



Intervention report

MSE forums in Kurunegala, Puttalam, Anuradhapura and Polonnaruwa



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Table of Contents

1.	Introduction and background	2
2.	Enter-Growth plan	3
3.	What actually happened	4
4.	First signs of impact	7
5.	Learning, conclusions and next steps	12

Abbreviations and terms

BDS	Business Development Services
CBO	Community Based Organizations
DS	Divisional Secretariat
EDB	Export Development Board
Enter-Growth	Enterprise Development for Pro-poor Growth, project by the ILO
FCCISL	Federation of Chambers of Commerce and Industry of Sri Lanka
GA	Government Agent (= District Secretary)
ILO	International Labour Organization (UN)
IFAD	International Fund for Agricultural Development (UN)
JBIC	Japan Bank of International Cooperation
KAB	Know About Business
HNB	Hatton National Bank
ISB	Industrial Services Bureau
LOCA	Local Competitive Advantage
LVCD	Local Value Chain Development
MSE	Micro and Small Enterprise
NGO	Non Governmental Organization
SBA	Small Business Association
SEDD	Small Enterprise Development Division
SIYB	Start and Improve Your Business

1. Introduction and background

The ILO Enter-Growth in Sri Lanka project aims to contribute to pro-poor economic growth and quality employment for women and men, through an integrated program for development of micro and small enterprises. In doing so, Enter-Growth supports the implementation of the Sri Lankan government's strategy for poverty reduction. It aims at generating quality employment for women and men through integrated MSE development programs.

The Enter-Growth project targets four districts with a high incidence of poverty in Sri Lanka: Kurunegala, Polonnaruwa, Anuradhapura and Puttalam. Its strategy is to identify challenges which MSEs are facing and bottlenecks to their growth and then to facilitate the search for solutions. It also aims to address issues at national level to enhance impact in the districts. By translating lessons learnt in the districts to the national policy level as well as other parts of the country, it envisages to promote dialogue between the national government and districts and vice versa.

To do so, representatives of private sector, local government as well as NGOs at district level are brought together in a forum so that they can guide, support and coordinate MSE development related activities in the districts. These multi-stakeholder forums are called MSE forums. In one district, Polonnaruwa, the forum re-named itself District Enterprise Forum.

Reasons for establishing MSE forums

The MSE forums were established in 2005/2006 to create a platform for all actors in the MSE development field. Since no such platform existed at the time, MSE development actors such as the Industrial Development Board, the Small Enterprise Development Division, NGOs which work on livelihood and MSE development and private companies such as banks, business associations and chambers of commerce were not regularly communicating with each other and they were not aware of each other's and common problems. There was no regular exchange of ideas on how actors could jointly tackle some of the barriers which hindered the development of MSEs.

While other platforms were already in existence, such as the District Agriculture Committee – DAC (for agricultural issues) and District Development Committee - DDC (for general development of the districts) there was no forum in place to discuss specifically small business issues. In addition, these bodies were Government forums and there was no participation of the private sector which is essential for business development. The establishment of a network or platform of MSE actors was perceived as essential in dealing with the various categories of problems which MSEs in the districts are facing:

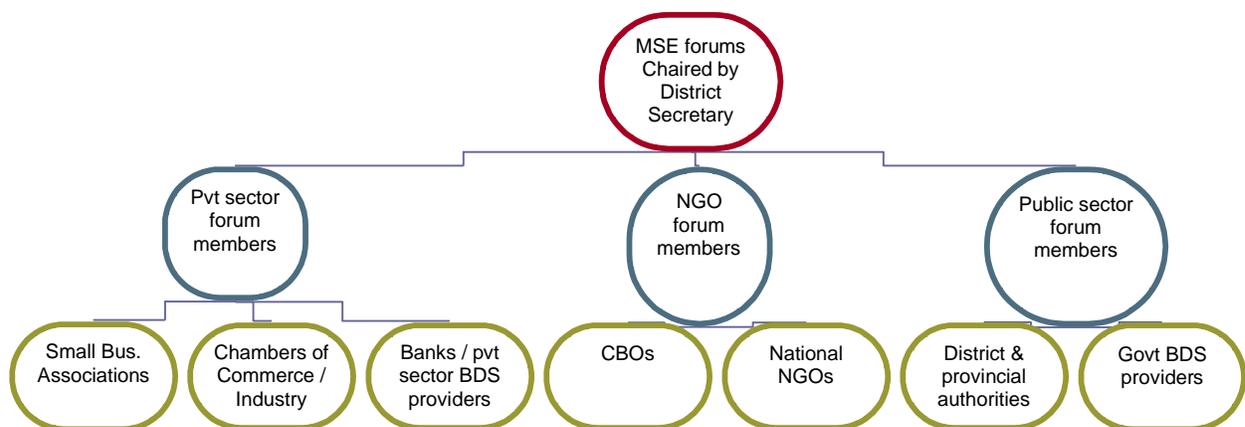
- Regulatory issues from long waiting periods to obtain different permits & approvals or licenses to land allocation issues, and services such as electricity supply
- Logistical challenges such as the absence of access roads or lengthy road blocks and airport security checks
- Issues related to limited business support services available to MSEs in the districts, such as micro-finance, modern technology, market information and management training
- Networking issues: businesses from the same sector are not linked to each other such that they cannot lobby and advocate for improvements in their sector

