural Systems Pvt. Ltd. in Patna. It also visited a number of units assisted by them.

With regard to the methodology for collecting the field information related to RIP implementing agencies and units assisted, as already mentioned, a purposive sampling was chosen instead of random sampling to represent various regions, enterprise sizes, type of implementing agencies etc which would have been difficult to accommodate in a random sample of this size/time frame.

The evaluation team found that every IA has developed its own operational strategy to implement the programme and created an impact in the target group and community as a whole by providing them the required business development services (BDS), including the much needed handholding support and escort services.

The sample selected for impact assessment of RIP, consists of three different types of implementing agencies.

- **NBJK** & **EDA Rural Systems** are non-governmental organisations working for micro enterprise development at grass root level. NBJK has provided on the one hand various support services to the entrepreneurs from awareness, training, selection of activities to obtaining the finance from financial institutions and grounding of units and on the other hand assured the banks for regular repayments from their beneficiaries through proper follow up of the assisted units and entrepreneurs.

- **APITCO** originated as an engineering and business consultancy organisation which provides technical inputs and inputs on enterprise development, like preparation of project feasibility report, and (very important for the programme) preparation assistance for bankable proposals as well as cooperation assistance with development agencies and government.
- **EDA Rural Systems** identified a cluster for beekeeping and honey to develop backward and forward linkages for beekeepers by way of various technical and marketing interventions under RIP.
- **EDII** is an entrepreneurship development training institution, which followed a structured pattern focusing more on entrepreneurship training inputs for would-be entrepreneurs to strengthen their capacity to act as a successful entrepreneur.

Some of the cases visited under NBJK and APITCO shall be briefly described below.

9.3.4 Case Study Description: Nava Bharath Jagrite Kendra (NBJK), Hazaribagh (Status - Non-Governmental Organisation)

NBJK started with a group of four like-minded graduate engineers from Birla Institute of Technology in 1971 with an objective to serve impoverished people from rural areas. NBJKs strategy is to empower the weaker section of the population to ensure their full participation in the developmental process and to facilitate their access to resources. NBJKs programmes are need based and with an objective to be sustainable, technically and economically feasible and socially acceptable.

The highly motivated working team of NBJK (5 persons) was chosen to implement the RIP programme in an effective and systematic manner. NBJK launched the RIP in Hazaribagh district of Jharkhand state in September 1997 by organizing a workshop to create awareness about the mission and to discuss the potential set up of the programme as well as bank linkages and the identification and selection of entrepreneurs.

The first activity undertaken by the NBJK team was a baseline survey at block[85] level to assess the current field situation and to identify potential activities and the organisations under the RIP. Subsequently, NBJK adopted a set of procedures for identification, processing and recommendation of entrepreneurs for RIP. The identification process started with the appraisal of potential entrepreneurial candidates by:

- Identification of potential entrepreneurs from rural and semi-urban background by meeting entrepreneurs from all blocks of the Hazaribagh district.)
- Desk screening/ appraisal of the applications (viability/ capability)
- Appraisal and crosscheck with locals.
- Home visits by the implementing agency
- Verification of applicants' own resources.

After identifying the entrepreneurial candidates, NBJK guided the applicants through the decisive borrowing request by the following interventions:

- Filling out of bank application forms (bundles of bank application forms are kept with the IAs)
- Joint visit by bank and IA
- Clearances from other banks (No due certificate)
- Bankers appraisal (coordinators of NBJK are involved)
- Issue of sanctioned letters to the IA (Credit line confirmation)

[85] Subdivision of an Indian district

- Distribution of sanction letters to the entrepreneurs (VIP's presence)
- Disbursement of first instalment (minimum 15 days from the distribution of sanctioned letters)
- Release of second instalment (after 15 days from the disbursement of the first instalment)
- Inauguration of enterprises by NBJK/bank
- Monthly meeting of borrowers (cluster – wise)
- Regular monitoring of repayment and problems related to raw material and marketing

The following table illustrates NBJK's application processing status for RIP and the selected candidates of the first generation of entrepreneurs for the year 1999 and 2000:

Process	Number
Applications received	2000
Rejections based on desk appraisal	1000
Rejections after appraisal in situ	100
Rejections after cross check with locals	100
Joint verification by bank – identified candidates	330
Accepted / Sanctions made	200

9.3.5 Selected Typical Business Cases Supported by NBJK under RIP

1. Rajesh Fabrication Entrepreneur: Mr. Gunnu and son Rajesh

In 2002, the entrepreneur, Mr. Gunnu, an experienced lath operator, and his son Rajesh approached NBJK and attended an Entrepreneurship Awareness Camp (EAC) organised under RIP. With NBJK's handholding support, Mr Gunnu started his own fabrication unit with 3 machines (costs: Rs 100'000[86] and amount disbursed Rs. 72'000 by a commercial bank through NBJK).

Rajesh has also undergone a skill training course in fabrication for 3 months, administered by Khadi & Village Industries Commission.

The evaluation team visited the small enterprise and discussed its current status with Rajesh and Gunnu. The unit has grown since inception and one more shed could be added to the existing set up with three labours working in the unit. Its turnover has increased considerably, however they were not willing to share exact details about profit and turnover. They have clearly identified their target market by now which consists of mainly schools, builders and government departments.

According to Rajesh, they are satisfied with the progress of their unit and are interested to expand in view of the growing business opportunity.

Present status: Unit expanded and found in good working condition.

[86] 100 000 Rs were SFr 3200 in 2002

2. Jilani Steel Fabrication

Entrepreneur – Ghulam Jilani

Mr. Ghulam Jilani was working in a fabrication unit before attending the awareness camp organised by NBJK in 1999. He decided to quit his job and asked NBJK's programme coordinator to facilitate the credit application process from financial institutions to enable him to setup his own micro-enterprise. He received a first loan of Rs 25,000 from the Bank of India and started his unit in a work shed taken on lease. Within three years, he reimbursed the whole loan amount and received a new loan of Rs 100,000 to expand his trade further.

The evaluation team met the entrepreneur and found that the unit was operating successfully. His main clients were nearby residents, builders and clients in the government sector. He is now interested in enhancing his overdraft limit from the bank to meet the growing market needs. The NBJK team continues to provide ongoing market intelligence support to this entrepreneur.

Present Status: Unit expanded and found in working condition.

3. Hussain Electrical Repairing

Entrepreneur - Mohammad Hussain

Mr Hussain attended an Enterprise Awareness Camp organised by NBJK. Post training, he decided to start an electrical appliance repairing workshop with the support of Rs. 25,000 from Bank of India in 1999. The NBJK team supported him in this process.

According to him, initially the unit performed very well and he was able to pay back Rs. 23,000 to the bank within three and a half years. However, since 2004-05, due to family related problems he has not been able to focus on serving the customers which has slowed his business. The evaluation team found that he has maintained his entrepreneurial spirit by trying to provide quality and timely services to the customers under adverse personal conditions.

Present Status: Unit found operating but faces some problem with working capital.

4. Nizamuddin Shoe manufacturing

Entrepreneur - Mr. Nizamuddin

Mr. Nizamuddin received a loan of Rs. 50,000 from the Union Bank of India with the handholding support of NBJK to start a shoe manufacturing unit. At a later stage, he additionally received another loan of Rs.80,000 from the Union Bank of India.

He informed the evaluation team that he was earning about Rs.9,000 to Rs.14,000 per month. Over a period of few years, he has purchased an additional shop, which works as storage for raw material to the existing unit. Earlier the raw material was stored in the same shop, reducing work space.

Present Status: Unit expanded and found in working condition.

9.3.6 Case Study Description: Andhra Pradesh Industrial Technical Consultancy Organization (Apitco)

Status: Profit Organization

APITCO was incorporated in 1976 as a technical and business consultancy organisation promoted jointly by all India financial institutions, commercial banks and state Industry development corporations It provides industrial consulting services for promotion and growth of small and medium enterprises. APITCO is a self-sustaining organisation and does not have budgetary support from any institution. Consultancy fees form the major source of revenue for the company.

APITCO implemented RIP in Anantpur and has trained 16,000 entrepreneurs over a period of two decades through a number of executive **education** programs (EDP) within different target groups, such as educated unemployed youth, SC. ST[87], rural youth and women. A total of 421 units were promoted from 1995 to 1998 covering about 35 trades (like plumbing, electrical fittings, welding, steel furniture, detergents etc).

Till date APITCO has promoted about 9,000 micro enterprises, 700 small-scale units and 100 medium size units. The supported micro enterprises are working in the following trades: food products, readymade garments, hosiery, leather goods, agriculture implements, fly ash bricks, detergents, edible oil, steel furniture, pathological lab, offset printing, fast food restaurants, motor rewinding, rural transportation etc.

APITCO maintained good relations with banks supporting the promoted trades both at the district level and at the top level. It has also maintained good relations with all the partnering institutions including concerned NGOs.

Decentralized Support Services

APITCO has set up field offices in Anantpur, Warangal and East Godavari for RIP (in 15 other district also for other projects) and cooperates with technical institutions and agricultural universities for supporting dissemination of innovative rural technologies. APITCO's project coordinators provide continuous counselling to their clients in the areas of marketing and technology.

9.3.7 Selected Typical Business Cases Supported by APITCO-SIDBI-RIP-WARANGAL

1. M/s Sanober Creations (Leather Goods Manufacturing) Warangal

Mr. Sd. Junaid Nazer, S/o Sd. Nazeer Ahmed is 39 years old and manufactures leather. He purchases the raw skins from the local market and processes it in tanning units on a job work basis. The finished leather is sold in Chennai. Based on his experience, in 2001 Mr. Junaid decided to additionally manufacture leather goods at his residence too.

In March 2003, he approached APSMFC (Andhra Pradesh State Minorities Finance Corporation), Warangal for support and was redirected to approach APITCO for support services. The APITCO Project Co-ordinator prepared a project report with an outlay of Rs. 250,000 and approached the Syndicate Bank and Central Bank of India for financial support. After completion of all the documentation with the Central Bank of India, the manager visited the existing trade and agreed to sanction a loan of, Rs.175,000 in June 2003.

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[87] Scheduled Castes ("SC"s) and Scheduled Tribes ("ST"s) are Indian population groupings that are explicitly recognized by the Constitution of India as previously "depressed". SCs/STs together comprise over 24% of India's population, with SC at over 16% and ST over 8% (2001).

APITCO advised Mr. Junaid Nazer to open a sales outlet in the centre of Hanmakonda Town. Here he made a turnover of Rs. 450,000 in his first business year itself and employed 6 persons. He now earns up to Rs.15,000 per month. APITCO helped him in market linkage with the cooperative Desaipet, and get orders worth Rs 70,000.

2. M/s Himagiri Food Products, Gorrekunta (V) Hanmakonda (M), Warangal District

Ms. Guda Sridevi, W/o Mr. G.Ravi Babu comes from a lower class family but has completed graduation and certificate course in food & nutrition. In 1998, her husband had commenced a cottage processing business (spices manufacturing) with an investment of Rs 5,000. Over a period of 2 years he made a turnover of Rs. 2 500 000 and purchased automatic packing machine worth Rs 90,000.

In 2002, her husband approached APITCO. The Project Co-ordinator visited the existing business and advised him to enhance the hygienic conditions of the plant. The APITCO Project Co-ordinator prepared the project profile and submitted a credit request to the Bank of India in April 2002. The Branch Manager approved a loan of Rs 4 210 000. The new unit commenced production in October 2002.

In the first year the duo made a turnover of about Rs 10,000,000 and monthly earning of Rs 20,000. In October 2004 the Government of India awarded this company as Best Unit under the KVIC scheme (Khadi & Village Industries Commission, Ministry of Micro, Small & Medium Enterprises). Sri P.V.Narsimha Rao, Ex-Prime Minister of India, conferred this distinction at Gandhi Bhavan, Hyderabad. By now 30 people are employed in this industrial unit.

Financial overview:

Total Project Costs	Rs. 8.70 Million
Machine costs	Rs. 6.00 Million
Working capital	Rs. 1.00 Million
Transfer	Rs. 1.00 Million
Others	Rs. 3.00 Million

Picture 9: Himagiri Food Production (Picture: Ashish Shrivastava)

3. M/s Himagiri Polymers (HDPE pipes Manufacturing) Jangoan

Mr. Balde Sridher, S/o Late Mr. .B. Komuraiah comes from a lower class family. At the age of 17, his father died forcing him to discontinue his education after completion of Secondary School. He then worked in the plastic industry at Balanagar, Hyderabad and accumulated 8 years of experience as a machine operator in different plastic companies.

In 2000, he decided to become an entrepreneur and made plans to establish a thermoplastic[88] pipes manufacturing unit in Jangaon, Warangal District. He approached the District Industry Centre, Warangal for guidance and was introduced to APITCO. With quotations from the machinery and raw material suppliers, the project co-ordinator prepared a report and submitted the borrowing request of Rs. 870,000 to the Canara Bank, Nawabpet Branch. Mr. Sridhar established his business with three partners in December 2000. In the first year he made a turnover of Rs. 600'000 and about Rs. 800'000 in the second and third year.

Picture 10: Himagiri Polymers (Picture: Ashish Shrivastava)

In 2004, he dissolved the partnership. Now he runs the business as a single proprietorship. APITCO advised him to take an additional credit from the S.B.H (State Bank of Hyderabad) and Andhra Bank to cover his working capital needs and maintain a current account. The bank agreed on a limit of Rs. 150,000. At the time of the team's interaction, he earned roughly Rs. 20,000 per month and employed 2 workers.

[88] High Density Polyethylene, HDPE

4. M/s Hamsa Foods, Bakery Product Manufacturing, Warangal

Mr. S.K. Zakir Mohiuddin S/o Kaja Mohinoddin, aged 38 years, comes from a poor family. He has completed secondary school but did not pursue further studies due to lack of financial resources. He then joined a bakery and gained over 10 years of experience. Later on, he started making bread at his residence. In 1992, Mr. Zakir purchased a new plot on the main roadside, constructed a shed, transferred his trade to the new premises and increased the production capacity.

In 2000, he approached APITCO for the modernization of his machinery. APITCO project co-ordinator suggested to seek for diesel fired oven quotations and to shift his residence out of the production premises. APITCO prepared a report and approached different banks with a borrowing request. The State Bank of Hyderabad agreed to provide financing under the National Equity Fund (NEF) scheme. Mr. Zakir raised a loan of Rs. 377,000. Afterwards, SIDBI also sanctioned an amount of Rs.94,000 as a soft loan under NEF.

After the modernization he has improved quality and production, generating an annual turnover of Rs. 1,500,000. In 2004, he has opened one outlet and an ice cream parlour in Shambunipet, Warangal. First he sold branded ice creams; later on he started manufacturing ice cream during the summer season in his own premises. Today, he employs 20 people and has a monthly earning of about Rs. 25,000.

5. DTP Centre , Block –Ghanpur Station , District Warangal

Entrepreneur - Somesh Rao

Mr. Somesh Rao started out as a stamp paper vendor and today runs a typing institute. He was engaged in the supply of stamp papers to customers for government work/registry etc, operating with a very small margin. He then started the typing institute in 1987 with Rs.25,000.

During RIP, he got the opportunity to attend an Entrepreneurship Awareness Camp organised by APITCO and received information about the setting up of a Desk Top Publishing unit (DTP). In 2003, APITCO Project Co-ordinator requested the Branch Manager of the State Bank of Hyderabad to finance the unit. The Bank sanctioned the loan and released an amount of Rs. 100,000 for purchase of IT equipments. Mr Somesh Rao gradually increased his clientele, approaching different government department such as police stations, block offices, rural engineering departments, public work departments, etc. The business expanded and he used the cash surplus to purchase a Xerox printing machine.

The evaluation team met the entrepreneur during field visit. His small DTP centre now has become a fully equipped communication centre with facility of Xerox, Fax, Subscribers Trunk Dialling (STD), DTP and other computer and printing services. The total monthly turnover of the trade is about Rs 35,000 with net earnings of roughly Rs. 15,000.

9.3.8 Overall Achievements under RIP- Programme

The evaluation team, during field visit and studying the various evaluation reports, found that a considerable number of micro enterprise units were **successfully founded** during the programme phase (**Chart 21**):

Chart 21: Number of enterprises founded and employment created

State	Number of units set up till 31.3.2000 [89]	Total employment generated
Andhra Pradesh	2525	11842
Assam	87	408
Bihar	648	3039
Himachal Pradesh	379	1777
Karnataka	188	881
adhya Pradesh	91	426
Orissa	1815	8512
Rajasthan	146	684
Tamil Nadu	4	18
Tripura	1	4
UP	120	562
West Bengal	18	84
Total	**6022**	**28 243**

Source: SIDBI, National Institute of Rural Development

Over 6,000 units were promoted under RIP in 12 states, generating a total employment of 28 243 persons, catalysing investment of Rs 250,64 Million and (statistics only for Andhra Pradesh) 1,000 enterprises set up by women

The numbers given for "**employment generated**" however should be taken as a very rough and slightly overoptimistic estimate as far as the effects of RIP are concerned, because no indication could be found in the respective report how far and to what extent the particular RIP support was the only cause for this effect. It is very likely and it has been confirmed by the interviews, that a large part of the enterprises would not have been founded and another large part would probably not have grown so fast without the RIP programme, but the effect caused by RIP has never been clearly identified.

