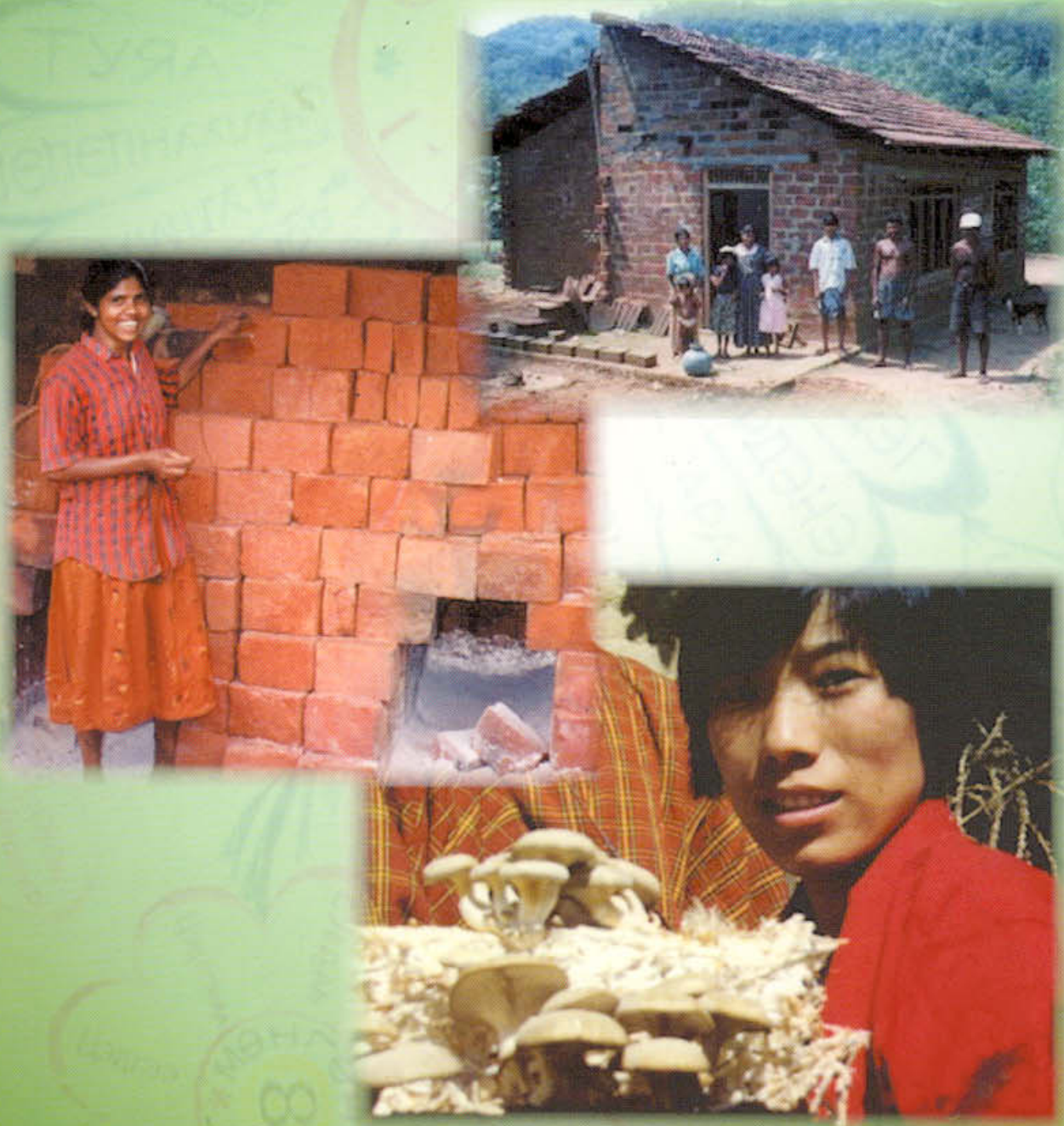


Success case replication

a manual for increasing farmer household income



Poverty alleviation through market generated rural employment

ESCAP/FAO Inter-country project

SUCCESS CASE REPLICATION

A manual for increasing farmer household income

**by mobilizing successful farmers
and groups
to train their peers**

by Jan B. Orsini

Poverty alleviation through market generated rural employment

ESCAP/FAO Inter-country project

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INTRODUCTION

How Success Case Replication works

Success Case Replication (SCR) is simple. It has two main steps:

- A. Locate farmers, or groups, who have achieved good success in their enterprises,
- B. Mobilize the successful farmer or groups to train their less well-off fellow villagers.

It differs from conventional enterprise training because it mobilizes successful farmers, or groups, to train rural poor. It does not depend upon professional or government trainers to conduct this training. The methodology follows nine distinct steps:

1. *Locate success cases*
2. *Assess replicability (profit and marketability)*
3. *Assess farmer's willingness to become a trainer*
4. *Establish a practical, hands on training programme*
5. *Carefully select trainees*
6. *Supervise the training*
7. *Arrange follow-up support services for trainees*
8. *Achieve secondary multiplications after first level successes*
9. *Monitoring cost effectiveness of the methodology.*

Intensive field trials of the methodology were conducted from 1994 to 1998 in eight countries:

- | | |
|-------------------------------------|----------------|
| 1. Bhutan | 5. Philippines |
| 2. Lao People's Democratic Republic | 6. Sri Lanka |
| 3. Mongolia | 7. Thailand |
| 4. Nepal | 8. Viet Nam |

Eighteen agencies, including government, NGOs and rural banks, joined the project and 16 completed all activities.