2. Enter-Growth plan

The Enter-Growth plan was to establish multi-stakeholder MSE forums in each of the four targeted districts. The role of these forums is to facilitate the generation of solutions and to lobby with the national government and other relevant parties for improvements in the MSE sector. As such, the forum does not implement interventions directly, but rather plays a facilitative role. The idea behind this is that, when needed, the MSE forum can establish specialized committees that will tackle observed problems. These committees can include both MSE forum members and non-members.

To facilitate the establishment of these forums, Enter-Growth provided clear criteria for the selection of members of the forums as well as terms of reference specifying the role and expected results of the forums. Figure 1 gives the composition of stakeholders in each forum that Enter-Growth envisaged.

Fig 1: Anticipated structure of MSE forum



According to the terms of reference, the MSE forums would initially meet twice a month, and later on a monthly basis. Each forum would be chaired by the District Secretary and/or the Province's Chief Secretary and would appoint a deputy chairperson on a rotating basis. It would also have an equitable representation of women. The box below formulates the roles of the MSE forums.

Fig 2. Expected roles of MSE forums in the districts (summarized version)

- Encourage consultations and dialogue on the MSE sector between the Government, the private sector and NGOs at the District level,
- Identify and prioritize issues and sectors in the MSE sector and contribute to devising solutions.
- Facilitate the sharing of and access to resources and experience among stakeholders.
- Decide jointly with program management and other stakeholders on the indicators of success.
- Provide guidance to Enter-Growth project management on program strategy in the District.
- Publicize MSE development activities to make them widely known to the general public and the MSE sector in the District.
- Contribute to experience sharing by presenting the District's MSE development activities and Enter-Growth's results to other districts and to national level policy makers.

3. What actually happened

In August 2005, twelve half day workshops were organized for the different players in each of the four districts: the District and Provincial government, the private sector and the NGOs. District and Provincial government actors were, for example, the director of planning, the district secretary or deputy, the Industrial Services Bureau, the Industrial Development Board, the Export Development Board, or the Department of Small Industries. Most of these are service providers with a clear mandate to assist businesses. Private sector representatives were, among others, commercial banks, micro-finance providers, representatives of business associations and chambers of commerce and industry. Some NGOs with a similar mandate to develop the MSE sector in the districts were also invited to participate in the workshops.

To identify possible actors in the MSE field, the project did a mapping of MSE stakeholders in the district. The Enter-Growth District Managers then made the first contacts with the 3 stakeholder groups in each district. They were invited for mini workshops, which were joined by about 20-40 participants on average, all of whom showed a strong interest in the forums. At the end of these workshops, representatives from each stakeholder group were elected to represent them in the forums. Actual forum meetings started in September 2005.

All four MSE forums in the district are chaired by the District Secretary, and co-chaired by the Chief Secretary of the Province or his representative where the District capital is also the Province capital. Initially, in 2005, the secretarial role (sending invitations, keeping minutes) was initially taken on by the ILO Enter-Growth district offices, yet by now all four MSE forums have their secretariats taken on board by one of the member's offices. The ILO's role has been reduced to being 'simply one of the members'.

MSE forum set-up and regular meetings

The Anuradhapura district held its first MSE forum meeting in August 2005, with 13 actors present, who were all male. At that time, the government represented 50% of the members and the private sector 46%. Since then, the MSE forum has met 22 times, on average 7 times per year. In 2008, the MSE forum in Anuradhapura consists of 44% government and 50% private sector, while the NGO sector representation has remained small at 6%. Hence, over the years there has been a slight shift from government to private sector representation. Most of the government representatives are business service providers. In terms of gender, the MSE forum in Anuradhapura now has one female member, yet the forum continues to be male-dominated, which is probably a reflection of the actual gender relations in the MSE development sector (but not of the MSE sector). The secretariat is kept by the District Chamber of Commerce.