The **size of investment** ranges from Rs 25,000 to several Million Rupees, but the majority of the investments ranging below Rs 100 000 with an the average investment being around Rs 48,000 and the average loan amounting to Rs 36 000. The investment size mainly depends on the type of activity. The average investment of certain activities such as beauty parlour, confectionery, shoe manufacturing, meat processing, auto servicing is low as compared to engineering and manufacturing activities. A substantial portion (about 44%) of the units supported had an **investment of less than Rs 50,000**[90]. About 37% fall in the category between Rs 25 - 50,000 and 16% have lesser investment of up to Rs 25,000. It may be mentioned that RIP assisted units have higher levels of investment compared to other rural self employment programmes supported by different schemes of Ministry of Rural Development, Government of India. About 25% of the total costs have normally been contributed by the entrepreneur. This suggests that for a majority of the entrepreneurs there was an initial income base which would help them to get easy access to credit. At this point, by the way, a closer investigation of the "willingness to pay" would be interesting not only for different sizes of entrepreneurs but also for answering the question at which stage of an entrepreneurial

[89] Promotion of Rural Micro enterprises, P Purushottham , Sudhakar Rao, National Institute of Rural Development, Hyderabad, pp. 62, (assumed 2000, but without publishing date)

[90] Ibid.

development and in which way such payment should be asked for. A substantial portion (about 44%) of the units supported had an **investment of less than Rs 50,000**[91]. About 37% fall in the category between Rs 25 - 50,000 and 16% have lesser investment of up to Rs 25,000. It may be mentioned that RIP assisted units have higher levels of investment compared to other rural self employment programmes supported by different schemes of Ministry of Rural Development, Government of India. This is a positive development with respect to attracting rural investments and creating a capital base and employment.

RIP, in general, has no **caste bias** in selection of entrepreneurs but being a focus on rural industries development, a large of proportion of participants (59%), as per the earlier evaluation report [92]of year 2000, were found to be from **backward classes, scheduled caste & scheduled tribe**. During field visits to different centres of RIP, most of the 80 entrepreneurs visited (60% = 48 units) belonged to backward classes and scheduled caste/scheduled tribes and also from the rural background. In Hazaribagh, the entrepreneurs are from two backward communities and engaged in tailoring and blacksmithing, working in cluster.

The set up of Regional Development Centres as well as the activities of the Implementing Agencies are limited to certain (backward) areas defined by government. This was confirmed by the samples checked at random in the different programme centres visited: a large number of the units set up under RIP are in backward areas, mostly catering to demand of rural and semi urban areas. Out of total 82 units visited, 6 were established in semi urban areas and 76 were in rural areas.

Enterprises promoted under RIP cover a large **spectrum of products and trades**. Approximately 70% of units are either service or business units providing services to the local customers and 30% are engaged in manufacturing of products or fabrication (Chart 22).

Chart 22: Sector wise distribution of all small and micro enterprises in districts visited

No.	Place	Sample Type of unit		Major sector
		Manufacturing	Services	
1	Rai Bareli	98	103	Oil & Flour Mill Rice Mill R&M of Electrical/Electronics appliances / Mobile repairing Miscellaneous Screen Printing, Tent , Furniture, Ice cream, Bakery , Rickshaw Assembly, Vermi compost
2.	Warangal	88	66	Groundnut decorticating Stone crushing, Stone Polishing RM Garments Edible oil Seed processing, Spices Repair & Maintenance of various items Service sector like Photo frame work, Welding Typing institutions, Xerox
3.	Ananthpur	74	94	Stitching , Tailoring Repair & Maintenance, motor winding, travel agency etc Readymade garments

[91] P Purushottha , Sudhakar Rao , Promotion of Rural Micro enterprises.

[92] Ibid

The evaluation team found from the sample, except around 10 % cases, the **income level** of the units interviewed had increased. When probing these first generation entrepreneurs, they have started their enterprise with a very meagre amount of around Rs 10-25,000, either received as loan or self managed. Their income level increased from around Rs 2,000 to more than Rs 5,000 per month and also led to creation of assets. The successful entrepreneurs were quite satisfied with the handholding support provided by the IAs. To a reasonable extent their problems relating to procurement of raw material, marketing and bank loans were also resolved,

The small micro entrepreneurs of Hazaribagh district could **considerably scale up** their enterprises from a very low investment. According to them, this was mainly due to the active support of their mentor organisation NBJK, which also helped them in obtaining higher loans from the banks due to their good rapport and follow up for recoveries.

In spite of the quite positive results of the interviews, the entire field work remains however unsatisfactory due to lack of systematic data: No comprehensive follow up data have been collected by SIDBI or the IAs about the survival rate of the enterprises or about the effects of the handholding exercises on the survival rates. It would have been very interesting for the design of future SIDBI-SME and SMiE-programmes as well as for SDC activities to know whether there has been any influence not only on growth, but also on chances of survival compared to **non supported enterprises** and also what were the reasons for (and the proportion of).**failures.** From the fact that 65% are still reported to be in regular touch with APITCO the “survival rate” can be estimated being above 80% , but with no baseline data and with no systematic and quantitative follow up data the field study must rely mostly on verbal statements of the persons interviewed and therefore most of the results remain very indicative.

9.3.9 Cost of Implementing Agencies and Cost of supporting Enterprises

RIP has an inbuilt mechanism for all IAs by providing financial support in terms of incentive/success fee for each unit founded and assisted by them to meet out their field, office and overhead expenses. The evaluation team met with four out of 54 implementing agencies throughout the country to find out details about their operations.

The usual procedure for IAs is that they have to get verified by RDCs and after they submit details of units founded by entrepreneurs either on their own or through bank finance they will receive payment. The incentive amount per unit was determined by the total programme cost and the Bank’s loan amount. All IAs interviewed were basically quite satisfied with the pattern of assistance received for their services, but they (naturally!) also suggested to upscale the incentive slab to cope up with the inflation and the increased cost of follow up for each case. In the early stage it was usually difficult for these IAs to meet out their cost as the numbers of units founded were few and it took up to seven months until they would have received the grant from SIDBI for managing these expenses for the first year.

According to the evaluation report[93] and discussion with officials of IAs the cost of generating one unit was quite low, just around Rs 5,000 (amount of fees paid by SIDBI divided by number of units set up).

93 P Purushottham , Sudhakar Rao, Promotion of Rural Micro enterprises, p.30

The following table shows an example of such a calculation:

Calculation of handholding and development support (Rs)

Salaries of 3 coordinators (escort workers) for 2 years	360.000	Rs
Travel cost of coordinators	260.000	Rs
1/5 salary of 3 senior consultants[94]	920.000	Rs
Overhead cost	350.000	Rs
Unit subsidy (Rs 2863/unit average)	2.253.270	Rs
Total	**4.143.270**	**Rs**
Divided by 840 units	**4.932**	**Rs per unit**

The costs of roughly Rs 5000 (reimbursed by SIDBI) look rather low, but if it should be cost covering in the long run -as a part of a loan package- it must be compared with the income of the bank from the loan: Considering an average loan size of 40 000 Rupees and an estimated interest spread of annually 2-3% (at 10% total interest) the net interest income would amount only to Rs 800-1200 p.a. So even if the loan is granted for three to four years the earnings from interest (ca. 3-4000 Rs) would not suffice to cover the "handholding" cost of 5000 Rs. In other words: Without a sponsoring donor agency such a model becomes only financially feasible if an additional front or end fee for these handholding services is charged, which would increase the cost of a loan substantially.

9.3.10 Results and Conclusions: Rural Industry Programme (RIP)

Total numbers of units set up as well as qualitative interview results support the assumption that SDC interventions under RIP have played an important role in providing a workable and sustainable approach for development and financing of SME's and SMiE's in India. Professional mentoring services with handholding till financing and setting up of the units, as well as a system of performance linked remuneration to IAs appeared to have contributed to the success of this intervention. RIP had tried to address the three important objectives, **sustainable rural employment generation**, **income enhancement** and **poverty reduction**. RIP is continuing even four years after the closure of the Programme and has wide potential for further expansion. This speaks of success and usefulness of this important SDC intervention.

Looking at the Indicators (Chart 23) we have to decide whether the attached hypothesis has been confirmed: *The **Rural Industry Programme (RIP)** with its main characteristic on assisting SMiE's through long-term support services ("handholding") in rural and semi urban areas succeeded in creating improved access of SMiE's to credit and non financial services as well as in generating income and employment (target group level). It also succeeded in creating an institutional anchor within SIDBI to continue this kind of support in a subsidised way (institutional level).*

[94] Meaning that about 20% (1/5) of a senior consultant's work is dedicated to such handholding efforts

Chart 23: Indicators (RIP)

Indicators	Result:
Output indicators Number of units set up & employment created	Approx 6000 units and up to 28242 persons
Percentage of entrepreneurs belonging to disadvantaged groups	Up to 59 % by an earlier survey (2000), 1000 women in Andhra Pradesh
Percentage of units covered in backward areas	Up to 60% (sample)
Finance mix of units set up	25% equity, remaining funds by local banks and state financial corporations refinanced by SIDBI (after programme closure SIDBI increased direct lending by the SIDBI Foundation for Micro Credit)
Training measures received and comments on usefulness of training measures	Mostly training measures were considered to be very useful
Outcome/impact indicators Growth of enterprises within the sample units	No comprehensive data, especially no data of units closed
Increment of income of the sample units	In 90% of the sample units income has increased from around Rs 2,000 to more than Rs 5,000 per month and also led to creation of assets,
Employment generated	Yes: Statements from respondents confirm this without giving figures. Earlier studies mention an average employment generated of 4,7 per unit. (likely to be overstated and with multiple causes)
Was the "handholding support" during different stages a major factor for the successful setup and survival of SMiE's?	Yes, handholding support was a decisive factor for business success especially at the beginning
Percentage of cost of Implementing agencies covered through programme support	Very low (about 5,000 Rs/case)
Have the RIP activities been institutionalised by SIDB (sustainability)	Yes: In SIDBI (Micro Enterprise Foundation) as well as within the private sector (IAs)

Looking at the results one can certainly conclude that the hypothesis can be considered to be confirmed to a great extent. Although quantitative results are speculative it cannot be denied that considerable employment and income increase was generated in these areas, covering above average groups in backward areas as well as disadvantaged groups. With several agencies being reinforced by the programme and with SIDBI expanding it within the SIDBI Micro Enterprise Foundation and even granting more and more direct loans in this area the institutional objective has also been reached.

It should also be reiterated that this instrument was a rather **innovative instrument** for a bank, although there was no direct lending but lending over other banks. The handholding services were equally new and without direct reward targeted to a new banking clientele with a higher risk level. Very seldom the profit generated from small loans cover the handling costs. In this case, costs were kept low by outsourcing the process to local regional services acquainted with local practice and environment. The instrument "RIP" has been kept by SIDBI's P+D department and is now seen as a very long term instrument not only to develop remote regions but also to attract long term customers. Together with the Human and Institutional Development, which slowly changed the attitude and also the background of SIDBI-officers towards small and micro entrepreneurs (see below), the RIP-programme can be considered a sustainable as well as effective intervention in the defined sense.

Looking at the entire development bank sector one must also see the fact that none of these instruments were designed to be cost covering. They might be cost covering in a very long term, because new and growing clients will later on also demand commercial loans, entertain accounts with the bank and make use of the banks services, but it is so far rather insecure whether such a calculation will ever really come to a profitable business. There are other examples (like Grameen Bank) operating with rather high interest rates to cover cost and also operating with group loans in order to exert pressure to the individual to repay the debts. It was, however, not part of the SDC intervention at any stage to develop cost covering services within the SMiE sector, although it would be a very interesting issue to pursue such an approach. The study already mentioned (Impact Assessment Study conducted by EDA Rural Systems, 2001-04) has also investigated the cost of loans and the most interesting conclusion is (p. 86) hat in the first place there is no transparency, because very often relatively high cost of loans are covered by high front and end fees as well as flat rates quoted incorrectly. Because no effective interest rate is given the customers are often not aware of the real cost and therefore often take wrong decisions. So the most important recommendation is to create more transparency of loan conditions. Cost for other services were usually only covered if the MFI's have access to donor financing, whereas other MFIs tend to recover these cost by raising interest rates

9.4 MARKETING FUND

9.4.1 Characteristics of the Marketing Fund

The marketing fund scheme of SIDBI was an initiative taken by SIDBI with SDC support at the time of changing economic scenario in tune with a very much needed emerging demand for the SME sector. It was targeted for the intangible needs of entrepreneurs looking for new avenues for their market penetration but also the need of the service providers which are involved in providing infrastructural and marketing support to small units.

Credit for intangibles, particularly for SMEs, was quite scarce in India in the early nineties, which created a typical bottleneck for private sector development. Realizing this problem, SIDBI relatively early started experimenting by providing marketing on an initiative of SDC– credit directly to clients, mainly to change the perception of risk lending and to generate more interest among participating banks to support such initiatives. A separate marketing fund outside the existing portfolio for normal marketing assistance was created. SIDBI has funded out of it a number of marketing activities such as advertisements, design development and trade shows, brand promotion etc. for creating new marketing channels for products of the SME sector. It should be emphasised that granting loans on intangibles is something really unusual and innovative for a banker, even by Western standard and therefore this instrument can be truly characterised as being experimental.

While discussing with senior executives of the SIDBI about the risk involved in financing such activities which neither create any tangible assets nor provide any measurable output, it was found that financing of non tangible was not easy for SIDBI at that time as these loans did not provide any primary security to the banks and therefore deemed to be with higher banking risks. A cautious, conservative, but comprehensive approach was adopted and assistance was provided, on case-to-case basis, after scrutinizing the genuine need of the entrepreneurs and credibility of the clients. Repayments of almost all the financed units were regular according to statements of senior officials of SIDBI. However, as so often within this programme, no separate files have been kept on the marketing loans and now, years after

merging the marketing department with other service departments of SIDBI it is impossible to add some quantitative proof to the repayment performance of this part of the programme. This is again quite disappointing especially keeping in mind that working out key ratios on repayment performance is an established standard procedure of development bank support programmes and SIDBI is definitely preparing such data for other donors.

This project supported under SDC-SIDBI collaboration covers both tangible assets (construction of showrooms, exhibition halls, acquisition of R &D equipments, etc) and non-tangible expenditures (participation in exhibitions, both domestic and international, advertisements, printing of promotional literature, etc.) of entrepreneurs and service providers. While the major part of the assistance was provided as loans, a part of assistance was given as grant, primarily for training, awareness, and promotional activities to support marketing efforts of SSEs. It should be clear, however, that the Marketing Fund was – apart from some exceptions -not a loan usually granted to very small businesses: The amount SIDBI used to lend was 200 times larger than what was lent over RIP (Rs 15 Million against Rs 60,000).

Major activities financed under marketing fund and their percentage share are given in Chart 24. It indicates the distribution up to the year 2000. After this there were no separate sector data for marketing loans, showing one more unfortunate deficit of programme monitoring.

Chart 24: Sector distribution of marketing loans

No.	Activities	% age share
1	Media Advertising	38%
2	Marketing Infrastructure	24 %
3	Interior decoration, depots/show rooms	20%
4	R&D, I.S.O. Training, R&D equipments	6,5%
5	Participation in exhibitions/trade fairs	6,5%
6	Publicity Material	5%

Source: Core report on Evaluation of Marketing Component by Dr .A Dass & M. 2000

There is a rather low utilization of the programme budget under the marketing part (SFr 1.981 Million out of SFr 3.7 Million) even declining more in phase III (SFr 0,23 Million out of 0,74 Million). When discussing this issue, SIDBI management stated that since the programme was accepted very soon by the clients, it was in a very early stage taken over by the regular departments and also mostly granted as a part of a normal loan. Loan disbursements under the "Marketing Assistance Scheme" (financed by SIDBI funds) between 1996 to end March 2004 amounted to (!) Rs 2,6 Billion[95] (SFr 97 Million), that is almost 20 times the SDC assistance of roughly Rs 137 Million disbursed by SDC during all three stages for the Marketing Fund. Because of this development, funds from the programme were not needed any more, but it can be seen that **an enormous leverage was achieved by this project**.

9.4.2 Marketing Fund Indicators

The core hypothesis was as follows: *The **Marketing Fund** helped SMEs to gain access to credit for intangible projects and thus generated income and employment (target group level). The activities of the Marketing Fund were taken over by regular departments and therefore no subsidies are necessary (institutional level)*

[95] E-mail from Mr. Chandak and Mr. Boseto and Mr. Maini (General Manager SIDBI) dated Oct. 14., 2008

Indicators for proving this hypothesis were:

Output Indicators

- Role of marketing related loans within SIDBI's business
- Percentage of units who had received loans from banks for such intangibles **before** the programme
- How difficult was it to obtain a marketing loan?
- Contribution of marketing loan activities to assist SMiE's

Outcome/ Indicators

- To what extent did the marketing loans contribute towards the increase in sales, growth of the enterprise?
- Any other non-quantifiable effects of marketing loans?
- Multiplier/leverage effects as well as takeover of activities by SIDBI (institutional level)
- Loan repayment rate of units covered under the scheme

The following points were discussed with the entrepreneurs assisted under the Marketing Fund:

- Information about the programme?
- Amount received by way of loan / grant?
- Availed any assistance for similar purposes from other banks (before and after SIDBI assistance)?
- Information on assistance for conducting market assessment was available from SIDBI/other institutions?
- Repetitive borrowing? From whom?
- Did any other working capital loan permit these type of components (market survey / exposure visit /brochure)?
- Overall assessment of the programme?