In order to evaluate the project, each implementing agency kept Cost/Benefit records. These included the costs for the time devoted to the project by their field staff and the costs for the training for the farmers. The benefits were measured as the net income gained by the successful farm families



during the first year they marketed their new product. At the end of the four-year field trials, all project evaluations were consolidated to yield the following achievements at the family level:

Evaluation

Achievement of SCR objectives at the family level to increase rural household income

A. Total number of farm families trained using SCR	= 3 332
B. Number successful and average success rate:	= 2 359 = 71%
C. Average income gain in first year for each family:	= US\$ 449
D. Total increased net income <i>benefits</i> earned by all families:	= US\$1 058 067
E. Total agency <i>cost</i> , including staff time and farmer training:	= US\$87 271
F. Overall ratio of <i>costs</i> to <i>benefits</i> (C/B ratio):	= 1:12
G. Lowest C/B ratio was achieved in Bhutan:	= 1:4
H. Highest C/B ratio was achieved in Sri Lanka:	= 1:54

The total number of trained farmer households varies among implementing agencies from 11 to 385. However, Viet Nam expanded the project to cover four provinces, training 2 605 farm families with an 87 percent success rate. It achieved a Cost/Benefit ratio of 1:18 in this expansion phase, indicating that the methodology has the full potential for large-scale expansion.

Conclusions

SEEN in terms of measurable results for rural poverty alleviation, this project was remarkably successful. It generated an average income gain of \$449 per annum for each of 2 359 rural farm households, who now command sustainable enterprises, expected to yield income into the foreseeable future.

The methodology has generated, on average, US\$12 dollars of net income for each dollar of agency costs. It has proven to be well-adapted to local conditions because it uses existing local success cases for replication.

As such, it enhances the self-confidence of the villagers and reduces their dependency on government. It is not only applicable for micro-enterprise training but can also be used, with equal effectiveness, to replicate farmers groups or agricultural co-ops, or to upgrade the performance of such groups by mobilizing the more successful groups as trainers.

This methodology can be used to promote a wide range of activities including micro-enterprises, sustainable agriculture and livestock production, and participatory groups for the rural poor.

The following Sri Lankan success case illustrates the methodology:

Case No. 1. Oversize bricks

Mrs S. Priyani lived in Bowarena Watta village in the highlands 65 km north of Kandy, Sri Lanka, in a one-room mud hut with a thatched roof, struggling to feed her two children. The village was poor with little farmland, and her husband was often absent, seeking day labour to enable them to survive. The tiny plot where they cultivated upland rice — when they had sufficient rain — was inadequate to meet their annual food needs. In desperation, she learned to produce traditional red clay bricks in her spare time, to supplement their income. Being among the poorest of the poor, she was one of the first to join the Small Farmers Development Programme (SFDP), a participatory self-help organization set up by the Food and Agriculture Organization of the United Nations (FAO) in the mid-1980s.



Success Case Replication training

In April 1995, Priyani was chosen by her farmer's group to attend a training workshop on Success Case Replication (SCR) employment promotion methodology conducted by FAO and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). She learned how to identify villagers having successful enterprises and to use them to train their less well-off peers. Returning home, she decided to train other women to make bricks as a part-time income earning activity.

Bricks help provide a sound future

Oversize bricks

Soon after, her brother-in-law began building a brick house. He introduced an oversize brick, about twice the size of the traditional brick, significantly reducing the amount of cement, plaster and labour needed. Priyani and her friends immediately recognized the value of the larger bricks and soon discovered that there was strong demand for them in the local market because of savings in building costs. The brother-in-law introduced the larger brick, but SCR enabled Priyani to capitalize on this innovation and replicate it to the community.



Success of the brick enterprise

Initially, the daily output of Priyani and her friends was sufficient only to attract small tractor-drawn trailers. Devising an innovative marketing incentive, they paid truck drivers a bonus when they bought bricks from the women instead of from competing villages. As more trainees produced more bricks and their volume of bricks grew, larger six-wheeled trucks were attracted, and transported bricks to commercial construction firms in Kandy. As sales increased, Priyani trained more families. Recalling instructions from her SCR training workshop, she encouraged the more successful trainees to train other women. In turn, they trained a second, and then a third generation of female brick makers. Thanks to SCR, by the year 2000, 152 of 156 families had successfully replicated the oversize brick making enterprise and the village had become well known as a source for oversize bricks.

Direct benefits

By 1999 Priyani had become prosperous enough to replace her one-room

mud hut with a three-bedroom brick house. Other families now have houses in place of mud huts, thanks to Priyani and the SCR project. Supplemental income from producing oversize bricks ranges from SL Rs 3 000 to 5 000 (\$42-\$70) per family per month, often doubling family income.

Indirect benefits

Men who formerly sought day labour outside the village now fire bricks and do other tasks and receive wages from women, often from their own spouses. This fundamental empowerment of women has reversed the former dependency relationship. Building homes also means increased employment for cement masons and carpenters. In response, Priyani arranged an SCR training course on window and doorframe carpentry for young men, using a successful local carpenter as trainer.

Recently Priyani and her friends decided to grow mushrooms, a lucrative sideline enterprise taught by Mrs Nilmini, from another province, whom she met at SCR training. Nilmini gained local fame for SCR training of 200 families in mushroom growing. By 1999, there were 13 generations successfully growing mushrooms. To support the new enterprise, Priyani and her colleagues have dug a new well to assure a year-round water source.