In Polonnaruwa, the first MSE forum meeting took place in September 2005, with a total of 16 actors of whom half (56%) were government representatives, mostly service providers. The remaining 6 members were evenly from the private and the NGO sector. The MSE forum has, until now, held 17 forum meetings, or 6 times per year on average. At the moment, the MSE forum in Polonnaruwa still has a slight majority of – predominantly service providing - governmental representatives. The secretariat is now run by the District Chamber of Commerce. At the moment there are 21 members of which 2 women, one of whom represents the District's Women's Chamber of Commerce.

In Puttalam the MSE forum held its first meeting in August 2005 with 12 members. Over the years, this number has increased a little to 13 members, of which 2 women. The governmental representation is 46%; apart from the chairman (the District Secretary) they are service providers. Private sector and NGO representatives are 3 and 4 respectively. The Puttalam forum has held on average 6 forum meetings annually, the secretariat is currently held jointly by the Small Enterprise Development Division, and the District Chambers of Commerce.

The MSE forum in Kurunegala first saw the light in September 2005, with 17 members (3 women) of whom half were from the government sector and the remainder from the private and NGO sectors. It has held 22 forum meetings since. At the moment, it is still government-dominated (all but 3 are service providers), but private sector membership has increased over the years with 2 new members from the District Chambers of Commerce participating. The secretariat is kept by the Industrial Services Bureau, a public-private partnership

In the regular forum meetings, the many projects and interventions that are done through the ILO Enter-Growth project are introduced and discussed. This can range from presenting new or ongoing Local or Regional Value Chain Development exercises, progress on setting up of new Small Business Associations (SBAs), the introduction of Start and Improve Your Business (SIYB) and of Know About Business (KAB)¹ projects or progress on specific regulatory interventions. Regular meetings are mostly informative meetings though sometimes decisions are also taken, for example when choosing business sectors eligible for value chain development or when selecting service providers to be contacted for specific interventions.

MSE forum special meetings

In addition to the regular MSE forum meetings, there are also special meetings, which are often decision making meetings. For example, when a LOCA or VCD exercise² is carried out, forum members are invited to hear the results, i.e. a presentation and analysis of strengths and weaknesses of a particular business sector. Forum members are often asked to advise on which sectors to select, how to develop proposals that address sector-specific problems or to advise on implementation. Because of the combined experience from all three stakeholder groups, the forums are seen as the ultimate expert on business development in the district.

Some district MSE forums hold sub-meetings as well. In Anuradhapura for example, there is an especially appointed committee which deals with regulatory issues. It meets to discuss progress changes in regulations that may benefit small businesses. In 2006 representatives of the business services providers on the forums had a meeting with Enter-Growth to decide, on the basis of LOCA results, which business services had to be improved or newly developed.

Special meetings of the MSE forums can also be initiated by other stakeholders. Over the past few years, there have been special MSE forum meeting to discuss new regulations in the ornamental fish sector, hosted by the fishery authorities, meeting on marketing and investment promotion hosted through the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) and another one to generate ideas on how business values can be promoted through TV drama series. The Export Development Board has hosted a meeting to introduce new techniques of Anthurium flower cultivation, and the Chief Secretary of the North Western Province held a briefing to explain the outcomes of the coir VCD study, to name just a few examples.

There are also regular invitations to NGOs that would like to introduce their projects and to Small Business Associations (e.g. ornamental fish, brick makers, light engineering) which present their specific issues.

¹ SIYB and KAB are two of ILO's training programs aimed at introducing business knowledge and attitudes

² LOCA is worldwide known as PACA – Participatory appraisal of Competitive Advantage. It is a product of Mesopartners. More on: www.mesopartner.com. VCD is Value Chain Development, an approach to bring together all actors from a value chain (e.g. exporter, middle-man, collector, producer) to discuss issues and search for solutions to benefit the whole chain.

MSE Forum action planning workshops

Once per year, the forums are organizing a (strategic) planning workshop. In this meeting, the forum members jointly develop an annual plan, outlining the long term (3 year) goal they aim to achieve, as well as specific outputs and activities. In the first year the project used an adapted form of the Compass of Local Economic Development to facilitate this process³. The four areas that were considered were: external relations, public-private dialogue for conducive regulations, learning and capacity building and business finance. During the planning workshops, concrete and feasible proposals to strengthen two of the four areas were developed and prioritized, based on questions such as: what are we doing already, what are our strengths and weaknesses. However, this process proved too complex, and the forums now plan by identifying and prioritizing issues that need to be addressed on the basis of their findings during the year. As such, each MSE forum has its own annual action which serves to plan, guide and monitor various enterprise development interventions in the districts.