9.4.3 Achievements under Marketing

The primary achievement under the "Marketing Fund" was the creation of an enormous leverage effect as already described above causing SIDBI to lend about Rs 2,6 Billion under the Marketing window between 1996 and 2004. It was confirmed by the SIDBI managers that without support and further encouragement in phase II by SDC, this innovative instrument would not have been initiated or at least would not have been initiated so early by SIDBI. Apart from this there were quite a few outstanding other achievements which covered the area of other intangible measures:

- SDC was to contribute grant of Rs 30 Million for meeting the software inputs of the Marketing Window of SIDBI and SIDBI was to contribute Rs 20 Million by way of developing infrastructure for the marketing window.
- SIDBI under the Marketing Fund supported the Coimbatore District Small Industries Association (CODISSIA) for creation of a Trade Fair Complex in Coimbatore comprising Rs 2,5 Million as part of SDC contribution and balance Rs 77,5 Million as SIDBI contribution by way of space rentals, creating fixed assets, etc.;
- Awareness was generated on important issues like impact of WTO, exports and creation of cyber cafes;

- Guides and Seminars on were carried out on topics like WTO and its impact on SMEs, trade related directories, design, packaging and marketing of products; how to approach Banks in collaboration with ITC, Geneva;
- Group participation of SSE units in domestic / international trade fairs was supported;
- Credit rating of about 200 exporting SSE units through Dun & Bradestreet was conducted;
- A show window of SSE products at Rotterdam was supported;
- 1,000 SSIs were put on the net in association with Electronics and Software Export Promotion Council;
- Market studies on various rural products were supported;
- Buyer-Seller meets and vendor development programmes organised by reputed agencies;
- Micro Venture Innovation Fund supported 75 grassroots innovations (83 projects) as on 31.03.2007.

9.4.4 Case examples for Marketing Fund

Chola Pumps, Coimbatore

Three units of Chola group of companies were merged into CRI Pumps Pvt. Ltd.headed by Mr. Raju. The Evaluation team discussed in detail about the support received by them under SIDBI's Marketing fund component.

The amount received was utilized in participating at international fairs for exhibiting their products to international market. According to Mr. Raju, the assistance helped them to grow to such an extent that their present turnover has crossed Rs 200 Million. The group sought the professional services of a consultant for developing a marketing strategy for the company.

CODISSIA, Coimbatore

The Coimbatore District Small Industries Association, CODISSIA received financial assistance from SIDBI under Marketing Fund Component for developing an exhibition cum trade centre to provide a showcase/platform to SMEs of the region by organizing international trade fairs and buyers sellers meet. The constructed trade fair complex is world's first pillar free Trade Fair Complex over 13,500 square meters built in 155 days. CODISSIA is organizing international trade fairs since then on different themes and has a membership of more than 4000 SME's. The association has expanded its activities by constructing three more exhibition halls with financial support from SIDBI and commercial banks.

Export Promotion Council of Handicrafts, Bangalore

Regional Office of Export promotion Council of Handicrafts, based at Bangalore has given an opportunity to handicrafts artisans to participate in international shows / trade fair with the support received from SIDBI under Marketing Fund. According to the Regional Coordinator of Council, the assistance, though very small, was crucial and timely which helped the Council in extending its activities with such untied money, in terms of providing the opportunity to its artisans and increasing their market reach.

CLIK Association, Bangalore

Consortium of Electronic Industries of Karnataka (CLIK), Bangalore has also received a small grant from SIDBI under the Marketing Fund for organizing a seminar cum workshop followed by Buyers Sellers Meet for its SME members. This initiative, which has started with

a very small group of 55-60 SMEs, has now now taken on a larger and institutionalised shape within the consortium: It organises different conferences, seminars, trade fairs, buyers-sellers meetings and similar events.. Last year, in 2007, the association has organised an International Conference on Automotive Electronics and Intelligent Vehicle Initiative & a Buyer – Seller Meet which was a huge success and participated by more than 500 SMEs and associates.

Apart from the a.m. cases there were quite a few industrial associations supported for constructing or improving fair complexes, brand promotion, sponsoring stands at international and national fairs and sponsoring workshops on marketing strategies within the industry, for example the "Export Promotion Council for Handicrafts", the "Consortium of Electronic Industries of Karnataka", the "India Knit Fair Association", the "Rajasthan Art Emporium" or the "Small Industry Service Institute".

An overview of types of activities financed under the Marketing Fund is given in Chart 25

Chart 25: Major activities financed under market fund and their percentage share

S.No.	Activities	% age share
1	Media Advertising	38%
2	Marketing Infrastructure	24 %
3	Interior decoration, depots/show rooms	20%
4	R &D, I.S.O, Training, R&D equipments	6.5%
5	Participation in exhibitions/trade fairs	6.5%
6	Publicity Material	5%

Ratings of SSIs

For the first time in India, rating was introduced for SSIs at the instance of SIDBI as part of SDC intervention by an internationally well known company, Dun & Brad Street Information Services Pvt. Ltd. Such ratings helped banks in assessing the credit worthiness of SSIs while considering their loan proposals. Besides, the buyers of products from these SSIs, particularly foreign importers, found it very useful in assessing credibility of such relatively small suppliers. NSIC is providing subsidy to SSIs for getting ratings done. A few more rating companies have entered the area of rating of SSIs.

Apart from the project type described above there were several loans and grants given to innovators (Chart 27)

Chart 26: List of Marketing Fund Support given to various Innovators/Innovations

S. No	Innovation	Innovator	Coordinating agency	Date of sanction
1	Gyaná Ganga Kroshi Mela - 2003	Not Applicable	GIAN-West	20.11.03
2	Intercom Device	Mr. Madan Singh Chavda	NIF	22.11.03
3	Solar Cooker	Nazim Shaikh	GIAN-West	11.12.03
4	Electric Apparatus	Sudip Ghosh	NIF	31.01.04
5	IPR Protection for Novel Screw, Oil Expeller, Cotton Stripper, Vanraj Tractor & Air Kick Pump.	Not Applicable	NIF	01.02.04
6	Motor Protection Device	Bharat Kamble	GIAN-West	19.03.04
7	Safety Device For Fire Cracker	Balaram Singh Saini	GIAN-North	16.3.04
8	Tea Making Machine	Sh. Ashok Kumar Dhiman	GIAN-North	16.03.04
9	Pedal Operated Generator æRoshniÆ	Abid Hussain	NIF	05.12.03
10	Interlocking Bricks (Phase I)	Umesh Chandra Sharma	GIAN-NE	23.06.04
11	Bicycle Hoe	Gopalá M. Bhise	GIAN-West	10.07.04
12	Manual Wood Cutting Machine	áKaruna Kanth Nath	GIAN-NE	20.07.04
13,14	Modified Silkworm Raring Tray & an Effective Uzi Fly Trap	áS M Mangali & H. A. Mohammad Wakil Ahmed	NIF	10.08.04
15	JyothiÆs Herbal Hair Oil	Smt. Valsamma Thomas	NIF, SRISTI	18.08.04
16	Lemon Cutting Machine	M. Nagarajan	NIF	20.08.04
17	Motorized Kite String Winder (Phase I)	Paresh Panchal	GIAN-West	20.08.04
18	Rotary Huller	A. N. Manoharan	NIF, GIAN-cell (Tamil Nadu)	20.08.04
19,20, 21,22	Improved Kerosene Stove, An Improved Pumpless Stove, Kerosene Gas Stove, Fuel Efficient Hybrid Stove based on Kerosene And Water	Niranjan Prasad Sharma, Sameerul Hasan Liyaquati, Sarfuddin Amanuddin Kazi, Vyasji Mishra	GIAN-North,GIAN-West, GIAN-NE	20.08.04
23	Innovative Sickles	Kishor Bhai Bhardwa	GIAN-West	20.08.04
24	Automatic Engine Stopper	Tukaram Verma	NIF	22.08.04
25	An Effluent Filtering Device (Septic Tank Baffle System)	Rajesh T. R.	NIF	22.08.04
26	Amphibious Bicycle	Mohd. Saidullah	NIF	22.08.04
27	Automatic Motor Coil Winding Machine	Kailash Srivastava	GIAN-North	22.08.04
28	Multipurpose Bicycle	Kamaruddin	GIAN-North	22.08.04
29	Trench Digger	Sh. Nathulal Jangid, Sh. Radhey Shyam Tailor	GIAN-North	26.08.04

S. No	Innovation	Innovator	Coordinating agency	Date of sanction
30	Horse Shaver	Mh. Idrish Khan/ Sh. Kabir Ahmed	GIAN-North	26.08.04
31	Tile Making Machine	Sukhranjan Mistri	GIAN-North	26.08.05
32	Jabbar (Variable) Gear System For Rickshaw	Sheikh Jabbar	GIAN-West	26.08.04
33	Novel Screw	Mahabir Chowbey	NIF	28.08.04
34	Jute Matchstick	Uttam Shambhubhai Patil	GIAN-West	9.09.04
35	Stove cum Water Heater	Smt. Jyothi Ravis-hankar	NIF, GIAN-cell (Karnataka)	15.09.04
36	Double Action Signal System	Nageshwar Pandit	NIF	15.09.04
37	Improved Treadle Printing Machine	Satish Dev	NIF	01.10.04
38	Bamboo Stick Maker	Usman Shekhani	NIF	29.10.04
39	Bicycle Sprayer	Mansukh Bhai Jagnani	GIAN-West	9.10.04
40	Small Efficient Diesel Engine	Manshukbhai Suthar Sanchaniya	GIAN-West	29.10.04
41	Gurukrupa û Multipurpose Har-row for Agricultural Operation	Goraknath Khelaba Kaspate	GIAN-West	08.11.04
42	Forage / Fodder Cutter / Har-vester	Chandrapal Singh	NIF	9.11.04
43	Motorized Kite String Winder (Phase II)	Paresh Panchal	GIAN-West	9.11.04
44	Wind Turbine Operated Water Pump (Phase 1)	Mehdar Hussain	GIAN-NE	6.11.04
45	Low Cost Film Projector	Hori Lal Vishwakarma	GIAN-North	27.11.04
46	Innovative Keyway Making Fixture	Vijay Santaram Ghodke	GIAN-West	03.12.04
47	Automatic Parking Light	Ashok Kumar Singh	GIAN-North	17.12.04
48	Modified Solar Cooker	Rajesh Deshmukh	GIAN-North	17.12.04
49	Multifunctional Automatic Starter For Electrical Motor	Roshanlal Vishwakarma	GIAN-North	08.02.04
50	Wind Turbine Operated Water Pump (Phase II)	Mehdar Hussain	GIAN-NE	09.02.05
51	Wood Apple Tea	Subal Karmarkar	GIAN-NE	22.03.05
52	Bamboo Strip / Stick Making Machine	Imli Toshi Namo	GIAN-NE	07.04.05
53	Small Garlic Peeling Machine	Uddhav K Bharali	GIAN-NE	02.07.05
54	Groundnut Digger cum Separator	Yusaf Khan	GIAN-North	16.07.05
55	Innovative Rotavator	Rambhai Lallubhai Patel	GIAN-West	13.07.05
56	Passion Fruit Juice Extractor	Mr. Uddhab K. Bharali	GIAN-NE	04.10.05
57	Wood Apple Jam	Mr. Ashok K. Chakraborty	NIF	18.11.05
58	Rural Multipurpose Dryer	Imli Toshi Namo	GIAN-NE	15.12.05

S. No	Innovation	Innovator	Coordinating agency	Date of sanction
59	Automatic Pump Operator	Manihar Sharma	GIAN-NE	15.12.05
60	Peelers for CIMAP (Safed Musli Peeling Machine, Medicinal Leaves Grinding Machine, Multipurpose Peeling Machine)	Uddhav K Bharali	GIAN-NE	3.01.06
61	Dual security alarm system	Aminuddin Ahmed	GIAN-NE	
62	Natural water cooler	Arvind patel	GIAN-W	04.05.2006
63	Health chair	Sakarbhai prajapati	GIAN-W	04.05.2006
64	LPG run Gas press	K. Linga Brahman	Dr. K.L. Rao (Honey Bee, Andhra pradesh)	26.06.2006
65	Side stand gear lock system lock	K. S. Sudheer	Direct NIF	22.08.2006
66	Telephone operated switch	Premsingh saini	Direct NIF	22.08.2006
67	Automatic Fire cracker lighting machine	Balaram singh Saini	Direct NIF	12.10.2006
68	Areca Nut De Husking machine	Udhab bharali	GIAN-NE	15.11.2006
69	Innovative stove	Sarfuddin kazi	Direct NIF	24.11.2006
70	Bullock operated sprayer	Radheshyam sharma	Direct NIF	24.11.2006
71	Valsamma herbal oil	Velsamma thomas	PDS, Kerala	08.12.2006
72	Multi utility pepper thresher	P. K. Ravi	PDS, Kerala	08.12.2006
73	Multiple crop thresher	Madanlal Kumavat	GIAN-N	08.12.2006
74	Palm tree climber	Joseph Appachan	Direct NIF	02.12.2006
75	Electric shock proof converter	K Nicholson	GIAN-NE	30.12.2006
76	Rural Poultry Incubator	Milon Jyoti Das	GIAN-NE	19.01.2007

9.4.5 Conclusions: Results of the Marketing Fund

The hypotheses set up for the marketing fund was:

*The **Marketing Fund** helped SMEs to gain access to credit for intangible projects and thus generated income and employment (target group level). The activities of the Marketing Fund were taken over by regular departments and therefore no subsidies are necessary (institutional level)*

The related indicators were as follows:

Indicators	Result
Output Indicators Role of marketing related loans within SIDBI's business	Low in relation to total loans, but the instrument is well established and took up a considerable proportion of the working capital loans granted in the normal credit departments of SIDBI
Percentage of units who had received loans from banks for such intangibles before the programme	Practically none before the programme was started
How difficult was it to obtain a marketing loan?	Possible but SIDBI was careful in checking the financial stability of the applicants. This was also a reason why no micro enterprises were among the loan beneficiaries
Contribution of marketing loan activities to assist small and micro enterprises	Not directly (market loans were relatively large), but the associated activities were helping small and micro enterprises
Outcome/impact Indicators	
To what extent did the marketing loans contribute towards the increase in sales, growth of the enterprise?	No overall statistics, but units visited all reported increased sales Exports were not covered and no significant relationship between exports and marketing measures could be established
Any other non-quantifiable effects of marketing loans?	Most effects were non-quantifiable: Increase in awareness on the domestic market as well as –in some cases- export markets.
Multiplier/leverage effects as well as takeover by SIDBI (institutional outcome/impact)	Very high: Marketing Loans amounting to Rs 2,6 Billion (1996-2004)
Loan repayment rate of units covered under the scheme	No quantitative data, but at least not lower than for "normal loans"

It has been realised after the analysis of the results that this instrument (Marketing Fund) is not suitable for quantitative measurement, because the relationship between intangible investment and neither increase in turnover nor in employment can be clearly established, as it would be possible for the relationship between a new machine and increment of turnover or additional staff employed. All visited entrepreneurs and managers happily reported increased sales, but there may be multiple reasons and sometimes the time lag between such a measure and the results is not known or even distorted by other factors. There was also no reporting required from the clients and now, four years after the closure of the programme and keeping in mind that the marketing fund started already in 1993, it is difficult to establish any trace of cause and effect. Nevertheless, the qualitative statement of entrepreneurs as well as SIDBI officials point quite clearly towards the direction that this instrument was quite successful in the sense of **the hypothesis**, which covers **two aspects**:

- Helping SMEs to improve their business
- Establishing a new and (in spite the intangible content) sustainable instrument, which was also replicated by other institutions as well as smaller financial intermediaries.

Both parts could be reached with the restriction that this instrument is rather big with the exception of the Micro Venture Fund. However, it should be appreciated that the intervention

also had a significant "**non financial services part**": group participation of SSE units in domestic/international trade fairs, publications and seminars, show windows, internet assistance, buyer/seller meetings were also very beneficial for small and even some micro enterprises. **Credit rating** is also an instrument – so far also for not so small units - which is very important for export oriented ventures and which will very likely become more important in the future for smaller export oriented enterprises too.

The Marketing Fund intervention of SDC proved helpful in encouraging financing institutions in entering the perceived risky area of financing intangibles for market promotion by SSIs. The **relatively slow and incomplete disbursement** in all three stages of the marketing fund, however, shows that the instrument was treated with great care by SIDBI at the beginning; but the tremendous increase in loans shows that the intervention resulted in a very high replication rate and there was also an enormous leverage effect of SDC funds. Despite its undisputable success it appears that the marketing fund was seen rather critical by SDC because it **did not target the very small enterprises and it was also not in line with the objective of direct poverty reduction**. There were several letters exchanged during this time in which SDC clearly asserted a rather critical position and quite some reservations about several aspects of the marketing window.

Nevertheless the instrument has since been internalized and made part of mainstream financing, not only by SIDBI, but also by all major banks. This has helped in supporting SSIs in better market outreach, increase in their turnover and income and in most cases also led to generation of employment. Like all intangible interventions it is difficult to measure the quantitative impact regarding the facts, whether an increase in income was generated by a marketing loan only.

So the final conclusion of the impact of this intervention is: **"A successful instrument with high relevance on side of the recipient was generated, very innovative and far away from mainstream activities, but also a little bit far away from SDC's objective of direct poverty reduction.**"

9.5 Human and Institutional Development (HID)

Although HID should cover human resources and institutional development aspects, under SDC funding, it primarily covered **training of SIDBI officials**, not so much the institutional development. Later, however, it turned out that the training also influenced the shape of SIDBI as an institution.

9.5.1 Characteristics of the SDC-HID-project in SIDBI

The training was imparted under three heads, i.e.

- International Training
- Inland Training
- In-house training

At the time of evaluation of phase III, 96 staff members had been deputed for international training, 338 for domestic training and 1987 got in-house training up to the year 2000.

Twenty-one SIDBI officers who had undergone training have been interviewed about their training experiences within international, national and in-house training.

International Training

It is generally given to officers in middle and senior management who have put in some years of service and are eventually be expected to occupy key positions and hold higher responsibilities. The training period generally varied from a few days to 2-3 weeks, some with attachment to the relevant institutions on completion of the training. In specific cases of four young promising officers, selected on the basis of competitive test, the internship training lasted for 8-10 weeks in reputed business schools.

Training focused on particular subjects of interest to SIDBI, either only for SIDBI officers or for a mix of officers from different institutions and countries. These have been found useful in increasing their knowledge in specific areas, like risk management, financial institutions for private enterprise development, microfinance, etc.