Priyani has had a remarkable impact on her whole village, moving it from being a poor community to one with adequate income. She was an ordinary woman in a typical rural community before SCR changed her into a teacher and leader of her peers. She became self-confident in her skills and has earned the gratitude of her peers. SCR methodology helped her village move toward self-reliance and away from traditional dependency on government.

The two women are not the only Sri Lankan SCR success cases. More than 388 successful replications had been achieved by the time the project ended in 1998. There are now more than a thousand success cases, including both women's multiple-generation replications. Each family using SCR methodology has been fully documented. Their records show that 71 percent of SCR-trained families became successful in their new enterprises.

SFDO field records indicate that for each rupee spent for training an average of SL Rs 54 net income was gained by each family in the first project year. SCR can thus claim to be a cost-effective approach to farm family employment promotion.

The preceding case study demonstrates a replication which was more successful than the average, but it was chosen because it illustrates the multiple benefits that can be derived from Success Case Replication, and the process whereby Priyani was transformed from being an ordinary housewife to a new role as a community leader.



Oversize bricks; new houses for many



SECTION ONE

Philosophy

THE philosophy behind SCR is that among the rural poor are farmers and groups that have achieved a remarkable level of success at their occupations, whether in agriculture, animal husbandry, micro-enterprises or management of participatory groups or cooperatives. In achieving such success, they have gained valuable experience overcoming varied constraints. In a manner of speaking, they have become experts in their chosen field. These successful people have much to teach their peers and, because they are fully familiar with local language, customs and markets, they can become effective instructors.

The trainer

THE more successful a farmer becomes in enterprise development, the more he/she is subject to envy on the part of less successful neighbours. SCR methodology tries to respond to such a situation by turning the success model into a teacher of community peers. In most rural societies, the teacher is highly respected, and trainees will often feel indebted to the teacher for the lessons taught. In this way, SCR transforms envy into respect by enabling successful persons to play a more constructive role within the community.

Regarding farmer trainees, we find that the poor are already motivated to learn skills and secrets held by their more successful peers but are fearful of requesting such training due to social inhibitions and market barriers. Through SCR their desire to imitate such local successes can facilitate their learning in structured training situations. Similarly, most poor parents are highly motivated to provide a better life for their children. Their desire will help motivate them to learn from more successful peers when training is offered. SCR harnesses both desires to motivate the poor to muster the effort and energy necessary to replicate the success.

In harmony with prevalent apprenticeship training systems

SURVEYING villages or cities, one observes that most workers support themselves in productive activity requiring technical skills not learned in school. Formal education provides only a narrow foundation of essential skills such as reading, writing and mathematics, that support but are different from the technical skills they employ each day on the job. Formal schooling does not pretend to impart the technical training required to be a successful farmer, bricklayer, carpenter, locksmith, welder, cook, restaurant owner, real estate broker, banker or financial analyst. They have learned their skills on the job, not in the classroom. This is often referred to as the apprenticeship system of technical education. As SCR methodology is used to establish a series of



	<p>apprenticeships, we find that it is in harmony with the most prevalent form of technical job training that exists today.</p>
Constrained by market limitation	<p>NONETHELESS, there are real social and economic barriers hindering replication of skills and knowledge from successful persons to the poor, not the least of which is fear of excessive market competition from successful new entrepreneurs. Too much competition punishes both the original success case persons and their trainees. SCR methodology recognizes this constraint and strives to train field workers systematically to avoid enterprise training in locales where it is likely to lead to market oversupply and declining prices.</p>
Who chooses the enterprise	<p>UNDER SCR the training on enterprise development is not decided by central government or training centre staff. It is identified in the local community as providing a good living for its owner. It already functions in relation to local market demand. In this way, SCR avoids the disappointment of providing training in skills with little or no market demand. In addition, those adopting the new skill have a good chance of achieving a profit because the market has been evaluated as having sufficient capacity to absorb added production without depressing prices.</p>
Comprehensive training	<p>SCR training includes all steps of the production process, from the initial purchase of raw materials and inputs through the production of a high quality product and, finally, the marketing of the finished product for a good profit. Some more conventional micro-enterprise training programmes in the past failed to adequately cover the initial purchase of raw materials and the final stage, when the finished product is marketed. Many such programmes were concentrated almost exclusively on production. Consequently, trainees were often unable to secure inputs at prices enabling them to compete in the market. In other cases, they produced satisfactory outputs but were unable to find a market.</p>
Supports and accelerates other methodologies	<p>EXPERIENCE has shown that SCR methodology is not a substitute for current extension or training systems such as the contact farmer system or vocational skill training. Such systems must be used to transfer new technology. SCR methodology can best be seen as an accelerating or supporting methodology to spread enterprise skills which have proven successful with any one farmer or entrepreneur.</p>
Field worker role	<p>THE role of the field worker or extension officer in SCR differs from other extension training systems. Field level workers assess success cases to assure they are replicable, help the successful farmer design the training programme, select trainees and assure that they receive timely follow-up assistance from successful farmers if problems arise.</p>



THE successful farmer's role is to design the training programme, conduct training and, after training is over, follow-up to help them overcome difficulties encountered in their new enterprises.

Successful farmer role

GIVEN the seemingly reduced role played by the field worker, who does not conduct the training, some might conclude that the field worker is unimportant. On the contrary, Success Case Replication methodology depends entirely on having a catalyst or field level worker to locate and assess the success case and then establish the SCR training programme to replicate it. Without such a catalyst, training will never take place. The person filling this role is a critical prerequisite for the success of the programme.