General stakeholder meetings and experience sharing workshops

In addition to regular bi-monthly meetings and special meetings, the four MSE forums organize annual stakeholder meetings, where they invite other, non-member actors such as business development providers and private sector associations to discuss specific problems and solutions and brief them on the forum's and Enter-Growth's activities. This partly serves to ensure that, in principle, the forums are open to all, yet the core group of 'permanent' members is fixed to 15-17 members as to keep decision making smooth and management controllable.

Also once per year, the four district MSE forums in Sri Lanka are brought together to share their experiences from the districts. This is very important as it makes forum members realize that many businesses are facing similar issues across the districts. Moreover, it gives forum members a chance to present their achievements (and lessons learnt) which gives them recognition and motivation. Issues related to the development of the forums themselves, for instance their future sustainability, are discussed and addressed. During these workshops, the Enter-Growth project seizes the opportunity of all forums being together to do some capacity building. This year for example, MSE forum members were trained in concepts on advocacy and lobbying, as this is an important cross-cutting need that arises in all districts; to lobby at national level where many business policies and laws are set.

Of all Forum meetings, the secretariat of the forum writes and circulates minutes to all forum members, including those that were not present at the meeting. Some secretariats also circulate minutes to important stakeholders not represented on the forums.

Capacity building and exposure

Throughout the years, the MSE forum members have participated in quite a few training programs to strengthen their knowledge and skills on business development. The ILO being an international organization is able to mobilize international expertise and hence, can create access to the latest trends and developments in the field of MSE development. In that respect, MSE forums have had training on Local Economic Development, Decent Work in the small enterprise sector, lobbying and advocacy and some forum members have participated in overseas, international training.

³ The Compass of Local Economic Development is a tool developed by Mesopartner, to assess impact See www.mesopartner.com. The project made some adaptations to use it for planning.

4. First signs of impact

When assessing the (first signs of) impact the MSE forums have made or are making in the four districts, this study has looked at two desired outcomes:

1. Are MSE forums sustainable, independent bodies with equal representation operating according to their mandate to facilitate improvements in the MSE sector?
2. Are MSE forums contributing to concrete achievements or changes in the MSE sector through their facilitation?

For this study, twenty-five MSE forum members have been interviewed in the four districts. The actual assessment of these two outcomes is based on a number of progress markers. Progress markers are similar to indicators, with the difference that indicators are individually observed and do not in itself show how important they are, while progress markers form a comprehensive and progressive set of markers: progress markers advance from necessary markers (the 'need to see' markers) via desired markers (the 'like to see' markers) to markers of success and sustainability (the 'love to see' markers). The expected progress markers and their actual status are presented below.

Progress Marker	Status 2008
Marker Need to See	
1. All three stakeholder groups, including decision makers and high level authorities, meet regularly and 3 groups are equally represented	Yes, all 4 MSE forums are chaired by the highest authority in the district. The forum members meet regularly, about every two months for the regular meetings, with special meetings in addition to these. All three stakeholder groups (government, private sector and NGOs) are indeed represented, although not equally. Overall, about 50% of the members are from the government sector, followed by approximately 40% from the private sector and 10% from the NGO sector.
2. The Forum uses agendas and takes minutes of meetings as well as decisions and follows up on the decision in the next meeting.	Each forum has a secretariat which plans and records the forum meetings. Regular meetings always follow an agenda and minutes are kept in Sinhala and most of the time also in English. Initially, the secretariats were run by the ILO Enter-Growth project. By now however, all four forums have an independent secretariat, yet the commitment and capacities of the secretariats is not sufficient in all districts, in which case the ILO Enter-Growth project is still providing some support, such as assisting in writing and translating minutes
3. The Forum has an equitable representation of women.	This progress marker has not yet been achieved. Despite deliberate efforts made to attract women-members to the forum, only one forum contains three women, and in one district only one.
4. The Forum discusses issues according to their mandate	All four MSE forums operate according to their mandate. When they meet they discuss challenges faced by the MSEs in their districts. These issues range from problematic business registration, tax issues and limited land allocation for business establishments to the need to provide specific groups of business with services such as training and finance. Other common problems faced by MSEs that have been discussed include permits and certificates which are hard to obtain, no or irregular power supply, prices hikes, transportation issues (frequent road blocks and police checks), packaging problems and certain required business inputs that are difficult to source.