Interviews with number of executives who had undergone international training revealed that they immensely benefited from the training as it helped in widening their horizon and perspectives and in effectively dealing the changing business challenges.

However, it was generally felt that deputing a few of them for conferences/seminars for 1-3 days may not come under the category of training under HID component. These could, perhaps, be part of normal business activities. Long duration programmes for more than 6 weeks for young officers were found to be more useful especially in improving the skills of young talented officers. Such trainings, with competitive selection mechanism and appropriate training programme though costly, may be considered for revival by SIDBI management to help preparing future senior executives.

SIDBI had introduced a system of feedback on training from the officers sent for training after a year after their return in order to find out if there were any long term effects on their work. Such feedback as well as discussions with a number of officers gone on international training gave a very positive picture on their training. As would be observed from the responses from a sample of international trainees, as part of an earlier evaluation, the weighted average of their satisfaction and utility of training is around 3.53 out of 5, highest weight being 3.95 on programmes' relevance to the needs in India.

Inland Training

Under SDC funded HID intervention, 338 officers were deputed for training in reputed Indian institutions. Such inland trainings covered generally advance aspects of subjects like finance, banking, management, HRD, etc. Keeping in view changing business and job requirements, officers were deputed to equip themselves in areas such as treasury management, money market operations, foreign exchange, risk management, self motivation, microfinance, etc. The feedback from the participants and interactions with a few trained officers revealed the inland training provided was reasonably effective and useful. As per earlier evaluation, weighted average of responses of sample of inland trainees on various parameters was 3.48/5, which is very good. The highest weight of 3.85 was on the programmes' relevance to the needs of the bank. This indicates that, like international training, inland training was also a quite useful intervention supported by SDC.

In-house training

In all, 517 officers and other staff of SIDBI received in house training under SDC funding. These trainings are primarily for day-to-day functional needs, induction for new recruits, familiarisation on various operational aspects, and regular/advanced training in specific operational aspects, including tailor made courses of the Bank and employees to enable them to

effectively carry out their responsibilities. The feedback from the trainees and interaction with a few staff undergone in house training revealed programmes were reasonably positive. The weighted average response from a sample of staff during earlier evaluation was 3.05, with highest weight of 3.86 for relevant of programmes' to the needs of the Bank. Thus, inland training supported under HID intervention of SDC had also a reasonably good impact on the trainees.

Average **cost per week** per participant in international training courses, including travel cost, fee, boarding and lodging was around Rs 0.4 Million (SFr 14 900). International training is no doubt, costly on account of high travel, fee and stay expenses. Looking to the fact that it serves as the main purpose of learning and exposure to internationally best practices and help building future senior executives, higher expenditure for selected few is certainly worthwhile even though the more advanced and higher paid managers are benefitting from such training measures. Per trainee/per week expenses for inland training have been much lower been around Rs 40,000 t0 45,000 and in house training was around Rs 30,000 to 35,000 (between roughly SFr 1,100 and SFr 1,700). Of course this is much more cost effective than overseas training and it will definitely be preferred by a cost conscious management if it serves the purpose.

9.5.2 HID Indicators

It was clear from the start of this project evaluation that in spite of HID being an interesting topic it was absolutely impossible to scientifically proof the effects of HID not only because of the lacking data but also because the nature of the subject: a real proof of causes and effect would have required an entirely different set up of monitoring during project execution. Nobody would seriously believe that without such monitoring it is possible to reach any reliable conclusions four years after closure an about 12 years after start of the first HID-measures. There is a rather voluminous report on the results of the HID measures within SIDBI[96], but this report is rather descriptive and mostly covers just numbers of trainees, locations, formal features and characteristics of training institutions, type of feedback measures as well as a description of training appraisal. There was no trial to measure qualitative or quantitative performance as well as effects on attitude and behaviour of the staff before and after the training.

So even though the hypothesis set up in chapter 6.2 was formulated rather carefully a proof without doubt cannot be expected:

Human and institutional Development *inputs improved overall efficiency of SIDBI and partner institutions and (1) contributed towards the self esteem and the motivation of their employees and (2) changed their attitude towards small business and risk taking. Achieving this, SIDBI's support capacities and relevance regarding SME's and SMiE's were strengthened (mainly on the institutional level).*

The indicators for the Marketing Fund were set as follows:

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[96] Phase III of SDC-SIDBI collaboration. Evaluation of Human and institutional Development (HID) component, without date (estimated. 2001)

Output Indicators

- Percentage of people trained during the programme and post programme period
- Training budget or training days per staff during the programme period and post programme

Outcome Indicators

- Growth in average business per staff (although this might not only be a consequence of training)
- Change in institutional profile (Statements of SIDBI staff & partners)
- Change in attitude of staff towards development finance
- Perceptible difference in the attitude of thinking & working in terms of higher operational efficiency?
- Changes in approach towards financing small & micro enterprises?

The benefits of training are not limited to a performance of a particular employee during one year or a particular department. Nevertheless, even with a perfect setup of monitoring it is **extremely difficult to measure the impact of training measures**. Asking the participants will normally just serve the purpose of replacing weak courses or instructors and as such it is a valuable steering instrument. Asking participants after one year (as it was done for the international training) is also a very good concept, but apart from the fact that after one year there are many other influences it measures only the personal experiences of the respondent, not the influence on the situation of the bank in terms of increased turnover or better services. How would one know when a certain knowledge applied for example during negotiations with customers would yield a better result? Of course there might be the feeling of higher self confidence or a clearer structure of plans, but when and how does this really have a concrete positive impact? Although the business per employee went up from about Rs 20 Million to around 40 Million during the programme period, it would be a very tedious task to isolate different influences from macroeconomic to institutional factors responsible for such a development. In other words: If SDC really intends to find out more about the result of training measures (let alone a comprehensive HID-project) considerable effort and considerable professional know how will have to be put into a set up of an accompanying monitoring programme which would probably cover at least half of the cost of the entire HID-project.

9.5.3 Conclusion: Impact of Human Resources Development

Again the results will be found more on the qualitative side:

Firstly it has been observed that SIDBI's focus of business slowly changed from an APEX-bank (meaning a bank which re-finances other, smaller institutions) to covering more and more direct business. Refinance, does not require much efforts for appraisal, supervision and recoveries. Refinance, which has covered about 90% of SIDBI's business has gone down to 30%. Direct lending, now 70% of the credit business, involves risk taking, closer investigation of the situation of the entrepreneur (including human and social factors) and requires much more efforts in total from the loan officers as well as from management. Percentage of small loans and direct lending to SMiE's also went up with stronger exposure to the SME sector and the start up of the SIDBI Foundation for Micro Credit**,** requiring a total different type of staff further away from spreadsheets and formal analysis and more inclined towards social interaction and creativity, of course without losing the risk part of the lending out of eyesight.

Secondly the training had some other important effects which were realized when discussing with staff and management:

- Employees sent for training felt appreciated by their employer, so training is an important motivating factor as well as a factor which increases the feeling of belongingness and loyalty to an organization,
- Over the years the exposure to training and in particular also the exposure to international training considerably changed the attitude of the staff towards (a) risk taking, (b) small businesses and (c) the needs and characteristics of small businesses. These three points were emphasized in many in the interviews and reiterated in discussions with management. This **change of attitude** should not be underestimated, because it is one of the core requirements of a real development bank to be distinguishable from a commercial bank with emphasis on low risk and high profit as well as from a government office just proceeding applications.

Especially the latter point contributed considerable towards institutional development: SIDBI developed from a more traditional commercial bank to a much more small business oriented development institution which is not only going more into direct lending but also provides valuable non-financial services.

After the closure of SDC Programme, SIDBI is continuing deputing its staff for such training programmes out of their own resources as well as with support from other donors. During the year 2006-07, total 678 staff members were deputed for various training programmes, including 56 officers to international training. Almost all officers have been trained in the meantime. Repeat training is being imparted to officers on various aspects.

Chart 27: Indicators regarding Human and institutional Development

Indicators	**Result**
Output Indicators	
Percentage of people trained during the programme and post programme period	Almost all staff
Training Budget or training days per staff during the programme period and post programme	Rs 0,4 Million (abroad), 30 000 - 45 000 for domestic and in-house training
Outcome/impact Indicators	
Growth in average business per staff	From Rs 20 000 to 40,000
Change in institutional profile (Statements of SIDBI staff & partners)	Definitely yes: From a commercially oriented bank towards a development bank covering also the needs of SMiE's
Change in attitude of staff towards development finance	Training measures were found highly motivating Attitude towards risk taking (especially in small business) was changed Attitude toward small business as a whole has changed

The hypothesis for this intervention was as follows: *"Human and institutional Development inputs (1) improved overall efficiency of SIDBI and partner institutions and: (2) contributed towards the self esteem and the motivation of the employees and (3) changed their attitude towards small business and risk taking*".

The first part of the hypothesis (*Human and institutional Development inputs (1) improved overall efficiency of SIDBI and partner institutions)* could not be verified due to varying other influences (but it was not falsified either), the 2nd and 3rd part (*HID contributed towards the*

self esteem and the motivation of the employees and (3) changed their attitude towards small business and risk taking", however has been clearly confirmed.

Of course, in spite of being considered successful the "institutional part" of HID was only covered unintentionally and so the statement can be confirmed:" *that a major part of the SDC India role in HID is to design, implement, evaluate and document training concepts and programmes in those areas of work identified for partners. Modes of HID other than training is not clearly defined*."[97]

[97] SCC South Asia, Human and Institutional Development, Conceptual and Institutional Framework, Delhi 2000, pp. 4

Annexes

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

INDEPENDENT EVALUATION

EX-POST EVALUATION OF TWO RURAL FINANCE AND EMPLOYMENT PROGRAMMES IN INDIA (SERI 2000 AND SIDBI)

APPROACH PAPER

1. Background

In the context of the concept "Managing for Development Results" (MfDR), there is a growing demand to focus on results of development interventions, also in evaluations. However, in SDC as well as in many other donor organizations, there is a general lack or deficiency of documented and methodologically sound evidence with regard to questions such as “what worked”, “what not”, “why did it work”, “why not”. This is why SDC evaluation unit has proposed to the Management in 2006 to organise an ex-post evaluation of SDC programmes in 2007/08 with focus on outcome and impact.

As all independent evaluations of SDC this ex-post evaluation shall address a broader audience within SDC and partners and promote institutional learning. Lessons learnt from looking back on closed programmes offer opportunities for the planning and management of new programmes as well as inputs for reconsidering strategies.

The selection of programmes in India for such an ex-post evaluation is due to the phasing over of a long term cooperation between SDC and India towards a new type of collaboration (Partnership Programme India). Government of India decided in 2003 to reduce bilateral development cooperation with small donors, Switzerland being among them. On this background development cooperation of SDC India is currently in a state of transition from its previous development cooperation programme to the new type of collaboration. Several “old” projects and programmes are phasing out, some are oriented towards the new partnership. Capitalization and dissemination of lessons learnt in key areas of SDC’s activities in India within the past 45 years are one component of the transition phase.

This ex-post evaluation will allow to have a closer look on the outcomes and on the impact of two major projects/programmes which have been closed in 2004 and 2006 respectively, add value to the compilation of experiences done by others (Gerster Richard, 2008: Swissness made in India: Wirtschaftliche Entwicklung und die Zusammenarbeit Schweiz – Indien) and use synergies where possible: however, methodology and audience are different.

Promotion of rural finance and employment for the poor has been a major thematic focus of SDC India for several decades and a number of projects and programmes have been implemented in various regions. To consider aspects of sustainable natural resource management while promoting employment in rural areas do also characterise many of these programmes.

The evaluation will focus on two large and long-term programmes of employment creation and rural finance in the domain of small and micro-enterprises which had the main general goal to contribute “to the creation of sustainable income and employment opportunities in small and micro-enterprises in rural and semi-urban areas” (SDC Country Programme 1996-2003):

SERI 2000 (1997-2006)

India is the second largest raw silk producer in the world after China. Raw silk production is concentrated in the three Southern States of Karnataka, Andhra Pradesh and Tamil Nadu. In the pre-cocoon phase, a large number of farm families are involved in mulberry cultivation, while the post-cocoon phase provides employment for a large number of mostly small and micro-enterprises.

SDC India was associated with Indian sericulture since as early as 1980 with several programmes to promote training, research and productivity in the domain of silk production and processing. The

period of 1980 – 1995 consisted both of bilateral and co-financing interventions. However, these will not be subject to this ex-post evaluation, which will focus on the last phase; SERI 2000:

The overall goal of SERI 2000 was the generation of "viable enterprises, employment and sustainable income (…) primarily for the weaker sections of the population, including women, in rural and semi-urban areas" (Credit Proposal 1997. p.4). The programme objective of SERI 2000 was expected to contribute to the achievement of this overall goal and aimed at the following: "Productivity, quality and sustainability, especially in the post-cocoon sector, are systematically enhanced with a demand side approach" (ibid.)[1].

SERI 2000 objectives were based on the following opportunities for India's silk industry:

- growing internal demand for silk fabrics of traditional design
- emerging internal market for non-traditional silk
- vast expanding international market for raw silk, silk fabrics and ready-mades.

SERI 2000 covered the two broad categories of pre-cocoon activities (on-farm mulberry cultivation and silkworm rearing) and post-cocoon activities (off-farm group activities such as reeling, twisting, dying, weaving, printing and finishing). It had a value chain orientation and was based on interventions at all stages of production and at various levels (macro, meso and micro).

The programme aimed at tangible key results with regard to **6 topic areas**:

a) **Policy Dialogue and Regulatory Framework**: "A forum incorporating decision makers, policy planners, representatives of the private and public sector and of key sericulture institutions will be in a position to discuss the policy and regulatory framework relevant for sericulture and the silk industry and to induce adequate adjustments."
b) **HID:** addressing systematically the training and organisational development needs of the direct stakeholders and the programme partners, especially in areas of extension and training management, and social and health issues of the sector
c) **Post-cocoon Enterprise Promotion and Access to Finance**: to improve access for small and micro enterprises to fair financial services; to enable them to cater to the requirements of the domestic and export markets
d) **Post-cocoon Technology Generation and Transfer**: promotion of use of technologies aiming at better productivity and quality, higher energy efficiency and a profitable use of by-products.
e) **Pre-cocoon Technology Generation and Transfer**: adoption of technologies providing increased productivity, product quality and sustainability of the natural resource management within the sericultural livelihood systems(SERI: sustainable water and land use; eco-friendly production and processing, development of appropriate technologies):
f) **Organic silk:** development of a concept of organic silk production and marketing, covering all steps from soil to established channels in the domestic and export markets.

[1] SERI 2000 focused on Sericulture with the following specific objective: "Interventions in critical areas of the whole sericulture sector will enhance the creation of large numbers of productive rural jobs, especially women, for rural small and micro-enterprises in downstream activities (reeling, twisting, weaving, dyeing, etc) and for small and marginal farmers" (SDC Country Programme 1996-2003, p. 18).

The guiding principles for SERI 2000 were:

- to bank on a change of mind set of stakeholders
- to go for innovative marketing versus price subsidies
- to facilitate the flow of investment and credit
- to have an integrated gender approach and to address the interest of women systematically
- to target child labour
- to go for eco-friendly solutions (to tap the potential for reduction and even elimination of chemical fertilisers, pesticides and the use of toxic products, organic silk production and promotion)
- to go for a strategy based on flexible response (Credit Proposal 1997).

SERI 2000 came to an end by 2004. It was followed up by an action research of 2 years to test opportunities in the field of pre-cocoon (indigenous planting practices in rainfed areas) and post-cocoon (social dimensions of manufacturing processes) activities. Finally in 2006, SDC decided to terminate its involvement in Sericulture.

SIDBI (Small Industries Development Bank of India) **1993-2004**

SDC's support of SIDBI (1993-2004) was part of a SME programme with the objective to support "through National Banks and private meso-level partners, the promotion of SMEs to create sustainable employment opportunities for disadvantaged people in rural and semi-urban areas. SDC will focus on the improvement of the access to and the delivery of demand-driven financial and non-financial services" (SDC Country Programme 1996-2003).

SIDBI had been created by the Industrial Development Bank of India in 1990 with the objective "of serving as the principal national institution for the promotion, financing and development of industry in the small scale sector, and for coordinating the activities of the numerous other institutions engaged in the same area." (Credit Proposal 1993, par. 3)

SDC India engaged in the sector of small industry in the context of new perspectives opened by processes of deregulation in the Indian economy and with the aim to diversify partners and broaden SDC's impact in the sector.

Support of SIDBI by SDC included several activities and expected results (Credit Proposal 1993)

a) **Venture Capital Fund / Study** was initiated "to contribute to the creation of a viable VC business which is capable of earning substantial profits and generating a continuing flow of new ventures."
b) **Human Resources Development**:
   - Competent Management Assistant Programme (COMAP)
   - Performance Improvement Programme for Managers (PIP)
   - Training of officers of Primary Lending Institutions (PLI)
   - Training in credit usage and delivery to women
c) **SIDBI, NGO's and Bank staff training**
d) **Cluster improvement (Technology upgradation)** "to enable a small number of industries, a large proportion of which are concentrated on one location, to improve their operations so that they can survive and compete in the new liberalized environment; and thus by demonstration to encourage other industry clusters, to improve themselves in a similar way."
e) **Marketing** "to provide direct finance for a small number of marketing initiatives which will lead to increased sales for a large number of SSE."
f) **Assistance to Industry Associations** "to strengthen the ability of industry associations to undertake a wider range of entrepreneurial functions than they are presently doing".

The general guidelines for the collaboration of SDC India with SIDBI concerned:

- the focus of promotion of formal small scale industries in semi-urban areas (not in the "metropolitan cities"),
- the consideration of "environmental issues when selecting the specific activities to be funded by SDC",
- the consideration of gender issues and
- the consideration of devolving decision making authority of SIDBI to local offices.