Field worker essential as catalyst

For this reason, field workers should be made fully aware of the critical role that they play and should be given full credit for each successful SCR training programme. Net income gained by the successful families should be recorded on the field worker's performance record as the direct result of their work, even though they did not play the role of teacher. Without such efforts, there will be no SCR.

FOUR years of field trials in eight countries revealed that SCR was genuinely effective in those agencies which fully supported their field workers in applying the methodology. Where field workers were given set SCR goals and the time to achieve them, SCR performed best.

Organizational support

SUCCESS Case Replication methodology can be applied to replicate most technologies at many social levels. For example, in a simple case, one village woman trained another to produce soybean milk. On a more complex technical level, an artisan trained a group of village youth to polish synthetic diamonds. Given adequate time, the poor have been trained in all these skills. It has also proven effective in promoting group activities, such as credit cooperatives or participatory groups for women, or the poor. In such programmes' the most successful existing groups have been systematically mobilized to form new groups and impart management skills to them.

Technology and strata neutral

It is strata neutral in that it can be used to transfer at any level of organization. For example, at the lowest level, success can be transferred from one individual to another, within the same community or organization. Conversely, the success of a complex nationwide institution can be transferred across international boundaries.



Potential users

A WIDE range of NGO, rural development agencies, training organizations, farmer's organizations and rural financial institutions could benefit from this manual.

Some benefits they could derive are as follows:

For rural development and employment promotion programmes, SCR can accelerate the impact of programmes by making the best use of success cases that already exist in project areas. Success cases can be replicated by the poor, and as training is conducted by the successful persons themselves, the methodology can reduce the workload carried by field staff.

For agricultural extension, field workers can systematically employ early adopters among the farmer population to train other farmers.

For training centres limited in number and with obsolete equipment (serving only a limited variety of enterprises), SCR can help by identifying enterprises that are most successful in the marketplace and using them as training centres.

For NGOs with good field programmes but insufficient field staff, SCR can multiply their effectiveness by having field workers employ successful farmers to train their peers.

For farmer's organizations, SCR can be used to identify the most successful farmer's groups, which can then be used to train and upgrade less successful organizations.

For rural financial institutions, borrowers having successful enterprises can be used to upgrade the skills of borrowers having failing enterprises. This is a self-reliant way to improve a bank's loan recovery rates without having to hire technical specialists.

Strengths of SCR methodology

SCR methodology, although simple in concept, has advantages that make it an unusually powerful and flexible tool for a development worker. Field trails in many countries conducted during the last decade by ESCAP and its counterpart agencies identified the following strengths of the methodology. Success case replication:

Relies on positive human attitudes and behaviour It is a widespread human behaviour for less successful persons to admire and seek to have the wealth of their more successful peers. And parents everywhere, no matter how poor and uneducated, strongly desire a better life for their children. SCR harnesses both common aspirations to accelerate the adoption of skills and technologies that have proven successful.

Reduces risk in technology transfer SCR micro-enterprises are chosen specifically because they have already proven successful in the local market. Consequently, the risk of failure due to a lack of raw materials or an absence of local markets is precluded. When entirely new technologies are introduced, both raw material and market limitations can appear.

Farmer trains farmer In the SCR system, the trainer is just another farmer coming from the same social strata as his trainees. Because of their shared background, trainees are able to believe that they can imitate the trainer's success. When the trainee is from a different social class, the trainees may feel inferior and unable to emulate the trainer.

Availability of follow-up assistance after training When outside expertise is utilized, the trainer will usually complete the training and move on to a new site. If a problem arises when the trainees begin to put the training to practical use, they are left to their own devices to find a solution. If their efforts fail, then the enterprise fails. However, when SCR methodology is applied, the trainer is a local person and agreements are struck so that he will be available on call to assist new enterprises if and when such problems arise.

Enhancing local self-reliance Centrally planned programmes tend to lead to community dependence on outside assistance. Constant dependence reinforces perceptions of inferiority among community members. Eventually, farmers may believe that government assistance is essential for any progress. SCR methodology, however, reinforces self-reliance at two levels: first, it enhances the self-reliance of the successful person who is transformed into a teacher in the eyes of others in the community. Second, the community sense of self-reliance is strongly reinforced because it is seen that there are local successes which can be replicated to promote community progress without relying on imported technology.

Rapid expansion through multiple replications When an extension officer works individually with farmers, adoption of the technology may be painfully slow. With SCR, once training is completed, the new generation of successful trainees can conduct yet another generation of SCR training. Provided there are no market constraints, generation after generation of success replicators can be trained. The multiplier effect can be very powerful. In Sri Lanka, for example, SCR training in mushroom cultivation has reached 13 generations in three years, providing more than 300 families with higher incomes.

It is suitable for farm-based technology SCR is technology neutral. It can be used to transfer knowledge about farming technology or micro-enterprises. It may also be applied to group formation and management.

It is suitable for any level of organization SCR is institutionally neutral. It can be used to replicate at any level of organization: an individual



Limitations of SCR methodology

enterprise, a participatory group activity or even large institutions.