Marker Like to see	Source
5. The Forum members interact regularly within as well as outside the forum and as such they establish good mutual relationships	Obviously, forum members interact regularly with one another, mainly during the meetings which have now been going on for nearly three years. While some forum members, especially those from the government, already knew many of the other members before the forum was established, for others it was an opportunity to get to know many new actors from the MSE sector. On average, the interviewed forum members stated to have obtained 8 new contacts, and some even as many as 15. Moreover, many forum members meet each other outside of the forum context as well. All forum members interviewed mentioned that these contacts are helping them in their work.
6. The Forum discusses and initiates dialogue on MSE related services and regulatory issues and arrives at common points of view and decisions.	Regulatory issues are a common barrier for MSEs in all districts, such as complicated different approvals and licensing procedures, illegal tax collections, extortion of business owners and lack of deeds and titles. These issues are frequent discussion topics in the forum meetings. Often, issues as well as possible solutions, are identified through LOCA and VCD exercises, The forum then facilitates the search for services which can be provided by members or other stakeholders and for some issues solutions were found though not for all. The forum's secretariat keeps minutes which are distributed to the forum members, including those who were absent during the meeting. The forum arrives at common points of view and, in most cases these form the basis for action plans with decisions.
7. The Forum guides and supports the implementation of activities related to MSE development, including those of the Enter-Growth project.	The forums do not directly intervene at MSE level, as per their Terms of Reference, yet they definitely support many MSE interventions. Forums mobilize private sector and (mostly) public sector actors who directly or indirectly intervene to improve the MSE sector. Example of actors mobilized through the forums include Veterinary Research Institute, Provincial Authorities, Export Development Board, Ministry of Enterprise Development, Airport Authorities, Road Development Authorities and Samurdhi (Social Services).
8. The Forum supports and is involved in activities such as service fairs, Palama, LOCA, VCDs.	<p>All MSE forums in the districts have organized annual business service fairs. While initially the Enter-Growth project was heavily involved in this, by now the service fairs are organized by the forum members without involvement or support of Enter-Growth. In March 2008, for example, the Anuradhapura Development Foundation organized a fair almost fully sponsored by the private sector. The Ministry of Agriculture in Kurunegala organized a service fair in 2007 which was not supported by Enter-Growth but modeled on the fairs it initiated. In the same year the Industrial Services Bureau put up a fair, also with limited ILO support and with major involvement of the other forum members.</p> <p>Most forums are also actively promoting the Palama campaign (live forum theatre performances to promote entrepreneurial values) and LOCA / VCD exercises. Generally, the forum members contribute to the Enter-Growth facilitated or supported interventions in the following ways:</p> <ul style="list-style-type: none"> - Mobilize farmers or entrepreneurs to participate in LOCA workshops - Facilitate linkages with partners and NGOs to implement some of the proposals generated through LOCA exercise - Mobilize actors in value chains (from small producers to large exporters) to participate in VCD exercises - Mobilize entrepreneurs for association building
9. The Forum facilitates the sharing of experiences and promotes access to MSE-related resources	In all districts, MSE forum members share experiences and resources in regular or special meetings. In Puttalam, the HN Bank is regularly sharing information on new products, such as loan schemes. In Polonnaruwa, the People's Bank does the same, while training services such as Start and Improve Your Business (SIYB) ⁴ have been widely promoted through the forum and as a result of which SIYB programmes have been conducted. In Kurunegala, members of a small business association have been

⁴ SIYB is the ILO's signature small business management training programme. In Sri Lanka it is owned and managed by the SIYB Association of Sri Lanka.