Phases beyond phase 1 and reasons for ending the collaboration in 2004

In 1996, SDC and SIDBI entered into collaboration for innovative financing of Marketing activities, followed by a new longer-term phase 3 of collaboration that followed some activities of the previous phases and covered some other components such as:

- Rural Industries Programme (RIP)
- Small Industries Management Programme (SIMAP)
- Skill cum Technology Upgradation Programme (STUP)
- Action research to test and develop innovative ideas related to financial services, technology, training and other services needed by the SME sector.

The Collaboration SDC-SIDBI came to an end in March 2004, following the new Government guidelines that smaller donors such as SDC should no longer be involved in Government to Government financial assistance programmes.

Common ground of SERI 2000 and SIDBI

Beside the general common goal to promote and create employment in rural and semi-urban areas for marginalised and disadvantaged sections of the Indian population, the two programmes share other commonalities with regard to

- their focus to promote small and micro enterprises
- strengthening of Human and Institutional Capacities of Partners and their networks (capacity building)
- their efforts to change the mind set of stake holders and to influence policy and institutional frameworks
- their environmental concern
- their objective to consider gender aspects
- their approach for technological innovations
- their empowerment approach to provide the "excluded ones" with access to services, resources and information.

Both programmes involved a broad mix of partners involved in the implementation of the various projects in various areas and with various thematic focus.

However, there were also remarkable differences between SERI 2000 and SIDBI collaboration:

SERI 2000 was initially a sub-sector approach focussing on the weakest links of the whole value chain. It had a geographical focus on four States. From the steering point of view, SERI 2000 had a traditional project set-up, called "Project Implementation Unit". Finally, SERI 2000 was a real challenge as it involved all stakeholders because it was a Government to Government project (Central Government, State Governments, decentralised Panchayats; National Silk Board in Bangalore, Universities; Private Sector, etc).

SIDBI was less “bureaucratic” and much more innovative, focusing on action-research, being catalytic and often leading to successful approaches and methods that were then replicated on large scale throughout India – thanks to SIDBI being a national and nation-wide active Development Bank for Industrialisation.

2. Focus and Objectives

2.1 Focus and Scope

- The two programmes are linked to the following thematic priorities of SDC: employment + income / rural development, with environment and gender as transversal theme. The **thematic focus** of this ex-post evaluation is on the promotion of small and micro-enterprises, incl. sericulture in rural and semi-urban areas of India, while taking into account environmental and gender issues. As both programmes consist of several components (partial actions) and phases, choices will have to be made with regard to concretising more narrow focuses in consultation with the evaluation team, the Evaluation and Controlling Division and the core learning partners.
  The evaluation covers all phases of Seri 2000 and SIDBI. Where necessary, previous SDC programmes in rural finance and silk production in India have to be considered for contextual understanding.

- **Evaluation focus:** The ex-post evaluation will focus on the results, mainly on outcomes and impact, of the development interventions on the basis of some in-depth case studies to be determined by the evaluation team in consultation with E+C, India Desk and Swiss Cooperation Office Delhi (SCO). Outcomes and impact shall be analysed with regard to the political, institutional, socio-economic and natural environment of the key stakeholders, incl. target groups and others concerned by the interventions. However, in order to understand why desired objectives were reached or not, the levels “Inputs → Activities → Outputs” must not be neglected. Focusing on outcomes and impacts only - and not considering the other levels - would lead to a “black box scenario” where nobody knows why and how the desired objectives were reached.
  It should also explore unintended consequences, whether positive or negative, on program participants and beneficiaries.
  Based on the case studies and on available documentation the ex-post evaluation shall assess more broadly whether the programmes had the desired effects on the beneficiaries at the level of the objectives of the programmes (have desired outcomes been achieved?) and at the level of the broader goal.

- **Units of analysis:** The ex-post evaluation will focus on the key stakeholders, incl. target groups and others concerned by the interventions, as far as methodologically possible (the feasibility of including them in this evaluation will be restricted by their existence / availability after the end of the programmes):
  - Public sector institutions (State and Central Government)
  - Academic institutions
  - Implementing partner’s organisations, NGOs
  - Private firms (small and micro enterprises, small scale industries), trainees, associations
  - “weaker sections of the population”: small and marginal farmers, lower castes, tribals, women, children / communities and households in the rural farm and non-farm sector; due consideration shall be given to gender specific aspects within each of these categories .

  The evaluation shall also look for side effects on institutions, groups etc. which were not targeted specifically by the programmes, but were concerned by the interventions.

- **Geographical areas:** The ex-post evaluation for SERI 2000 may need to have a geographical focus for an in-depth analysis of various programme components. SERI 2000 was implemented in Karnataka, Tamil Nadu, Andhra Pradesh and West Bengal.) SIDBI is a national Development Bank. The interventions may have been locally (for testing, etc.) but when successful, were replicated on a national scale.

2.2 Objectives

The objectives of this independent ex-post evaluation are accountability and institutional learning:

- to increase SDCs knowledge on the impact of income and employment activities as a strategy for poverty reduction and to capitalise experience for forthcoming strategies and programmes in the domain of income and employment
- to learn from processes going on after end of programmes
- to contribute to the capitalisation process of SDC's 50 years development cooperation with India;
- to broaden experience with ex-post evaluations according to DAC criterias within SDC in the context of MfDRs (managing for development results) and to broaden methodological experience with ex-post evaluations
- to come to some recommendations for results-based management of development interventions; which are the basic requirements in planning and implementing activities and methodologies in order to be able to later estimate outcome and impact.

3. Key Questions

General remarks:

The key questions will cover the DAC Criteria for Evaluating Development Assistance with a major focus on the criteria of effectiveness, impact and sustainability. Relevance and efficiency shall be included as far as necessary to answer the key evaluations questions.

The list of evaluation questions provided here does not claim to be complete. The key questions it contains must still be aligned with the specific needs of SERI 2000 and SIDBI in the Inception Report and shall be further clarified in consultation with the CLP and SDC evaluation office.

As the evaluation deals with two programmes, each consisting of several components (some of which will be analysed in the case studies), due consideration shall be given to clearly distinguish the various programme levels and logics for both programmes and to deal with each of them in a similar way for both programmes. The evaluation shall analyse critically the logic of the two programmes and their components and where necessary clarify underlying concepts and implicit assumptions; however, the evaluation shall allow clear distinction of the "internal" and "external" (evaluation team) perspective.

While the evaluation will include a general analysis of the programmes as a whole, case studies will analyse in more detail some of the programme components and contribute to the overall assessment of the programmes.

The way how the DAC criteria are dealt with on the various programme levels of the two programmes shall be explained by the evaluation methodology.

As one objective of this ex-post evaluation is to broaden methodological knowledge with regard to ex-post evaluations, due consideration shall also be given to aspects of reporting / documentation in the context of the two programmes.

1. Relevance

- Have the intervention's objectives been relevant in relation to the various programme partners' needs, priorities and related policies in the sector of Small and Micro Enterprise in rural and semi-urban areas / stakeholders in sericulture?
- Have the intervention's objectives been relevant in relation to SDC's and its partners' pro-poor approaches?
- Have the intervention's objectives been relevant in relation to the needs and priorities of the target groups?

2. Effectiveness

To what extent were the outcome objectives of the two programmes achieved? Respectively, to what extent were the outcome objectives of the selected components (evaluated with case studies) achieved? The qualitative and quantitative dimension shall be considered, and due consideration shall be given to sex-disaggregated analysis on all levels and for all units of analysis. It should also be clarified, whether programme interventions included "women-specific actions" or were aiming at gender mainstreaming in general.

- What were the major factors influencing the achievement or non-achievement of the objectives?

- How effective were the two programmes at the institutional and policy level: Did the interventions have an effect on sector/topical policies, government strategies etc as ex-ante desired? Leverage and replication effects?
  How far were the two programmes able to influence systems, institutions and policies in favour of the poor?(structural changes)

- How effective were the two programmes at the socio-economic level with regard to:
  - promotion and support of small scale industries, small entrepreneurs, small and marginal farmers,
  - to empowerment and capacity building (access to finance and other resources such as information, knowledge, technology) of "weaker section of the population": female entrepreneurs, female farmers and labourers in sericulture / children?
  - to the inclusion of the hitherto excluded ones?

  Results with regard to income and employment generation will be dealt with in the analysis of the impact of the programmes.

- How effective were the two programmes with regard to innovations, dissemination and replication of new technologies and practices and with regard to environmental considerations?
- Which other effects can be identified at 'programme objectives' level (e.g. among persons outside the target group)?
- Which of these effects should be considered positive? Which should be considered negative?
- Assessment of SDC's Steering Role in these two projects: how did SDC (Head Office and Swiss Cooperation Office) influence planning, implementation and monitoring (Questions of Steering!) How did SDC as institution learn? How were reviews and evaluations used, etc.?

3. Efficiency

- The evaluation shall assess the cost-efficiency of the two programmes: What were the costs and the outreach of the two programmes (the various programme components)?
- As far as possible, the evaluation shall indicate and comment aspects of leverage, multiplier effects.

4. Impact

A special focus shall be laid on impact, i.e. the positive and negative changes produced by the intervention, directly or indirectly, intended or unintended. This involves the analysis of the main impacts and effects resulting from the activities of the two programmes.

Starting point for such an analysis are the intended impacts based on explicit and/or implicit impact hypotheses of the programmes together with the major assumptions/hypotheses about the context of the programmes:

- What were the impact hypotheses?
- What were the major assumptions / hypotheses about the context of the two programmes?

If necessary, the evaluation team shall reconstruct / clarify impact hypotheses. Based on these, results on outcome and impact level shall be assessed:
The evaluation shall analyse:

- How far have intended objectives and goals been achieved? Was the extent to which the programme goals were attained above or below the expectations determined ex-ante?
- Which other impacts can be determined at the goal level as a result of each of the two programmes?
- Which (important) areas beyond the general focus of the two programmes did they touch?
- Which of these impacts should be considered positive? Which should be considered negative?
- How far were project assumptions correct? What were the major contextual changes during the programme implementation phases with regard to key partners and beneficiaries, institutions, policies and economic processes in the sector of SMEs / Sericulture? How and how far did these changes influence the PCM of the two programmes?

5. Sustainability

Questions about sustainability have to be asked together with the questions / case studies regarding the effectiveness of the programmes:

- Did the SDC programmes have a lasting effect on the capacities and initiatives of the various stakeholders (beneficiaries, partner organisations, government partners, private institutions)? On what level (micro, meso, macro)? In which domains? For what goals?
- To what extent did the benefits of the programmes and projects continue after SDC funding ceased?
- What were the major factors that influenced the achievement or non-achievement of sustainability of the various components of the two programmes?
- How far have the programmes contributed to institutional and human capacity building to address the challenge of poverty?

6. Coherence, Complementarity and Coordination:

This criterion can be considered as an add-on criterion to the relevance criterion since additional aspects are considered with regard to consistency and synergies. The application of this criterion is not a must as it is not part of the DAC criteria, but it could provide useful information where and if appropriate:

- Were there synergy effects with other development cooperation interventions? What (complementary) contribution do the programmes make to other concurrent developmental interventions inside or outside of the sector/country concerned?
- To what extent did joint learning become possible (government, ministries, donors), taking other complementary interventions inside and outside of the sector (other sectors, mesoeconomic level and macroeconomic level) into account?
- Was a consistent budget framework defined?
- What efforts have been made in terms of jointly financing the two programmes?
- To what extent have donor activities been harmonised? Was it possible to agree on consistent and coherent activities?

4. Expected Results

4.1 At Output Level

By the consulting team:

- 1st draft inception report before the 1st approach workshop with the Core Learning Partners in Bern based on the approach paper, the documentary study, interviews with resource persons.
  The 1st draft of the inception report will outline in more detail than the approach paper the evaluation approach and evaluation methodology, including the judgement criteria and indicators for answering the key questions. It will also outline the procedure of selecting case studies (selection criteria) and conducting them.
  The draft inception report includes a work plan that will guide the mission during field and the headquarters work, the division of tasks between the evaluators and include the TORs for the local consultants and for the two key resource persons as well as a proposal of case studies.
- An approach workshop in Bern with the Core Leaning Partners, April 4, 2008. The draft of the inception report has to be submitted March 31, 2008, 12.00 a.m.
- A kick-off workshop in Delhi with the evaluation team and the Coordination Office, April 17, 2008.
- A finalised inception report after the workshops in Delhi with an outline of the more specific plans for the fieldwork, May 15, 2008.
- 4-6 case studies and case study reports (approx. 10 pages each) (dates according to work plan).
- An end of mission workshop with SDC and partners in Delhi, July 28, 2008.
- A synthesis workshop with CLP in Bern (discussion of draft report), September 25, 2008; the draft report has to be submitted 10 days before the workshop).
- A fit to print synthesis evaluation report (covering both programmes) containing an executive summary, findings and conclusions, not exceeding 30 pages (excl. annexes with case study reports).
- A summary according to DAC standards not exceeding 2 pages produced by the evaluation team and edited by SDC Division E + C (attached to the evaluation report).

By SDC

- Review of the findings and conclusions, and development of recommendations based on the findings and conclusions.
- An Agreement at Completion Point containing the Stand of the Core Learning Partnership and of Senior Management regarding the conclusions and recommendations.
- Lessons drawn by the CLP
- Publication and dissemination of the evaluation report.

4.2 At Outcome Level

- **Lessons learnt** for SDC and partners with special focus:
  a) on strategies of income and employment generation and promotion in rural and semi-urban areas
  b) on the potential and constraints of embedding environmental issues and appropriate technologies in activities of rural finance and employment
  c) on effects of shifting agendas of partners for programmes (shift of interests of partners in both programmes!)
  d) on the Human and Institutional Development approach (HID) as a means to achieve sustainable results
  e) on strategies of including the hitherto "excluded"
  f) approaches of "Action-Research" and other innovative approaches to test hypothesis for wider replication if found successful
  g) Strategies to include social responsibilities and change of human attitudes in private sector players (informal and formal private sector), deal with child labour and become aware of internationally applied social standards.
- **Insights into** processes **going on after end of projects and programmes** (ex-post evaluation);
- **Contribution to** capitalisation **of 50 years development cooperation with India**
- **To broaden** experience **with SDC ex-post evaluation** (methodology; focus on results, analyse outcome and impact on various levels of interventions, special focus on target groups)

This list may be revised and substantiated based on further discussions with the CLP.

5. Organisational Set-up and Respective Roles

A **Core Learning Partnership (CLP)** will be constituted at SDC HQs. The CLP comments on the evaluation design and the key questions in the Approach Workshop. During the Synthesis Workshop, the CLP receives and validates the evaluation findings and conclusions and comments on the recommendations for SDC which will be noted in the Agreement at Completion Point.

The Core Learning Partnership consists of the following members:

Adrian Marti: SDC Deputy Country Director India

Annemarie Sancar: SDC Focal Point Gender

Brigitte Späth: Consultant for Small Enterprise Development

Chantal Nicod: SDC Programme Officer and Deputy Head of Division South Asia

Eliane Belser: SDC Programme Officer, India Desk

Flavien Felder: SDC Ad interim Programme Officer, India Desk

Hansruedi Pfeiffer: SDC Senior Advisor Income and Employment, Division South Asia

Caroline Schlaufer, INTERCOOPERATION, Team Finance - Enterprise - Market

Nadia Ottiger (E+C Division) will facilitate and coordinate the CLP.

Department-level Management and the Director General of SDC comment in COSTRA on the Agreement at Completion Point (Senior Management Response).

Consultants contracted by SDC's E+C Division elaborate an inception report including the evaluation work plan and methodology, carry out the evaluation according to international

evaluation standards (DAC), conduct debriefings at the end of missions as well as conduct the Approach and Synthesis Workshops, present a draft of their evaluation report to the CLP, follow up on the CLP's feedback and the final formulation of recommendations as appropriate and submit the Evaluators' Final Report in publishable quality as well as an Evaluation Abstract according to DAC specifications.

Evaluation + Controlling Division (E+C Division) commissions the independent evaluation, drafts the Approach Paper with the inputs from the Core Learning Partnership and the Evaluation Team, drafts and administers the contracts with the Evaluation Team, ensures that the evaluators receive appropriate logistical support and access to information and facilitates the overall process with respect to
i) discussion of evaluation results
ii) elaboration of the Agreement at Completion Point and Lessons Learned
iii) publication and
iv) dissemination.

6. Process

6.1 Methodology and Approach

Challenges of ex-post evaluations in general are:

- The challenge of baseline
- The challenge of timescale (after how many years?)
- The challenge of attribution
- The challenge of aggregation
- The challenge of unexpected
- The challenge of redistribution

Ideal methodological starting points of an ex-post evaluation are clear objectives, target values and definition of target groups, at the beginning of programmes together with sound baseline data and useful indicators to measure quantitative and qualitative changes during and after programme implementation linked with a systematic outcome and impact monitoring system. Ideally comprehensible impact hypotheses are mapped out at the beginning of a programme, which may be changed during the various phases of the programme.

Both programmes covered several components over various phases and in various regions.

A first step of this evaluation will be to review the documents in order to

- retrace the main assumptions, hypotheses for the programmes as well as targets and indicators
- compile available quantitative data on the various programme components to have a general idea about the context and outreach of the programmes.

Interviews with key resource persons involved in the planning and implementation of the two programmes shall give the evaluators further information.

Based on this preparatory work and on the approach paper the evaluation team will write an inception report and suggest cases studies of the various programme components to follow the outcome and impact of some selected interventions in depth. The evaluation team will also present

a sound methodological framework which will allow reliable statements with regard to the key questions, taking into consideration the challenges of ex-post evaluations.

Availability of documents and resource persons will also be crucial for the selection of these case studies. The selection of in-depth case studies will be based on consultation with E+C, CLP, India Desk and Swiss Cooperation Office Delhi.