Very low cost For the benefit it produces directly in the hands of the poor, SCR methodology has proven to have an unusually low delivery cost. On average, for all eight participating countries, each unit of cost to conduct SCR training generated 12 units of income in the first year. The lowest Cost/Benefit ratio was 1 to 4 and the highest was 1 to 54. For example, when Mrs Nilmani in Sri Lanka conducted mushroom training, all costs totalled US\$718.82, while the net income gain for all successful trainees amounted to US\$61 074 for the first year of marketing. In other words, for each dollar invested, US\$85 were produced. It is difficult to fault a methodology that has produced so many measurable benefits to so many poor people at such low cost.

Despite such positive aspects, it must be cautioned that SCR is not a panacea for all the ills of rural development. It is best applied to accelerate conventional extension and employment training.

NO methodology is free of weaknesses. In the course of the SCR field trials, the implementing agencies reported the following limitations:

SCR does not replace conventional training SCR methodology is not a substitute for rural development or agricultural extension methodologies that introduce new technologies. New technologies are essential to survival and prosperity in a rapidly modernizing world. SCR should be viewed as supplementary to these other systems.

Local successes are culture-bound A central strength of the SCR methodology is that the technology being transferred has already proved a success in the local economic, social and cultural milieu. However, this strength can become a weakness when the technology is transferred across such barriers into significantly different economic situations, different social strata or to different cultural subgroups. The greater the variation in a new implementation, the more caution must be exercised to assure that critical essentials for success are available in the new location.

Trainer holds back critical secrets Some implementing agencies selected success case persons who did not really desire to train others to become their competitors. Usually, in such cases, the success person withholds information critical to the success of the enterprise, often regarding marketing. As a result, most new enterprises would fail, leaving the success case person as the sole supplier in that market. Therefore, SCR stresses the need to assure that the success person does not fear market competition and agrees to transfer all “secrets of success” to the trainees.

Market oversupply and falling prices Most local crops and micro-enterprises face market limitations in which oversupply leads to falling prices. However, in SCR it can be very difficult to limit the number of trainees, to



avoid oversupply, especially when first generation trainees achieve high profits and their close relatives want SCR training. When such oversupply occurs, it is sometimes helpful to seek new markets.

Recipient commitment essential Since the trainees are those who must replicate success behaviour, and since this may involve concentrated effort over a considerable period of time, the technology transfer will often not succeed unless the recipients are fully committed. Consequently, it is unproductive to lure indifferent participants into the training programme.

Insufficient start up capital Cases were reported in which the field workers selected farmers who did not have sufficient money to initiate the new operation, or access to credit for such funding. When the trainees were given the necessary skills, but lacked capital for the new enterprise, they became frustrated. This caused damage to the reputation of the field worker. To curb this fault, SCR methodology offers a number of trainee selection criteria.

SCR requires additional time Most implementing agencies reported that SCR required additional attention from their field staff. For agencies with field staff already heavily burdened with other priorities, SCR methodology could not be properly field tested and the number of Success Case Replications remained low. In contrast, agencies which assigned specific SCR targets and allotted time for the activity found that SCR was cost effective and accelerated overall programme achievements.

Difficult for some to accept farmers as trainers Some agencies reported problems of acceptance on the part of field staff who could not accept that uneducated farmers were capable of conducting SCR training, especially if they were illiterate. As a result, the field staff could not accept the methodology. However, if properly trained in the methodology, such field workers can come to understand that SCR training is entirely practical. The success case person is fully familiar with the production process and is likely to be able to pass on core knowledge to trainees without formal education in training.

Difficulty in obtaining reliable field data When Cost/Benefit field data is collected to evaluate cost effectiveness, field staff must carefully record the time spent on SCR. This may be difficult when SCR activities are conducted simultaneously with other extension duties. Field workers must also record net income data from success families during the full first year of marketing. This is often a problem because many poor families do not record daily costs and gross income data from which an accurate net return can be derived. The records of those with such data are often incomplete and are rarely available for an extended period, such as an entire year. Accordingly, field workers must often estimate net gain for a given marketing period and project it over a full year, allowing for seasonal variation. Hence, data on net income is not as reliable as might be desired. Such limitations must be considered when Cost/Benefit estimates are calculated.



SECTION TWO

Nine steps for income earning enterprises and groups, with case studies

THIS section elaborates in detail the nine steps given in Section One. It gives guidance on how to approach each step and contains case studies taken from actual experience. This section must be read carefully by all field workers before beginning SCR field trials. The case studies used in this section will enable field workers to visualize what is being explained so that they will be prepared to deal with the more common problems likely to be encountered while employing SCR methodology. Finally, this section can be used as a reference when problems arise.

SUCCESS cases are relatively easy to locate in rural areas, as most people are keenly aware of how their neighbours are performing – especially if the neighbours are more successful than the average person in the community. Start by inquiring with the village head, but be sure to ask others – such as school teachers, village police officers and women’s leaders. Information may be had from roadside businesses, such as coffee shop owners and vegetable vendors who hear gossip as well as traders and commodity buyers. If such sources single out the same person as a success case, then you can be sure you are on the right track. Even if there are a number of successful persons identified by your sources, once the same name begins to be repeated over and over again, their consensus is usually reliable.

1. Locate success cases

THOSE chosen as sources should be in an occupation or age group to enable familiarity with the targeted activity. When seeking success cases in rural Thailand, for example, older farmers all identified a group of older men who earned high returns from raising native chickens for sale to wild animal speciality restaurants. But young men and women in the same village were keenly aware of a new occupation which many of their peers were successfully taking up in neighbouring villages: imitation diamond cutting and polishing. Cash returns were quick and reliable, and the technology easy to learn. What interests one population may not interest another.