(knowledge, training, funding) to other members and non-members	on a business trip to India funded by a forum member and at least 3 international NGOs were able to disburse their funds for enterprise development through the forum members. In Anuradhapura, International organizations (JBIC, IFAD) and the Ministry of Agriculture have strongly contributed to Value Chain Development projects. Information about available training is also shared often, examples range from computer training, workshops on solar power, t-shirt making and micro-finance management.
10. The Forum contributes to the promotion and dissemination of information on MSE development activities to make them widely known to the general public and the MSEs in the District.	<p>All MSE forums have developed a logo, and a small brochure to explain who they are, what they stand for and who their members are. Forums also produce and send newsletters, some more regularly than others and MSE forum members obtain publicity for the forum or its activities through newspaper articles. Yet all interviewed members agree that this is not what makes the MSE forum known to the public. It is through the MSE service fairs, some of which attract over 50,000 visitors per year and the Palama campaign⁵ that businesses and the general population, including many youths, in the district are aware of the MSE forums. For example, in Polonnaruwa where Palama was started first, more than 100 performances were held reaching over an estimated 34,000 people. An impact study shows that during the highly appreciated and valued plays that make up the core of the campaign⁶ the idea that entrepreneurs can obtain support and services (through the MSE forum or otherwise) is promoted. The same study also mentions that as a result of the forums the highest level officers have improved their attitudes towards businesses and their value.</p> <p>However, most forum members also agreed that MSE fairs and Palama are not enough to generate publicity and that the forums' outreach is not yet sufficient especially among private sector people. Some suggested radio and TV programmes to reach out to more entrepreneurs, not only small but also medium to large-scale enterprises.</p>
Marker Love to see	Source
11. Non-member SBAs and other relevant organisations are invited to meetings to present and discuss issues	In principle, the MSE forums are open to anyone who has relevant information to share. In practice, all forums have indeed invited non-members to their meetings, such as vocational training institutes, SBAs (e.g. for tourism, construction or the carpentry sector), chambers of commerce, banks, labour departments officials, lawyers and legal advisors, and income revenue department officials.
12. The Forum addresses and solves regulatory problems at district and/or national level	<p>As mentioned above, some of the barriers and problems faced by MSEs in the districts are related to government rules and regulations. The role of the forums includes to identify these issues at district level and search for solutions. In some cases the forum government members can solve the issues directly; in others it means that the forum has to bring the issues to national even sometimes parliament level.</p> <p>MSE forums have successfully put district issues onto the national agenda,</p> <p>Examples of regulatory issues directly solved through MSE forum interventions are</p> <p>District level:</p> <ul style="list-style-type: none"> - land allocation to businesses (dairy farmers, cashew farmers) in district - provide water supply to ornamental fish growers in the district - protection of MSEs from illegal and corrupt tax collectors - allocation of electricity carpentry sector - assistance with transport permits of clay for pottery industry - assistance with certificates (quality certificates, quarantine certificates) <p>National level</p>

⁵ Forum theatre is performed by so-called 'Palama' (bridge) groups of trained actors, aiming at promoting entrepreneurial values to communities

⁶ Refer to report "Enterprise Culture Impact Assessment", ILO Enter-Growth September 2008, on www.entergrowth.com

	<ul style="list-style-type: none"> - Construction of a green gate (still in process) at the airport to provide easy access of perishable goods (flowers, fish) to international transportation - Increasing the validity of entry ticket to archaeological sites in the “Cultural Triangle” from one to three days, thus encouraging tourists to stay longer at one site rather than continuing immediately to the next in another District - Levelling the tax rates between different entrepreneurs in Mahaweli areas - The establishment of a presidential committee to provide businesses and residences with title deeds to their land <p>Despite these successes, the forum members also recognize their limitations in facilitating solutions. Much depends on how active, committed and well-connected the forum chair person is. Moreover, many regulation issues take a long time to solve and the national ministries are not yet sufficiently committed to economic and business development in the districts. Moreover, short-term solutions do not always lead to permanent solutions: a District Secretary may intervene with the local department of income revenue as to be more flexible with a certain group of businesses, but then the tax officer may simply go to a different village and restart the harsh tax collections.</p>
<p>13. The Forum asks for and receives feedback from the implementing organisation to ensure results.</p>	<p>Through their network, most forum members indeed ask and receive some feedback about certain interventions, but the MSE forums have limited capacity to monitor the interventions which are implemented by organizations. Moreover, many interventions do not have clear cut plans with objectives and/or indicators to give a basis for measuring progress. Interviewees mentioned frequently that they lack time to monitor activities and that it is unclear who is responsible for achieving results. Moreover, intervention through national level is lengthy, in which cases the forum members lose track of progress and, in few cases, they lose confidence in what can be achieved through the forums.</p>
<p>14. The Forum has a commonly agreed annual plan and works together for agreed common goals.</p>	<p>The forum has annual action plans developed during special planning workshops. These plans differ per district. Some are very specific; containing specific activities, performance indicators and parties responsible for carrying out the proposals, while others have not yet reached these standards. The annual plans are a good step in the direction of a more systematic approach and can be a basis for monitoring but the plans need to be of proper standards in all districts. Much depends on the capacities and commitment of the secretariat of the forum.</p>
<p>15. The Forum’s interventions are promoted by them and they result in measurable improvements in the MSE sector (more and/or better MSEs)</p>	<p>The various MSE interventions in the districts are not yet systematically promoted by the forums. Individual members may publish or talk to media but there is only a limited concerted effort or promotion strategy in the form of brochures and leaflets. The same goes for measuring improvements in the MSE sector. While most members are able to mention ad hoc cases of how some sectors have improved (for example providing electricity for the carpentry sector or minimizing post-harvest wastages), there is no comprehensive reporting or information available to the public on the achievements.</p>
<p>16. The Forum identifies (some) MSE-relevant issues and identifies solutions independently from ILO support. The Forum has taken over the Forum secretariat from ILO.</p>	<p>So far, about half of the issues that have been on the agenda of the forums have been brought in by Enter-Growth, such as the need for a green gate at the airport, the need to set up and support business associations (for farmers or fish breeders) and the land deed issues. Other, often more localized issues such as the lack of electricity for carpenters to use their equipment, problems obtaining transport permits, illegal constructions and corruption issues were raised by the forum members themselves. Some forums are now conducting meetings at the village level and are inviting the business community to exchange experiences with them to identify issues independently from the ILO.</p>
<p>17. The Forum members mobilize funds (own funds or external funds) to support MSE-related issues identified by the</p>	<p>The forum members are not as such mobilizing funds to support MSE activities (especially the government officials made it very clear that they do not have funding available) but some forums have facilitated linkages to organizations which do have funding available, such as the EDB, provincial ministries and international funding partners like USAID and GTZ. As a result, MSE owners have had access to finance and equipment to improve their businesses, for example in dairy, fruit, vegetable and</p>