The involvement of beneficiaries / target groups is crucial to evaluate the impact of the programmes for their economic and social situation and livelihood strategies.

6.2 Main steps – Schedule

Activity	Date	Responsible
Selection of programmes	**September**	**E+C, desk India**
Draft Approach	**October 2007**	**E+C**
Call for Offers	**End of November 2007**	**E+C**
1st meeting CLP Head Office	**10. December 2007**	**E+C, CLPs**
Selection of Evaluation Team	**End of January**	**E+C**
Contracts signed with evaluators	**March 2008**	**E+C**
Documentary studies, Inception Report	**March 2008**	**Evauation Team**
2nd meeting CLP Head Office (Approach Workshop)	**April 4, 2008**	**E+C, CLP, teamleader**
Kick-off workshop in Delhi, finalisation of Approach Paper	**April 17, 2008**	**Evaluation Team, COOF**
Case studies	**May-July 2008**	**Evaluation Team (COOF India)**
End of mission workshop (India)	**July 28, 2008**	**Evaluation Team / COOF India / E+C**
Data analysis and writing draft report	**August, September 2008**	**Evaluation Team**
3rd CLP Meeting: Discussion of Draft Report	**September 25, 2008**	**E+C / CLP, Teamleader**
Final Report, incorporation of final comments	**October 24, 2008**	**Evaluation Team**
4th CLP Meeting: Discussion of Findings and Recommendations; Agreement at Completion Point	**November 2008**	**CLP / E+C**
COSTRA	**December 2008**	**COSTRA**
Publication	**January 2009**	**E+C**

6.3 Evaluation Team

There will be one evaluation team (mixed: international and local members). It will be up to the team leader to subdivide the team in sub-teams, each responsible for the evaluation of thematically focused programme components and selected case studies.

The team leader will be responsible for the harmonisation of the methodological approach to evaluate both programmes; same key questions with necessary adaptation to the specific case studies. The team leader is responsible for the supervision and coordination of the evaluation process and for the delivery of a consolidated evaluation report.

The evaluators are expected to have the following evaluation and subject matter expertise:

The team leader is expected to have:

- Experience as Team Leader (experience in steering complex processes, strong analytical and editorial skills and ability to synthesize)
- Substantial experience in ex-post evaluation, incl. methodology
- Up-to-date knowledge on development cooperation, including the more recent discourses on Managing for Development Results.
- Thematic Knowledge: small and medium enterprises / rural development / employment and income, Rural Finance/ human and institutional development
- Knowledge of Indian context and field (professional) experience in India

The local case study evaluators are expected to have

- Field experience
- Evaluation experience, sound methodological and analytical skills
- Sound knowledge of development of small and medium enterprises / rural development; employment and income; rural development
- Ability to work and write well in English

7. Reference Documents

(to be complemented by the evaluation team)

SDC India general:

- SDC India: annual programmes

- Transition Plan India 2007-2009

- Country Programme SDC India 2003-2010

- Country Programme for India 1996-2003

- Programme de la Cooperation Suisse avec l'Inde 1990-96 (document interne de travail de la DDA)

- Vision 2010 and beyond: SDC Partnership with India

SERI 2000:

Credit proposal:

Kreditantrag 001/97, Phase 1 (1.4.1997-31.3.2002)

SERI Strategy Document for a Transition cum Explatory Phase of SDC in Sericulture. November 11 2003 (incl. Change of credit duration No. 7F-02997.02)

External Evaluations/Reviews:

Mid-Term Review SERI 2000: Report on March 2000, by Wechsler Josef et al.

Internal Review:

SDC:SERI 2000: Forward Looking Review. April 2003

Agreements:

Agreement between THE SWISS FEDERAL COUNCIL AND THE GOVERNMENT OF THE REPUBLIC OF INDIA; SERI 2000 a collaborative sericulture development programme (April 1, 1997 – March 31, 2002) + 2 annexes (SERI 2000: Basic Programme Document / Structural Organigramme)

SERI 2000: Monitoring & Advisory Group (MAG):

Report of the Mission, May 11-20, 1998

Report of the Second Mission, November 2-16 1998

Notes for MAG III Mission, May 17-28, 1999

Report of the Fourth Mission, March 2-15 2000

Report of the Fifth Mission, October -17-23, November 2-10 2000 (Parts A-B-C)

SERI Programme Document of Seri 2000 after Re-Orientation, December 2000

Others:

Dr. D.V.Gopalappa, Associate Professor (Reader),Institute of Development Studies,University of Mysore, Mysore - 570 006: An Analysis of rainfed Sericulture and Sustainable Livelihood System from South Indian States. Sponsored by Swiss Agency for Development Cooperation (SDC) India October – 2005:

Seminar Report: Rainfed Sericulture – a Tool for Poverty Eradication. 12th Sept. 2006

SIDBI

Credit proposals:

Phase 1 (1993-1996)

Phase 1995-1996

Phase 3 (1996-2000)

SDC-SIDBI Collaboration Phase III: Project Document. 30.06.1996.

External Evaluations/Reviews:

Review of the SIDBI-SDC Collaboration: Phase 3, November 2000 + Annex II Review of the SDC SIDBI Collaboration – Extended phase III

Internal Review:

Review of the SDC SIDBI Collaboration – Extended phase III. 23.10.2003

EDA-New Delhi "30 years of SDC involvement with Rural Finance in India" (October 2007)

HID documents India/South Asia

HID Konzeptpapier (Human and Institutional Development; capacity building; focus in India)

Agreements:

Agreement between THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF SWITZERLAND on a Collaboration Programme between SDC and SIDBI; Phase I, April 1993 to March 1996.

Memorandum of Understanding (MoU) between SIDBI and SDC; Letter dated September 6, 1993

Agreement between THE GOVERNMENT OF THE SWISS CONFEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF INDIA concerning a project of technical collaboration with SIDBI; For the Phase III 01.01.1996 to 30.06.2000.

Memorandum of Understanding (MoU) between SIDBI and SDC regarding the extension of Phase III 01.07.2001 to 311.03.2004)

SDC Internal Communication:

Framework of collaboration between SDC-SIBDI in the next phase (beyond March 2004) Why, What and How? ANK/July3rd, 2003

Concept Note for Action-Research 2004-2006

Documents Joint Project Committee:

SIDBI-SDC Collaboration Phase –I&III

Joint Project Committeee (7th Meeting), April 09, 1996 (incl. minutes)

SIDBI-SDC Collaboration Phase –I&III

Joint Project Committeee (8th Meeting), February 25, 1997

SIDBI-SDC Collaboration Phase –I&III

Joint Project Committeee (9th Meeting),May 29, 1997 (incl. minutes)

SIDBI-SDC Collaboration Phase –I&III

Joint Project Committeee (10th Meeting), January 07, 1998 (incl. minutes)

SIDBI-SDC Collaboration Phase –I&III

Joint Project Committeee (11th Meeting), May 22, 1998 (incl. minutes)

SIDBI-SDC Collaboration Phase –I&III

Joint Project Committeee (12th Meeting), December 02, 1998 (incl minutes)

Others:

SIDBI: Organizing for the Challenges Ahead. Cultivating a Consensus for the Future of SSIs and Developing Mechanisms for Change Towards a 21st Century Organization. Draft Final Report of Phase 1 Work. July 1999. PARTHA GHOSH & ASSOCIATES.

General Information: “Sibdi, the premier Financial Institution for Small and Medium Industries Sector reaches out to the poor through the Micro Finance Scheme”

8. Resource Persons

A list of resource persons will be prepared by SDC Evaluation Unit together with the India Desk and Swiss Cooperation Office Delhi, including backstopping institutions, consulting services, partners and researchers engaged in the context of the two programmes.

Preliminary list:

Adrian Marti, Present SDC Deputy Country Director India

Régis Avanthay, Former SDC Deputy Country Director India

Erwin Bänteli, Former SDC Deputy Country Director, India

Serge Chapatte, Former SDC Country Director India, former Head of South Asia Division

Rudolf Dannecker, former SDC Country Director, India, then Vice Director SDC

Hansjürg Ambühl, (1994-1998 Programme Officer South Asia, India)

Urs Heierli, Former Senior Advisor Division Income & Employment, SDC

Kurt Vögele: Former SDC Country Director and Head of South Asia Division

Ajit Kanitkar, Former Programme Officer

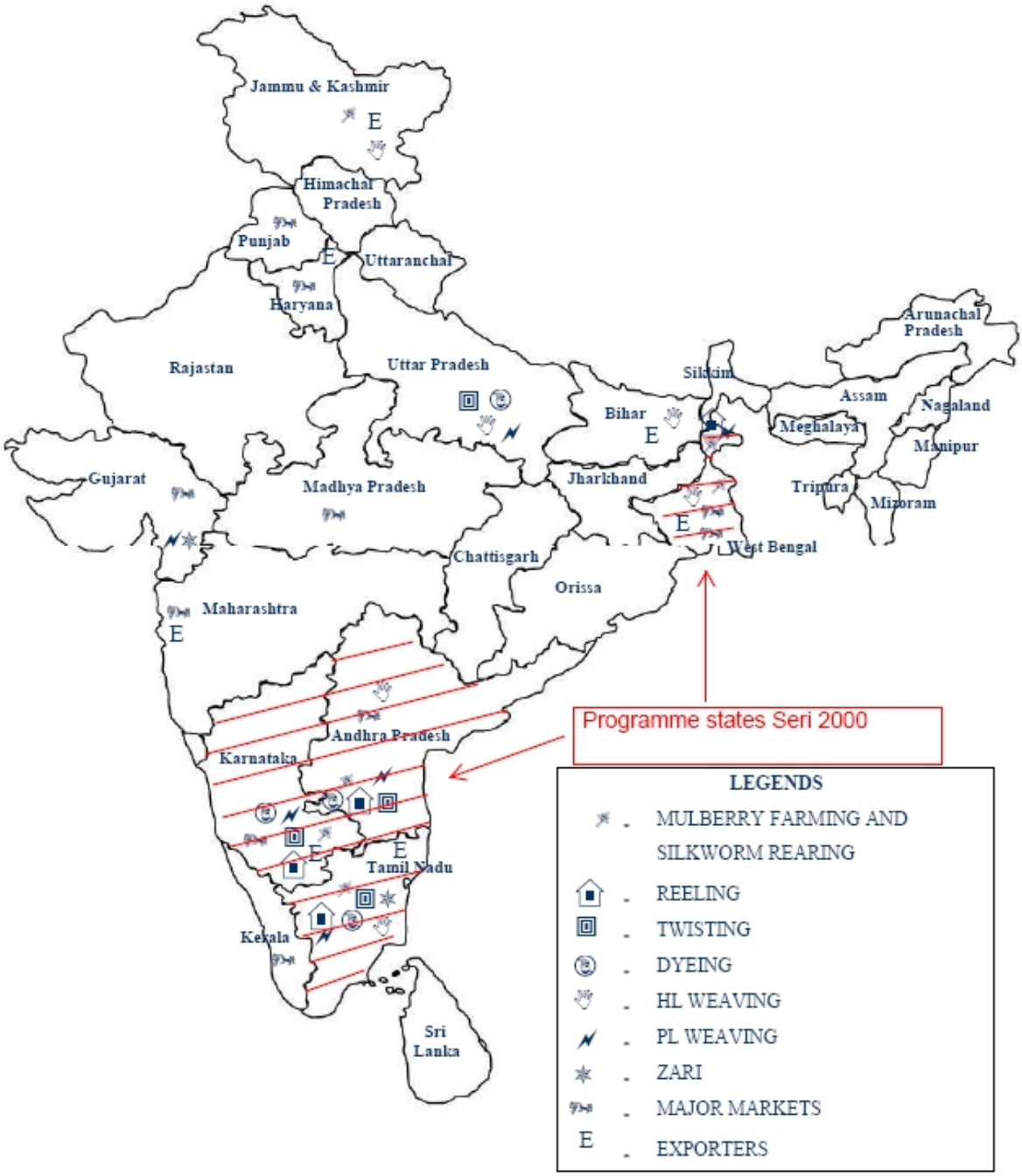
Mrs. Girija, Former SDC Programme Officer, long-term SDC Project Director Seri 2000,.

Bangalore Brij Mohan, Former Executive Director SIDBI

Narain, Former Chairman, Present management Team Sidbi (Chairmand-ED)

Mr. Subhash Jalora, ex NPO SDO-India, presently with HOLTEC

THE INDIAN MULBERRY SUB-SECTOR –
GEOGRAPHICAL DISPERSION OF PRIME ECONOMIC ACTIVITIES



Source: Delphi, Study of the Mulberry Sub-Sector in India for SCD, July 2003

TABLE 2G- EMPLOYMENT GENERATED FROM SERICULTURE & ALL MAJOR ECONOMIC ACTIVITIES IN THE INDIAN MULBERRY SUB-SECTOR PERIOD: 2001-02

EMPLOYMENT GENERATED ACROSS ALL ECONOMIC ACTIVITIES	Direct Employment (In Numbers)	Indirect Employment (In Numbers)	Total (In Numbers)
Individuals	1 644 310	786 367	2 430 677
Population	8 221 551	3 931 834	12 153 385

Source: Delphi Estimate

Note: These figures do not include employment generated at the trade and retail sale level for finished products.

TABLE 2H- BREAK-UP OF *DIRECT* EMPLOYMENT GENERATED BY TYPE OF ACTIVITY -INDIAN MULBERRY SUB-SECTOR- PERIOD: 2001-02

ACTIVITY	IN NUMBERS		%
	INDVDLS	POPLTN	
Mulberry Farming & Silkworm Rearing	827 227	4 136 134	51
Reeling	84,263	421,313	05
Twisting	105,384	526,918	06
Dyeing	3,240	16,200	NEGL-IGIBLE
Zari	148,701	743,505	09
Weaving- Handloom	440,101	2 200,506	27
Weaving-Powerloom	35,395	176,975	02
Total	**1 644 310**	**8 221 551**	**100**

Source: Delphi Estimate

The term "Individuals" denotes the individuals employed in each specific act ivity; while the term "Population" denotes the dependants or other members of the household supported by Individuals in each activity.

Source: Delphi, Study of the Mulberry Sub-Sector in India for SCD, July 2003

TABLE 21(3) - HISTORICAL TRENDS IN VALUE OF SILK EXPORTS 1996-2002

YEAR	VALUE (IN Rs. Crs)	% GROWTH
1996-97	983.03	
1997-98	1060.16	+ 08
1998-99	1250.55	+ 18
1999-2000	1755.42 (1501.78)	+40(+20)
2000-01	2401.42	+ 37
2001-02	2235.38	- 07

Source: Ministry of Textiles Annual Reports, DHCI&S, CSB

Handloom weaving in India: Value of Production

	in Rs	in % of total	SFr Million *)	in € Million *)
Cocoons	8.819.040.000	14,0%	282,84	169,1
Reeling	9.110.320.000	14,5%	292,18	174,7
Twisting	757.750.000	1,2%	24,30	14,5
Dyeing	628.810.000	1,0%	20,17	12,1
Saris	3.910.610.000	6,2%	125,42	75,0
Weaving	39.551.060.000	63,0%	1.268,48	758,6
Total	**62.777.590.000**	100%	**2.013**	**1.204**

Power loom:

Raw silk	59.740.000	0,2%	1,92	1,1
Twisting	970.000.000	4,0%	31,11	18,6
Dyeing	728.810.000	3,0%	23,37	14,0
Saris	725.300.000	3,0%	23,26	13,9
Weaving	21.598.460.000	89,7%	692,70	414,2
Total	24.082.310.000	**100%**	**772,36**	**462**
Total(hand-+power loom)	**86.859.900.000**		**2.786**	**1.666**

*) Exchange rate basis 2002 Source: Ministry of Textiles

TABLE 3A(I)- SHARES OF MAJOR STATES IN AREA UNDER MULBERRY AND COCOON PRODUCTION -2001-02

STATE	AREA UNDER MULBERRY		COCOONS PRODUCED	
	HECTARES	%	TONS	%
KARNATAKA	72,670	66	46,208	63
A.P.	13,564	12	12,035	16
TAMILNADU	8,537	05	5,294	07
WEST BENGAL	13,580	12	8,575	12
SUB-TOTAL	**108,351**	**98**	**72,112**	**98**
OTHERS	2,211	02	1,472	02
TOTAL	**110,562**	**100**	**73,584**	**100**

Source : Delphi Estimate

TABLE 3A(2)- DISTRIBUTION BY TYPE OF FARMERS -2001-02

TYPE OF FARMER	NUMBER	% OF FARMERS
Marginal	116,808	44
Small	117,611	45
Others	28,265	11
Total	**262,684**	**100**