1.1 Consult those who should know

SUCCESS case trainers should be from the same social, religious or ethnic group as the target trainees. For example, attempts in one country to have a successful ethnic minority farmer train farmers from the lowland majority failed because the ethnic majority farmers were unwilling to receive training from an ethnic minority person. It is prudent to assure that such differences do not undermine what might otherwise be a potentially successful programme. A case study follows:

1.2 Socially acceptable models

Case No. 2. Kerosene reading lamps

An industrious village woman in Nepal was found to have a thriving and profitable business producing small kerosene reading lamps. The lamps were made in the form of a small round tin can with a cap on top. The cap held a wick, which soaked up the kerosene and when lit, gave a modest, smoky light. The entire family was engaged in making the lamps from morning to dusk each day. The women had established a reliable market for the product, which was sold directly by her, within her village, but also through wholesale buyers from nearby market towns.



Kerosene lamps

SCR training in kerosene lamp-making progressed well. Trainee families mastered the techniques of fabricating the lamps to a marketable standard. However, it was later reported that most trainees abandoned the enterprise soon after they began selling their product. Inquiries revealed that the enterprise was associated with a low caste in Nepal's rural society. The caste distinction became apparent when the newly trained families began to sell their lamps and they abandoned the enterprise rather than be identified as belonging to a lower cast

Caste and social status can create a credibility gap between success models and trainees, a gap which can adversely affect the success of the enterprise training. In the same way, the age gap and the social status gap can reduce the credibility of extension staff when they are trying to convince villagers to take up new activities. SCR can help overcome these two gaps as shown in the following cases.

1.3 Extension worker age and status

SOMETIMES age, or youth, is a problem. For example, young university educated extension officers who never before worked on rubber plantations had difficulty convincing older, experienced rubber plantation owners to process high quality rubber sheet for group marketing, even though there was a 14 percent increase in profit through such sales. The officers had received sufficient practical training regarding production and marketing improved rubber sheet, but they did not know how to make their ideas acceptable to older plantation owners due to an age gap.

A solution was found when an innovative extension worker decided to use the leaders of his existing successful marketing groups to explain the approach to rubber producers in his new target villages. The extension worker found that the older group leaders and members were more successful in convincing other plantation owners to take up the new technology than he himself. At times both age and social status can have an adverse effect.

Case No. 3. Farmer housewives organizations

In Northern Thailand, a team of Farm Household Economic Officers (extension staff, all women) from the Department of Agricultural Extension, were asked to establish village level Farmer Housewives Organizations (FHO) for

women. It was difficult for young women from “the city” to convince older rural women leaders in the target villages that there was value in forming such a group. Many hours were spent on these efforts, without success.

However, after SCR training, the extension team began to invite skeptical women to attend monthly meetings of successful FHO groups. Such visits changed the thinking of women in the target village. During these visits, personal ties were established between the old and new groups, which later facilitated a lengthy internship training.

Using SCR, seven existing women’s groups with 234 members in 1996 were able to train 24 more groups with a total membership of 1 707 persons by late 1998. The findings of the SCR internship training follows:

1. After a one-year intensive internship, the women become capable of self-management and self-help.
2. They share responsibility, leadership and benefits among themselves.
3. Group resources are shared fairly and reach most poor members.
4. The groups are linked with local banks for credit after a trial period.
5. They use credit according to need and not in excess.
6. Groups often repay bank loans before they are due; to date there have been no defaults.
7. Group members have clear plans for local marketing. To export, they must develop more credit and larger scale management.

SCR use has greatly accelerated the FHO programme, effectively removing the difficult age and social strata gaps which government officials faced in trying to convince village women.

Therefore, it is seen that young extension workers can co-opt older leaders in existing success cases to carry their message to targeted villagers.

IF the success to be replicated is of an organization such as the FHO described above or a government sponsored agricultural cooperative, then success must be assessed from the point of the whole organization. This point of view must take into account many facets of the organization, such as membership, access to credit sources, credit disbursement, loan recovery, bookkeeping, division of leadership and responsibility, participatory decision making, etc.

As with individuals, organizations are not all alike in personality and competence. Some organizations are strong in some areas of management and weak in others. It is good to ascertain which organizations are most successful, and in what aspect their success lies. Then, when establishing an SCR training programme, the co-ops which are weak in a specific aspect can be targeted for training by an appropriate success model co-op. In the Philippines, the Land Bank has done just that.



Farmer housewives organizations

1.4 Successful organizations

Case No. 4. Philippine member savings organizations

When SCR training began in the Philippines, the government-owned Land Bank of the Philippines (LBP) faced a dilemma: it was compelled by law to provide credit to all official cooperatives, but it was unable to control their lending and recovery procedures. Many of the country's more than 6 000 cooperatives had unsatisfactory repayment rates on the money they borrowed from the bank, forcing it to seek additional government funding.

Accordingly, the bank established the Cooperative Development Assistance Group (CDAG) to develop a methodology to classify cooperatives according to a set of performance criteria and attempt to upgrade cooperatives having unsatisfactory performance records. They planned training modules to be conducted by bank staff.

However, with the introduction of SCR methodology, the bank plan was revised to incorporate training by mentor co-ops which were highly successful in varied management areas. During the identification process, the LBP discovered the Catmon Community Co-op (CCC), which had an unusually successful member savings and loan programme. CCC had a 100 percent recovery rate when it loaned member savings deposits – well above the recovery rate for money it borrowed from LBP for onward lending to members.