Forum	bakery sectors. Other ways in which MSE forum members have contributed resources are through availing their venue or materials such as laptops. The low representation of private sector members in some of the forums is probably contributing to the fact that few resources or funds are available within the forum itself.
18. The Forums in the district serve as a good practice model to be replicated on other parts of the country	Following the successful set-up of the MSEs forums in the 4 targeted districts, the Federation of Chambers of Commerce and Industries in Sri Lanka has taken on the idea and has brought together stakeholder groups in other districts to set up District Enterprise Forums. Enter-Growth has provided training and advice to Chambers staff to enable them to do so. The first District Enterprise Forum was set up in Matala in December 2006. The Federation reports that it has supported the establishment of in total 13 more forums (including the one in Matala). However, the extent to which these are actually operational is unclear. The level of support the Federation is able to provide is much lower than Enter-Growth has given to the four first forums.

5. Learning, conclusions and next steps

Outcome 1

Summarizing the above, it can be concluded that the first desired outcome is mostly being achieved.

MSE forums are sustainable, independent bodies with equal representation operating according to their mandate to facilitate improvements in the MSE sector.

Three years after their start, the MSE forums in Sri Lanka are now effectively operating in an independent way with minimal support from the ILO Enter-Growth project. On average, each forum comprises 15 members of which around half represent government while private sector and NGOs almost equally represent the other half, with a slight inclination to the private sector representatives. The forum holds regular meetings (approximately one per two months) as well as special meetings. All in all, most forum members meet each other on a monthly basis or more. Most of the members have been in the forum continuously for nearly 3 years. Some new members have entered the forums in the recent past as well, notably private sector representatives such as chambers of commerce and business associations. The MSE forums are operating according to their mandate as they bring together actors in the MSE sector to discuss problems faced by small enterprises at district level and to search for solutions.

However, women are still largely under-represented in the forum. Also, the MSE forums are currently dominated by government representatives and less by private sector. This brings us to three challenges.

Learning and challenges

Government influence

Political influences pose a strong challenge to the sustainability of the forums. On the one hand, members often voiced that making the forum part of the district or provincial government ensures continuation, provides funds and gives it the status and respect that members think it needs. On the other hand, it makes the forums dependent on the enthusiasm of the government. Too much political influence may make the forums less effective, and turn them into 'just another' governmental body. One of the private sector representatives in Kurunegala gave a strong example of these concerns, when he expressed his worries about the possible inclusion of the forum's secretariat in the district's secretariat, fearing that the effectiveness of the forum would be diminished and said that he would certainly discontinue his role in the forum if the forum would be administered by the district. In Puttalam there are also concerns regarding limited involvement of private sector. The relationships between MSEs and government officials are often troublesome and more private sector involvement in the forum is needed to level the government's influence and instill confidence of MSEs in the forum. Moreover, the private sector (e.g. banks, but also other larger companies) can function as a bridge between small enterprises and government.

The slight over-representation of the government in the forums is not currently impeding the effectiveness of the forums, but an over-representation, especially if it would increase, does form a slight threat to the sustainability of the forums. Too much influence of government representatives may make the forum political and 'scare away' private sector representatives.

Gender balance

An equitable presentation of women in the forums is desirable and it is in the terms of reference for the forums. It is not realistic to expect the 'equitable' representation to be 'equal', since authority figures in government or the private sector are much more often men. Nonetheless, the number of female representatives in the forums is still very small hence voices of women entrepreneurs in the districts may not be adequately represented. Issues related to gender may be overlooked.

Sustainability

The secretariat of the 4 MSE forums has been taken over by the forum members, and is no longer in hands of the ILO. While this is a good development, it was also observed that some of the secretariats are not committed enough or capable to fulfill that role, in which cases Enter-Growth is still assisting with the writing of the minutes and planning of the meetings. The effectiveness of the forums seems very much dependent on the commitment and capabilities of the chair person, the district secretary and the secretariat.