Source : Delphi Estimate

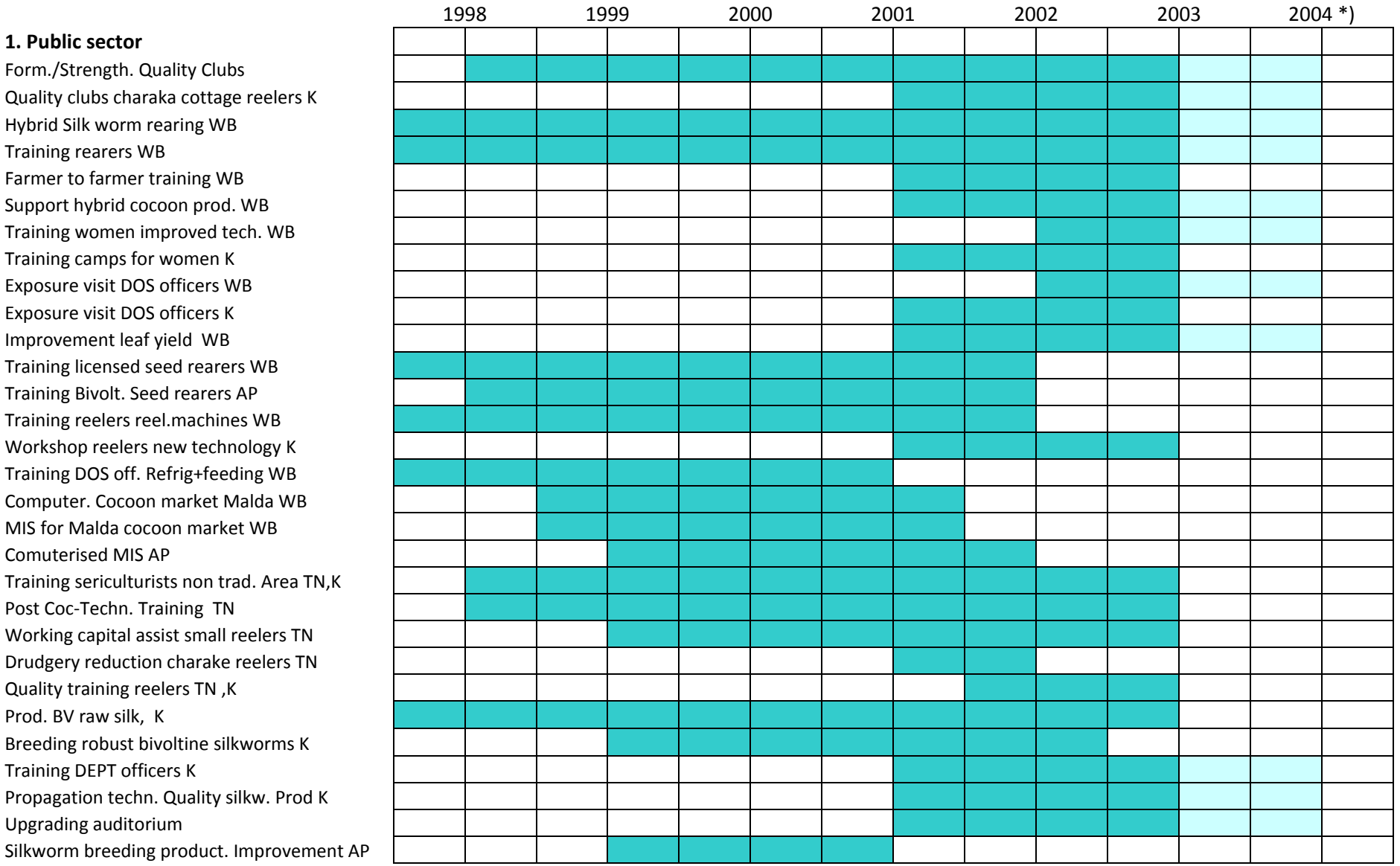
TABLE 3A(7)- REALISTIC ESTIMATES OF COCOON PRODUCTION BETWEEN 1990-91 AND 2001-02

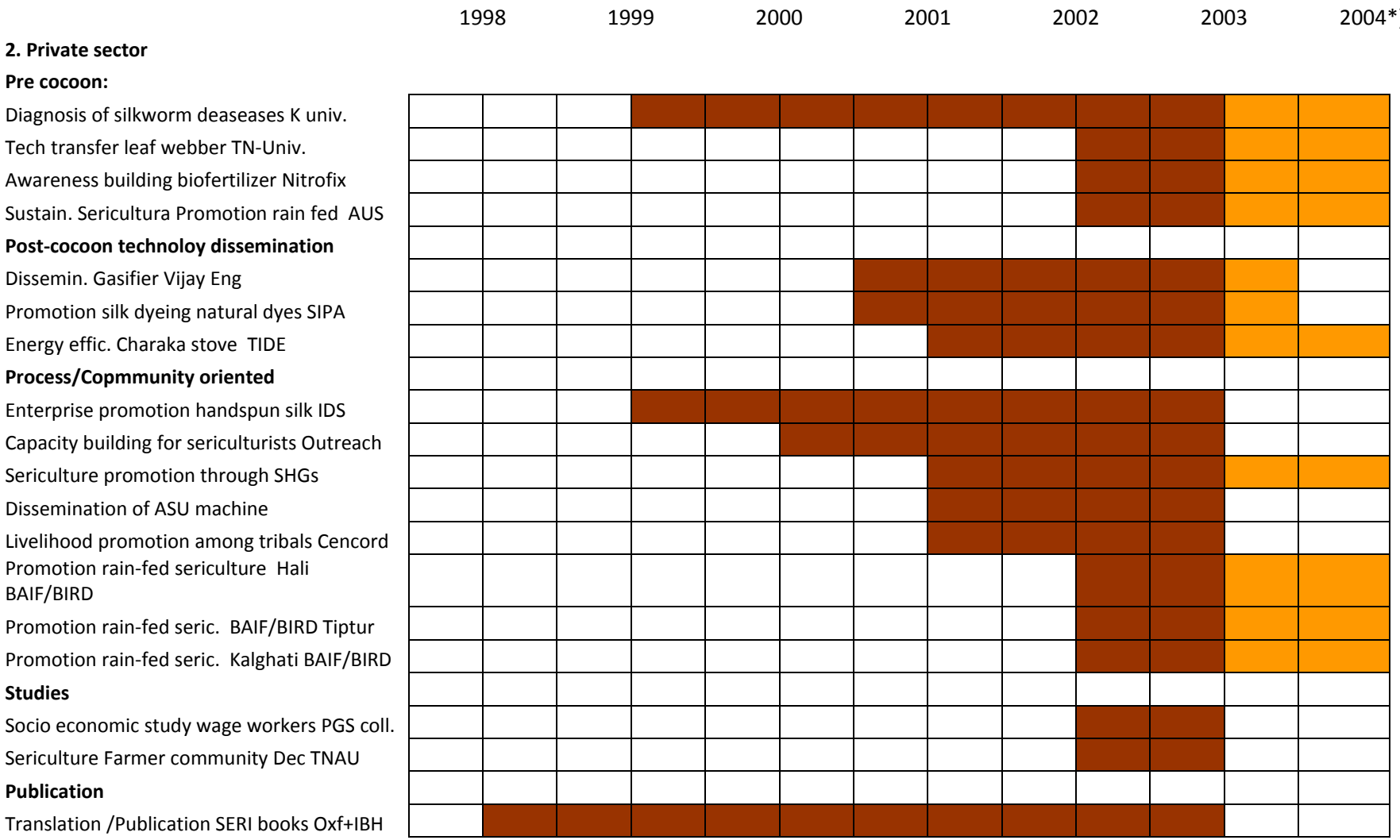
(QUANTITY IN TONS)

YEAR	KAR-NATAKA	A.P.	T.NADU	W.B.	OTHERS	ALL INDIA
1990-91	45,121	9,313	4,720	6,468	1,339	66,961
1991-92	34,996	8,110	5,228	7,404	1,137	56,875
1992-93	43,516	9,669	5,640	7,519	1,354	67,698
1993-94	44,716	8,334	5,203	7,411	1,340	67,004
1994-95	48,407	7,664	5,013	7,985	1,409	70,478
1995-96	43,791	7,385	6,152	7,301	1,319	65,948
1996-97	43,620	7,433	5,513	7,603	1,310	65,479
1997-98	51,550	7,939	5,135	8,280	1,488	74,391
1998-99	43,910	9,054	5,220	8,300	1,357	67,841
1999-2000	45,722	9,574	5,066	8,450	1,405	70,217
2000-01	47,097	10,542	4,624	8,500	1,444	72,208
2001-02	46,208	12,035	5,294	8,575	1,472	75,584

Source: Delphi, Study of the Mulberry Sub-Sector in India for SCD, July 2003

SERI 2000: Project distribution between 1998 and 2004





Source: Report of the Monitoring Mission , June 17th 2003 K= Karnataka, AP =Andrah Pradesh WP 0West Bengal TN =Tamil Nadu

*) For projects with projected completion date in 2004 the completion date was revised in 2003 to July 31, 2003

SERI 2000: List of persons contacted by the research team

Silk Board

Ms. Satyavathi, member Secretary Central Silk Board, Bangalore

Dr. Shetty, asst.secretary, Central Silk Board, Bangalore

Departments of Sericulture (DOS)

Dr. H. Bhaskar, IAS, Commissioner for Sericulture DOS – Karnataka, Bangalore

Mr. Harminder Singh IAS, Commissioner for Sericulture DOS, Tamil Nadu, Salem

Dr. K.M. Abdul Kadir, Dept. of Sericulture, Karnataka

Mr. Chokkalingam, asst. director Dos TN, Salem, Tamilnadu

Mr. Jayakumar, asst. director DOS– Hosur, Tamilnadu

Mr. A. Venugopal, asst. director Dos TN, Dharampuri, Tamilnadu

Mr. C. Mani, inspector of sericulture, Dharampuri, Tamilnadu

Mr. K. Raghavendra, reeling extension officer, Dharmpuri, Tamilnadu

Mr.K. S Kumargura, asst. inspector of sericulture, Dharampuri, Tamilnadu

Mr. K.N. Janardhan Murthy, assistant director of sericuture, Sidlagatta, Karnataka

Mr. Krishnamurthy Rao, retired inspector of sericulture, Sidlagatta, Karnataka.

Mr. D.h. Lingappa, assistant director of sericulure, Tiptur, Karnataka

Consultants and Intermediaries

Dr. Sheshgiri Rao, consultant, Baif, Tiptur, Karnataka.

Mr. Rao, Director, APSSRDI,Hindupur, Andhra Pradesh

Dr. V. Shivaparsad, Scientist, APPSRDI, Hindupur, Andhra Pradesh

Mr. Reddy, assistant director of sericulture, Nalgonda, Andhra Pradesh.

Dr. C. Ravikumar – exec director, Outreach**,** Bangalore

Mr. Arul Sami, senior programme officer, Outreach**,** Bangalore

Dr. K.P. Chinnaswamy, deputy registrar, former principal investigator and project leader University of Agricultural Sciences, Bangalore

Dr. Reddy, executive director, Bird-K, (BAIF), Tiptur, District Tumkur, Karnataka

Dr. Hugar, project officer, Bird-K, (BAIF), Tiptur, District Tumkur, Karnataka

Mr. Nikhil Prabhu, managing director DELPHI research services

S.N. Srinivas, TERI, Bangalore (Currently In UNDP – Delhi)

Dr. Vijayakumar (currently Principal Army Inst. of Fashion Technology)

Prof T. R. Ramachandran PSG College of Engineering, Coimbatore, Tamilnadu

Mr. Muthuraman, KOVAI hi-tech engineering, Coimbatore, Tamilnadu

Mr. B.I. Parthasarathy (was heading the MAG for SERI 2000 – currently in BASIX, Hyderabad)

Ms. Girija H.R, ex-programme director, SERI 2000, Bangalore

Officials of NGO NP, Kanchipuram, Tamilnadu

Final target group (sericulturists, reelers, weavers and dyers, seed producers, SQC-members, children and mothers in moonlight schools etc.)

Mr. Sadashiva Reddy, silkworm seed producer and collaborator for testing improved silkworm varieties, Agraampalli, district Annatapur, Andhra Pradesh.

Sericulturists (n=14), Village Kalanhundi, District Chamrajnagar, Karnataka

Members and Office Bearers of SERCULTURE QUALITY CLUB, (n=16) Village Nadupatti, District Dharampuri, Tamilnadu

Mr. Veerakumar, technical officer, Bongir Govt. Farm, District Nalgonda, Andhra Pradesh

Buyers and sellers of cocoons, cocoon market, (group interviews with varying numbers during discussion, approx. 15-20) Sidelgetta and Vijapura, District Chikbalapur, Karnataka

Buyers and sellers of cocoon, cocoon market, (group interviews with varying numbers during discussion, approx. 15-20) Dharampuri, Tamilnadu

Reelers (n=5) plus reeling workers (group interviews, approx. 15) in Sidellgetta and Vijapura. District Chikbalapur, Karnataka

Dyers (n=9) and weavers (n=6) in Aler and Pocchampalli, District Nalgonda, Andhra Pradesh

Mr. Murlidhara, Y.K. fabricator (manufacturer of energy efficient ovens), Virapuram, District, Chikbalapur, Karnataka.

Mr. Somarushi, Y. Shivaam industries, Aler, District Nalgonda, Andhra Pradesh

Members (11) and office bearers (2) of Sericulture Quality Club, Village Kallankeri, district Tumkur, Karnataka

Members and office bearers of of Sericulture Quality Club, small village in district Chikbalapur., Karnataka (number not reported)

Children Studying In Moonlight Schools (n=25), Kanchipuram, Tamilnadu

Teachers (n=4), moonlight schools, Kanchipuram, Tamilnadu

Members of mothers' NGO (n=2), Kanchipuram, Tamilnadu

Sericulturists plus sericulture workers (n=9), rain fed area, Balvanarlu Village, Tiptur, Karnataka

Sericulturists plus sericulture workers (n=11), rain fed area, Thamanadichalli Village, Tiptur, Karnataka

Members and office bearers of sericulture quality club, village Siddangotrai, District Dharampuri, Tamilnadu, (approximately n= 10-15)

Exchange rates during project execution

(annual averages)

	Rs/USD	USD/EUR	CHF/USD	Rs/CHF	RS/EUR
1993	30.493		1.4776	20.637	
1994	31.37		1.3677	22.936	
1995	32.42		1.1825	27.416	
1996	35.4		1.236	28.641	
1997	36.3	1.1114	1.4513	25.012	40.34
1998	41.3	1.1114	1.4498	28.487	45.90
1999	43.0	0.9386	1.5022	28.625	40.36
2000	44.9	1.085	1.6888	26.587	48.72
2001	47.2	1.1175	1.6876	27.969	52.75
2002	48.6	1.0626	1.5586	31.182	51.64
2003	47.5	1.263	1.9676	24.141	59.99
2004	46.3	1.3621	2.1220	21.819	63.07
2005	44.2	1.1797	1.8379	24.050	52.14

Average 1998-2003-04 (Seri project time span)		27.832
Average 1994-2004 (SIDBI project time span)		26.619
	phase 1 SIDBI (93-95)	23.663
	phase 2 SIDBI (95-96)	28.029
	phase 3 SIDBI (96-04)	26.940

Sources: IMF International Financial Statistics, European Central Bank

SIDBI - SDC Collaboration

Visit plan of the team

No.	Name of Centre	Date	Name of the person / agency	Subject matter
1	Lucknow	14.05.08	SIDBI Office	Interaction with 1. Shri N K Maini, CGM 2. Shri B K Bose, GM and 3. Other officers received training under HID component.
		15.05.08	SIDBI Office	Interaction with other officers received training under HID component. Studying Evaluation Reports
			CIMAP, Near Kukrail	Interaction with Dr. A K Singh and Dr. Behl (94150-10813)
		16.05.08	SIDBI Office	a) Interaction with other officers received training under HID component. b) Interaction with GDS, RDC-North
		17.05.08	Meeting with Dr. Amrita Das	Marketing component
			Visit to Rae Bareli	RIP in rae Bareli - Interaction with EDII and units.
		18.05.08		
2	Mumbai	21.05.08	Shri N. Raman, CGM	Interaction on training programme on HID and corpus support to NMIMS.
			Shri R Rewari, DMD	Interaction on SIDBI - SDC Collaboration
		22.05.08	Visit to NMIMS	A) On corpus support to NMIMS for SIMAP & STUP B) Meeting with Dr. Shailendra Narain, Ex-CMD, SIDBI subject to his availability and convenience.
		23.05.08	Interactions at SIDBI, Mumbai	a) Interaction with other officers received training under HID component. b) Marketing units assisted under collaboration

3	Hyderabad	26.05.08	Visit to APITCO	Interaction with Shri I D Prasad, Sr. Consultant on RIP in Andhra Pradesh
		27.05.08	Visit to RIP units	Units assisted by APITCO in Karimnagar
		28.05.08	Visit to NIRD	Interaction with Dr. Purushottam and Dr. Sudhakar
4	Coimbatore	29.05.08	Visit to SIDBI, Coimbatore Office	Marketing component A) Visit to CODISSIA B) Other assisted units
		30.05.08	Visit to units	Other assisted units
5	Hazaribagh and Muzaffarpur	02.06.08 to 04.06.08 05 & 06 June 08	Visit to NBJK, Hazaribagh / Koderma Muzaffarpur	Interaction with RIP agency and assisted units Interaction with EDP assisted units
6	Delhi	12.06.08	Shri S V G Nandagopal. CGM	Interaction on Marketing units
			Meeting with Shri R M Malla, CMD, SIDBI	On SIDBI-SDC Collaboration
		13-06-08	Meeting with Dr. Jain, Professor, IIT, Delhi	Corpus support to IIT, Delhi
			Meeting with A) Dun & Bradstreet (D&B) B) Dr. Biswajit Sen	Marketing component
		14.06.08	Meeting with Shri Sanjay Sinha, EDA Rural System, Gurgaon	RIP in Mujaffarpur, Bihar & Mursidabad, West Bengal and RDC, Eastern Zone
7	Bangalore	18-06-08	Shri R Dharmaji, GM, SIDBI	Marketing component
		19.06.08	Visit to NULLI and other assisted units	Marketing component
		20.06.08	Visit to AWAKE	RIP agency and units