This system of member savings and loans became known as the Member Savings Organization (MSO). The SCR trial training programme generated an average of P 500 000 each in more than 500 co-ops adopting the technology during the two year life of the project. Based on this success, the bank followed up with a 6.98 million peso national training programme, sponsored partly by a grant from German Technical Cooperation (GTZ), to replicate the member savings concept to more than a thousand co-ops nationwide.

The government bank reported that some more successful MSOs have generated such large-scale savings that they no longer borrow from it. In addition, the co-ops tend to deposit their own savings in commercial banks where benefits are greater than those offered by LBP. CDAG has noted this trend and predicted that the accelerating success of the MSO system might well put the Land Bank itself out of business in the long run. Accordingly, to exploit the savings potential, the LBP developed a package of benefits to attract co-op savings away from commercial banks. As a result of the MSO success, the Land Bank has begun training other government agencies and NGOs in the SCR methodology of MSO replication.

In conclusion, even complex group activities can be replicated using SCR methodology, provided the behaviour has already proved successful in the field and the successful organization is able and willing to train other co-ops.

Caution is necessary at this point: some cooperatives are highly successful due mainly to a single dynamic person who monopolizes leadership and decision making. The chances of replication, in such an instance, will be lessened unless the dynamic person can find and train a like-minded person in the newly established co-op.



Catmon community group

THE longevity of the success case must be evaluated, especially when replicating income earning activities in which excessive fluctuations in market prices can determine the success or failure of the enterprise. Success achieved for one season only, may fail in the following season when prices fall due to severe oversupply. For example, the production of chicken eggs faces large seasonal price variations due to considerable fluctuations in the price of chicken feed. Evaluating such a likelihood may challenge inexperienced field officers or NGO workers, but the enterprise owner will usually have a sense of the market and the chances that heavy competition will arise to erode his profit margin. In general, it is preferable to avoid high-risk enterprises or those which face high price fluctuations. For example, large onions proved to be very profitable in Sri Lanka, so the crop was widely promoted and flourished. However, within a few years there was a vast oversupply, leaving many farmers with spoiling crops.

Those who are most successful in such highly competitive enterprises are usually keenly aware of competition and are reluctant to teach others trade secrets for fear of reducing their own profit. Thus, if success models are reluctant to teach their skills to others, caution is to be recommended: the enterprise may be highly competitive, risky and perhaps not suitable for SCR.

Lastly, in promoting general income earning activities in a significant target population, the field worker should assemble a varied selection of possibly successful enterprises to consider replicating. There must be a demonstrated desire to participate by the target population. This is especially true when introducing income-earning activities to participatory groups of the rural poor. It is not likely that all persons in a mixed village group can do the same enterprise. There is usually a market supply limitation, such as the “onion” case study.



Varied home industries

AT the same time, there is usually a larger pool of successes available in rural areas than one would initially expect. For example, in one subdistrict in Northeast Thailand, 14 successful occupations were identified in two days of field visits with the assistance of local government officials and villagers. The occupations included pickling cabbage, making cement blocks with a hand press, broom making, ground mat weaving, weaving cloth, making prefabricated bamboo walls, casting large capacity cement water storage jars, sewing the edges of nylon fish nets, fabricating roll out sun/rain awnings, mushroom culture in rice straw, blacksmithing knives from auto springs, crafting bamboo furniture for outdoor restaurants, doing simple motorcycle repair and imitation diamond (zircon) polishing.

Local government field workers tend to identify success cases in which they themselves have been involved. Understandably, they often look for successes only in their own programmes. Some of these successes may be useful, but – as most rural development workers know – there are many

1.5 Duration of success cases

1.6 Variety of success cases

outright failures in development work. It helps to ask extension officers to include successes that existed in the locality before they arrived. Once a suitable number or variety of successful cases have been identified for possible SCR consideration, the second step of the methodology can proceed: assess the potential for replication.

2. Assess success replicability

THIS may be the most demanding part of the process. It involves delving deeply into issues either highly sensitive to those concerned, such as their profit, or technically complex, such as the calculation of net income. Field workers will be relieved to find that ways have been devised to obtain this sensitive information without alienating the success mentor and that the calculation of net income is not as complex as might be expected.

2.1 Overcoming success person's fear

VILLAGERS in most societies are reluctant to discuss financial success with strangers. This is especially so when the outsiders seem to be associated with government, because entrepreneurs fear that government agents may impose a tax on profits. If the enterprise is not properly registered, the entrepreneur may see the stranger as a threat who will demand a bribe to remain quiet. Even if the interviewer is not perceived as a threat, the success person will usually be reluctant to discuss income earning activities due to fear that others will learn his closely-guarded secrets of success and compete in the local market.

To overcome such natural resistance, it is helpful for the field worker to inform the success case person at the beginning of the interview that he has been identified by neighbours and peers as a most successful individual in his chosen enterprise. This will often appeal to the person's pride and arouse interest in what the interviewer has to say. At this point, the subject should be informed that highly successful persons are being sought to help train the poorest of their neighbours so that they can support themselves. This introduces the possibility that the success person will be elevated to the role of teacher in the community and also appeals to their sense of sympathy for those who are much poorer.

At this stage, the successful person should be informed that being recruited to train the poor will not happen if there is any possibility that such training would lead to too much competition in the market, which would cause falling profit margins. Now that the topic of marketing has been opened, this is the time to begin to assess if the local market can bear additional production.