Moreover, though it is not the primary task of the forum to develop and monitor proposals to strengthen the MSE sector, but rather to facilitate and foster linkages with implementing organizations, it is felt by many of the interviewed forum members that the lack of capacities in these areas is hindering the effective handling of MSE issues. The forum does not appear to follow and report achievements on a structured basis, though perhaps on an ad hoc basis. The formulation of annual and action plans helps the forums by formulating their vision and identifying how different activities fit in their overall approach, and to keep track of their achievements. A more results-based planning is needed to outline expected achievement as well as indicators to monitor progress. This was attempted by Enter-Growth in the first year but proved too ambitious at that stage. Equally important, since Enter-Growth will be phased out in 2009, capacity needs to be built to enable the forums to plan without further ILO assistance.

Outcome 2

Looking at the second outcome: *Are MSE forums contributing to concrete achievements or changes in the MSE sector through their facilitation*, it can be concluded that forums are indeed effective, especially in finding solutions for regulatory issues.

The MSE forums are relevant in the sense that they discuss and search for solutions to issues which affects large groups of enterprises. Many of these issues relate to government rules and regulations, such as:

- Direct intervention to solve land and resource limitations (land, water, electricity)
- Assistance with obtaining permits and licenses, for example transportation permits and quarantine certificates
- Mediation in case of illegal tax issues, harassment and bribery problems

The forum is instrumental in solving issues both at district level (direct intervention) and by bringing problems to national level and to lobby for national solutions (more examples in progress marker 12). Access to business services is being facilitated as well. There are however also limitations to what the MSE forums can achieve. The many security-related problems (road block, police checks) which hinder many entrepreneurs could not be addressed. Other solutions (green gate, land title deeds) have been brought to national level and are in progress but the real solution may come (too) late for many businesses.

Indirectly, MSE forums are very useful in supporting other Enter-Growth interventions such as MSE fairs, which are by many interviewed members seen as one of the main achievements of the forum, and Palama performances. Other ways in which MSE forum contribute to concrete changes in the MSE sector are through their support of LOCA and VCD exercises and facilitating implementation of some of the proposals that result from these.

All in all, the MSE forums fulfil the following roles:

MSE forum as broker

The MSE forums are successful in brokering solutions to regulatory problems, both through direct intervention by high-placed authorities in the districts (though these are often short-term solutions) as well as by channelling district-level issues to national / parliamentary levels. While some key successes have been reported, there are also limitations to what can be achieved. Changes to national regulations are lengthy processes and the national government is not always sufficiently committed to realize change.

MSE forum as catalyst

The role of the MSE forum is not to implement interventions but to search for and facilitate solutions. As such, forums have managed to access or link up to existing BDS providers such as the Export Development Board, the Industrial Development Board, and (inter)national NGO projects, which has resulted in a long-term change process, for example for certain important business sectors (carpentry, floriculture, ornamental fish, dairy).

MSE forum as 'market place'

Another key feature of the MSE forums is the regular exchange of available resources and experiences that takes place among the members. As such, the forum functions as an important 'market-place' where supply and demand for business services comes together. The MSE service fairs, which are by now organized by forum members without much external (ILO) support is a strong example of this market-place function.

MSE forum as mobilizers

The members of MSE forums are mostly well-connected people who have their own networks in addition to the MSE forum network. As such, forum members are effective in mobilizing entrepreneurs to participate and support Enter-Growth initiated interventions such as MSE fairs, LOCA and VCD exercises.

Next steps

The forums currently are sustainable bodies and effective in finding solutions. The forums should keep moving in the direction and further advance in the way they have developed over the last two years. Within the near future, Enter-Growth can continue withdrawing from its active role and leave more and more to the forums. Some of the forums still rely on Enter-Growth to some extent for planning and recording of meetings; continuous capacity building of the secretariat, e.g. in planning and monitoring, publishing or maintaining media contacts will be useful.

The forum model has been adopted by FCCISL which plans to replicate it all over the country. This is a useful initiative and an opportunity for enterprise development outside the Enter-Growth districts. However, the extent to which these new forums are operational and effective is as yet unclear, and if they fail the likelihood that they can be revived at a later stage is small. The Federation should seek greater involvement of Enter-Growth to ensure success.

A threat to the sustainability of the forums is a possible over-representation of the government sector. Whilst this is not a problem at present, the forums would do well to try and ensure sufficient representation of the private sector. For example, trying to have a reputed private sector organization accommodate the forum's secretariat, instead of a governmental body, may help reduce possible fears some representatives may have for too much government influence.