List of Persons contacted by Evaluation Team during field visits

S.No.	Name	Designation	Organisation	Place
1	Mr. R.N. Malla	Chairman	SIDBI	Luknow
2	Mr. R.R. Rewari	Dy Managing Director	SIDBI	Mumbai
3	Mr. Seth	Dy Managing Director	SIDBI	Luknow
4	Mr. N.K. Maini	Chief General Manager	SIDBI	Luknow
5	Mr. Bijay Kumar Bose	General Manager	SIDBI	Luknow
6	Mr. Bhargwa	General Manager	SIDBI	Luknow
7	Mr. Nair	General Manager	SIDBI	Luknow
8	Mr. Surendra Shrivastav	Dy General Manager	SIDBI	Luknow
9	Mr. Vibhuti	Manager	SIDBI	Luknow
10	Mr. Chandak	Assistant General Manager	SIDBI	Luknow
11	Mr. Rudran	Chief General Manager	SIDBI	Mumbai
12	Mr. Raman	Chief General Manager	SIDBI	Mumbai
13	Mr. Dharam Prakash	Chief General Manager	SIDBI	Mumbai
14	Mr. U.J. Lalwani	General Manager	SIDBI	Mumbai
15	Mr. Mahalwar	General Manager	SIDBI	Mumbai
16	Mr. Sandeep Verma	Dy General Manager	SIDBI	Mumbai
17	Mr. Manish Sinha	Dy General Manager	SIDBI	Mumbai
18	Mr. S.S. Mirashri	Dy General Manager	SIDBI	Mumbai
19	Mr. Rahul Priydarshi	Dy General Manager	SIDBI	Mumbai
20	Mr. M. Subrhamanian	General Manager	SIDBI	Hyderabad
21	Mr. Chopra	Assitant General Manager	SIDBI	Hyderabad
22	Mr. Prasad	Assitant General Manager	SIDBI	Hyderabad
22	Mr. Narjharee	General Manager	SIDBI	Coimbotore
23	Mr. V. Sravan Kumar	Assitant General Manager	SIDBI	Coimbotore
24	Mr. A. Karunagaran	Assistant General Manager	SIDBI	Patna
25	Mr. Praveen Bhardwaj	Manager	SIDBI	Patna
26	Mr. T.H.R. Samad	Dy General Manager	SIDBI	Ranchi
27	Mr. Ramesh Dharamji	General Manager	SIDBI	Bangalore
28	Ms. Das	Dy General Manager	SIDBI	Bangalore
29	Ms. Jyothi	Assistant Manager	SIDBI	Bangalore
30	Mr. Kanan	Assistant Manager	SIDBI	Bangalore
31	Mr. S.V.G. NandaGopal	Chief Manager	SIDBI	New Delhi
32	Mr. Aditya Mishra	Assitant General Manager	SIDBI	New Delhi
33	Mr. Jairath	Dy General Manager	SIDBI	New Delhi
34	Mr. Praveen Bhardwaj	Manager	SIDBI	Patna
35	Dr. Singh	Director	CIMAP	Luknow
36	Dr. Singh	Head , Extension	CIMAP	Luknow
37	Dr. Bahl	Professor	CIMAP	Luknow
38	Dr. Ashok Kumar	Professor	CIMAP	Luknow
39	Dr. Sanjay	Asstt. Professor	CIMAP	Luknow
40	Dr. R.P. Yadav	Asstt. Professor	CIMAP	Luknow

S.No.	Name	Designation	Organisation	Place
41	Dr. Aravind Sahay	Project Manager	EDI	Luknow
42	Ms. Amrita Das	Free Lance Consultant	Institute of Career Studies	Luknow
43	Prof Dr. Purushottam	Professor	NIRD	Hyderabad
44	Dr. Shankar Chatterji	Asstt. Professor	NIRD	Hyderabad
45	Mr. S. Sriniwas Rao	Managing Director	APITCO	Hyderabad
46	Mr .I.D. Prasad	Chief Consultant	APITCO	Hyderabad
47	Mr. Raghu	Consultant	APITCO	Hyderabad
48	Mr. Rajendra Prasad	Project Manager	APITCO	Hyderabad
49	Mr. Naveen	Project Manager	APITCO	Hyderabad
50	Dr. Sujata Mukharji	Asstt. Professor	NMIMS University	Mumbai
51	Dr. Animesh Bahadur	Asstt. Professor	NMIMS University	Mumbai
52		Professor	NMIMS University	Mumbai
53	Dr. S.K. Jain	Professor, Department of Management Studies	IIT Delhi	New Delhi
54	Arvind Raghav	Head Risk Management Solutions	Dun & Bradstreet Information Services India Pvt. Ltd	New Delhi
55	C. Muthusami	President	COIDISSIA	Coimbatore
56	K V Ganpathi	Secretary	COIDISSIA	Coimbatore
57	Uma Reddy	President	CLIK	Bangalore
58	Ms. Ruparani Ravindran	Chairperson , Business Counselling	AWAKE	Bangalore
59	Ms. Srikala Kadidal	Regional Coordinator	Export Promotion Council for Handicrafts	Bangalore
60	Mr. K Rama Rao	Branch Manager	State Bank of Hyderabad	Warangal
61	Mr. M. Chidambaram	Project Manager	SAMPARK	Bangalore
62	Mr. Ashok Kumar	Director , BDS & Enterprise Promotion	EDA Rural Systems Pvt. Ltd	Patna
63	Mr. Joginder Kumar	Senior Executive	EDA Rural Systems Pvt. Ltd	Muzaffarpur
64	Mr. Shashi Bhushan	Executive	EDA Rural Systems Pvt. Ltd	Muzaffarpur
65	Mr. Ravi Singh	Programme Coordinator	EDA Rural Systems Pvt. Lt	Muzaffarpur
66	Mr. Satish Girija	Secretary	NBJK	Hazaribagh
67	Mr. Dhananjay	Programme Coordinator	NBJK	Hazaribagh
68	Mr. Rakesh Gyani	Senior Programme Coordinator	NBJK	Hazaribagh

S.No.	Name	Designation	Organisation	Place
69	Mr. A. Pandey	Programme Coordinator	NBJK	Hazaribagh
70	Mr. K. Srinvasa Raghvan	Sr. Manager Finance	CRI Pumps Pvt. Ltd.	Coimbatore
71	C. Velumani	Chairman	CRI Pumps Pvt. Ltd	Coimbaotre
72	Francois E. Binder	Counsellor & Country Director	SDC	New Delhi
73	Adrian Marti	Deputy Country Director	SDC	New Delhi
74	Dr. Veena Joshi	Team Leader	SDC	New Delhi
75	Mr. Suresh Kennith	Programme Officer	SDC	New Delhi
76	Dr. N. Jagannath	Senior Programme Officer	SDC	New Delhi

List of RIP Units visited

S.No.	Name	Designation	Organisation /Unit	Place
1	Mr. Md. Hussain	Proprietor	Fabrication / Welding	Raibareli
2	Mr. Zafar Khan	Proprietor	Repairing of Electrical Appliances	
3	Mr. Mukesh Pandey	Proprietor	Oil Mill	
4	Mr. Mahesh Prakash	Proprietor	Photocopier	
5	Mr. G. Suresh	Proprietor	Fabrication Unit	Warangal
6	Mr. J. Ravish	Proprietor	Welding unit	
7	Mr. B. Sridhar	Proprietor	Himgiri Polymers	
8	Mr. Sd. Junaid Nazar	Proprietor	Sonaben Creation	
9	Mr. S.K. Zakir Mouiddin	Proprietor	Hamsa Food	
10	Smt. Guda Sridevi	Proprietor	Himgiri Spices	
11	Mr. Somesh Rao	Proprietor	DTP Centre	
12	Mr. R. Kumar	Proprietor	Bakery Unit	Karim Nagar
13	Mr. Hussain	Proprietor	Fabrication Unit	
14	Mr. G. Ganeshan	Proprietor	Readymade Garments	
15	Mr. Md. Gaffar	Proprietor	Readymade garments	
16	Mr. Ram Prasad	Proprietor	Honey Processing Units	Muzzafpur
17	Mr. Raghuvir Prasad	Proprietor	Honey Processing Units	
18	Mr. Raghav Prasad	Proprietor	Honey Processing Units	
19	Mr. Ram vilas Prasad	Proprietor	Honey Processing Units	
20	Mr. Nagendra Prasad	Proprietor	Honey Processing Units	
21	Mr. Jaganlal Prasad	Proprietor	Honey Processing Units	
22	Mr. Bankebihari Pandey	Proprietor	Honey Processing Units	
23	Mr. Raghuvir Prasad	Proprietor	Honey Processing Units	
24	Mr. Mohan Pandey	Proprietor	Honey Processing Units	
25	Mr. R Prasad	Proprietor	Honey Processing Units	
26	Mr. J.B. Pandey	Proprietor	Honey Processing Units	
27	Mr. Jaganath Prasad	Proprietor	Honey Processing Units	
28	Mr. J.B. Pandey	Proprietor	Honey Processing Units	
29	Mr. Mahavir Prasad	Proprietor	Honey Processing Units	
30	Mr. Ram kumar	Proprietor	Honey Processing Units	
31	Mr. Mahesh Prasad	Proprietor	Honey Processing Units	
32	Mr. Mahesh Prasad	Proprietor	Honey Processing Units	
33	Mr. Eshwar Prasad	Proprietor	Honey Processing Units	
34	Mr. Kamal Prasad	Proprietor	Honey Processing Units	
35	Mr. Mukal Prasad	Proprietor	Honey Processing Units	Muzzafpur

S.No.	Name	Designation	Organisation /Unit	Place
36	Mr. Jatanlal Prasad	Proprietor	Honey Processing Units	
37	Mr. Pannalal Prasad	Proprietor	Honey Processing Units	
38	Mr. Rajesh Kumar	Proprietor	Fabrication Unit	Hazari bagh
39	Mr. Ghulam Zilani	Proprietor	Fabrication unit	
40	Mr. Mohammad Hussain	Proprietor	Electrical Repairing unit	
41	Vijay Kumar Kushwah	Proprietor	Welding Unit	
42	Mr. Nizamuddin	Proprietor	Shoe Manufacturing	
43	Mr. Ram Kumar	Proprietor	Welding unit	
44	Mr. Kamleshwar Prasad	Proprietor	Bronze Utensils (Cluster unit)	Vishwagarh, Hazaribagh
45	Mr. Laxman Prasad	Proprietor	Bronze Utensils (Cluster Unit)	
46	Mr. S. Prasad	Proprietor	Bronze Utensils (Cluster Unit)	
47	Mr. Kedar Sri	Proprietor	Bronze Utensils (Cluster Unit)	
48	Mr. Janak Sri	Proprietor	Bronze Utensils (Cluster Unit)	Vishwagarh, Hazaribagh
49	Mr. Ram Sri	Proprietor	Bronze Utensils (Cluster Unit)	
50	Mr. Ravi Prasad Pandey	Proprietor	Bronze Utensils (Cluster Unit)	
51	Mr. Raj Kumar Pandey	Proprietor	Bronze Utensils (Cluster Unit)	
52	Mr. Kamlesh Pandey	Proprietor	Bronze Utensils (Cluster Unit)	
53	Mr. Santosh Pandey	Proprietor	Bronze Utensils	
54	Smt. Rukmani	Proprietor	Stitching unit	Ananthpur
55	Smt. Saraswati	Proprietor	Readymade garment Unit	
56	Smt. Ragami	Proprietor	Stitching unit	
57	Smt. Dulari	Proprietor	Stitching unit	
58	Smt G.Ravi	Proprietor	Readymade garment unit	
59	Smt. Guda devi	Proprietor	Spice Unit	
60	Mr. Ajay prasad	Proprietor	Readymade garment unit	
61	Mr. Raju	Proprietor	Silk weaving unit	
62	Smt. Mala Rao	Proprietor	Stitching unit	
63	Smt. Ramadevi	Proprietor	Stitching unit	
64	Mr. Ramarao	Proprietor	Photo colour lab	
65	Smt. Ravethi	Proprietor	Stitching unit	
66	Smt. Sita raju	Proprietor	Stitching unit	Putaaparthi
67	Smt. Savita rao	Proprietor	Stitching unit	
68	Smt. Kaveri	Proprietor	Stitching unit	Ananthpur
69	Mr. Kavishwar Rao	Proprietor	Kids wear stitching unit	
70	Mr. Ravindra	Proprietor	Kids wear stitching unit	
71	Smt. Rajni	Proprietor	Silk Saree Weaving	Dharmavaram
72	Mr. Ramesh rao	Proprietor	Silk saree weaving	
73	Mr. Rajeshwar	Proprietor	Silk Saree weaving	
74	Smt. Laxmidevi	Proprietor	Silk Saree weaving	
75	Smt. Rageswari	Proprietor	Stitching unit	

S.No.	Name	Designation	Organisation /Unit	Place
76	Mr. Md. Abdul	Proprietor	Stitching unit	
77	Smt. Kalandi	Proprietor	Readymade garments unit	
78	Mr. S. Ganesh	Proprietor	Artificial jewellery unit	
79	Mr. Ravi	Proprietor	Readymade garments unit	
80	Smt. Dhanlaxmi	Proprietor	Readymade garments unit	
81	Mr. Raj Reddy	Proprietor	Silk Saree Weaving unit	
82	Mr. V. Suresh	Proprietor	Silk Saree weaving unit	

Achievements under Technology Upgradation Programme (CTUP)

- over 20 cluster interventions made in 13 states between 1990-2000;
- moderately successful interventions in foundry, bicycle components, scientific instruments, power-loom, brass and bell metal, lock industry and sea food industry clusters;
- focused attention given to foundry cluster in Howrah, bicycle components in Ludhiana, utensils in Jagadhri.
- a programme for Cluster Change Agents was organised by UNIDO at EDII, Ahmedabad.

Achievements under Environment Management which was also supported under CTUP

- 14 demonstration projects established in 10 sectors in Punjab;
- 4 projects facilitated for conversion of Municipal Solid waste into compost in Andhra Pradesh;
- 2 demonstration projects funded for treatment of waste water at Tirupur.

SIDBI - Cluster Intervention (after termination of the SDC programme)

- In the Cluster of **hand printing and dyeing units, Sanganer and Bagru** near Jaipur in Rajasthan, a number of interventions have been made. These include :
- Development of a Dhabu Pasting Machine to replace the manual process of making paste used in printing process.
- Extensive inputs on current designs through the National Institute of Design and independent professional designers.
- Support for buyer-seller meet and participation in international /domestic trade fairs and strengthening marketing channels.
- The modernisation programme in the **bicycle cluster in Ludhiana** resulted in an increase in production level by 20 - 200 per cent along with the reduction in process cycle time, rejection rates and reduction in raw material wastage. The units covered recorded a saving of Rs.110 lakh per annum.
- The intervention in the **foundry cluster in Howrah** resulted in reduction of pollution level of Suspended Particulate Matter (SPM) levels by 75-80 per cent and saving of Rs. 20,000 per month per unit in coal consumption.
- In the **utensil cluster at Jagadhri** in Haryana the introduction of improved design furnace resulted in a reduction in wood consumption by 90 kg per tonne metal of annealed. In monetary terms, a saving of Rs. 80,000 per unit per annum was achieved with an investment of only Rs.45,000.
- In the **scientific instruments cluster at Ambala**, the turnover of the units has gone up by a significant 25%. The rejection rate has reduced from an average of 10-25% to 4-5% indicating significant savings in material, labour and processing costs.

Besides, the following clusters were supported on need basis:

- CII was assisted Rs. 0450 Million for Balasore, Orissa cluster to enhance competitiveness of 10 SMEs in manufacturing sector through improvements in production / processes / energy usage /quality /cost effectiveness.

- Similarly CII was supported for industry neutral cluster development programme covering 12 SMEs in Jaipur.
- CII was also supported to conduct a programme at Ambattur Indl. Estate under the Manufacturing Excellence Intervention covering 10 SSI units.
- Coimbatore Wetgrinder Manufacturers Association (COWMA) was sanctioned Rs. 0.125 Million towards SIDBI contribution for creating a corpus for the benefit of 10 members under Mutual Credit Guarantee Fund arrangement.
- UNIDO was assisted for energy audit and study of 19 SSI units in hand tools cluster of Nagaur in association with NITRA.
- UNIDO was supported for conducting energy audit and organising workshop on packaging for hand tools units at Jalandhar.
- The Sports Good Manufacturers and Exporters Association (SGMEA), Jalandhar was supported for organising International Buyer-Seller Meet at Sports Cluster, Jalandhar.
- The Bank provided grant assistance of Rs.5.0 Million to UNIDO for supporting various programmes under National Programme for Development of Toy Industry which is a joint initiative of UNIDO-GOI.
- Indian Institute of Foreign Trade, New Delhi was provided assistance of Rs.0.7 Million for positioning experts to provide business development services to SSI units in 14 clusters.
- CII was supported for implementation of best practices and waste elimination in 5 units of Engg. Cluster in Govindpura Engg Cluster, Bhopal.

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SIDBI

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Bijay Kumar, Bose, General Manager
Surendra Srivastava, Dept. Manager (Training)
B.L. Chandak Dy. General Manager (Personnel)
Sunil Khumar Bibhuty, Manager
Ramesh Dharmaji, General Manager
Brij Mohan, former Chairman SIDBI(resource person)

SIDBI related contacts

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SERI 2000 related contacts

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K. Deykumar Siriskar, Dep. Director, Sidlagatta, Cocoon market
Rearers (farmers) of Sidlagatta 10 woman, 12 men
K. Anjanappa, Sri Anjaneyaswamy Grainage
Anjineja Swasny quality club, Bodagar, Sidlagatta,
Farmers in Tiptur area, Hosur and Dharmapuri,
Y.A. Thakur, Director, BAIT
Dr. Reddy, vice president BAIT
H.K. Suresh, SLN Chawki Center Hittaladalli, Karnataka
Sericulture quality club of Ti-halli SHG: 45 members (3 groups af 15 members, men and women) 80 000 Rs Savings, 150 000
B.L. Parthasarathy, Senior Vice President BASIX
Arul Swamy, Senior Program Officer, Outreach
K.K. Shetty, Deputy Secratary Central Silk Board Bangalore
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General contacts (SERI 2000 and SIDBI)

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