2.2 Assessing market capacity

MARKETING systems can be quite complex and subject to considerable seasonal fluctuation, both in terms of output prices and the supply of some inputs. Untrained government and NGO workers might well feel daunted when asked to evaluate the market potential of a new product. The best way to acquire the data is to rely on the successful entrepreneur as a source of market information. If the entrepreneur has been successful in the

enterprise, several seasons of marketing experience usually enable reliable market evaluations to be made of the immediate market.

If the successful entrepreneur fears that market oversupply will result when SCR training is conducted for others, the field worker should not encourage such training. This could have a serious negative impact on the entrepreneur's income and lead to failure of the new enterprises, which would also cause serious damage to the reputation of the field worker.

In rare cases, the field worker may encounter a successful person who is not aware of the threat that competition might pose to his/her own survival. In such a case, the success person might train others without realizing the possible damage to their own future. One such case follows:

Case No. 5. Pickled cabbage

A widow supporting two daughters was trained to produce pickled cabbage by a Chinese family when she worked as their maid in Bangkok. On returning to her native Northeast Thailand, she found the local market lacking this product. She started this enterprise and prospered, as she was the only local producer. When a women's group from a nearby poor village requested training to pickle cabbage, she agreed to do it.

However, when it came time to market the product, she began to realize that her own income might be threatened by the added competition and that her two daughters' might have to discontinue their university education in Bangkok. Frightened by such prospects, the widow deliberately failed to show up at the local fresh food market on the first day of sales to assist the women's group to establish their marketing operation. As a result, the women's group failed to obtain a market space and their enterprise collapsed.

Regarding the "cabbage widow", the field worker might have discussed the prospect of SCR training leading to increased competition in the local market and its impact on the widow's income. A possible solution might be to agree with the success case person that SCR training will only be conducted for persons who will market their product outside the market area of the success mentor. The case below illustrates this solution:

Case No. 6. Chinese steamed buns

A field officer for the Bank for Agriculture and Agricultural Cooperatives (BAAC), a counterpart agency for the Thailand project, identified a borrower who had repaid the many BAAC loans he had taken to purchase fruit orchards.

On investigation, the officer learned that the fruit orchards were never profitable but the borrower felt their value in the land market made them a good long run investment. It was further learned that the borrower and his wife derived their primary income from a sideline occupation, making and selling steamed Chinese buns, a puffy round white pastry filled with bean mash or ground pork, popular at breakfast. The enterprise was so profitable that the couple repaid all their bank loans and educated their two sons through university in Bangkok.



Steaming buns



*Chinese steamed buns
being made at home*

The couple were aware of their market position and refused to train anyone from their own market area, but they would train persons who would market well outside their area. Accordingly, the field officer established SCR training for four other families from distant subdistricts. However, the selection of trainees was not done on the basis of their felt needs and only one couple was successful in the new venture. For them the business was a welcome activity. The husband was a construction worker, receiving US\$4.00 per day on days when work was available. His wife was unemployed and they had two children and a mother-in-law to feed. The buns earned them about US\$6.75 net per day, much more than the husband's labour wage. It provided almost full-time employment for the wife. The BAAC provided them with a B10 000 (US\$271) loan to buy the bun steaming equipment and a sidecart for their motorcycle to facilitate the mobile sale of the buns. The loan was repaid ahead of schedule by this enterprising couple.

The successful couple were only willing to train persons whose market coverage would not overlap with their own. The steamed bun enterprise proved lucrative for the couple that successfully replicated it. The BAAC field officer responsible for the replication lamented that none of the other three trainee families succeeded in the enterprise. However it was noted that the officers who had selected them had not attended the initial SCR training programme and were therefore not fully informed about how to assure commitment from trainees.

The most common marketing problem is training too many replicators, flooding the market with the product and causing prices to fall. The following case study demonstrates this problem.

Case No. 7. Puffed rice cakes: a market oversupply problem

Thailand's Bank for Agriculture and Agricultural Co-operatives (BAAC) participated in the SCR trial project from 1995 to 1998. One of its most successful field workers, Mr Prasopesuk, learned that the village level production of puffed rice cakes coated with sugar palm icing was very profitable. Production costs for one kg of the cakes was B3 (US\$0.08) while they sold for B8 (US\$0.22). The profit of B5 (US\$0.14) per kg equalled 166 percent of production costs.

Naturally, when other villagers heard of the spectacular profit margin, interest in replicating the enterprise was widespread. To avoid flooding the market with rice cakes, the BAAC field officer assessed probable demand in the community and limited the trainees to only five. The training was successful and prices remained as high as before the training despite the increased supply.

However, relatives of the newly successful trainees envied the profit margin being generated, and insisted that as family they had a "right" to be trained as well. Subsequently, some 35 families learned the process and flooded the local market. As the supply rose beyond demand, prices fell, first gradually, then plummeted to B3 per kg, equal to the cost of production. Creatively, the bank officer took the initiative to solve the problem of oversupply by helping the producers organize to send their produce, in bulk, to a larger market. As a result, the sale price climbed back to B8 per kg and helped sustain the new enterprises.

Replication can occur very quickly, especially when the product fetches an unusually high net return. It is difficult to prevent over-replication when those wishing to conduct the new economic activity are immediate family of the successful trainees. For this reason limiting the number of trainee participants should be considered, in consultation with the success case person, to prevent market oversupply. The mentors and trainees alike can then be advised that too many new business ventures will ruin it for all. It is also wise to be prepared to send the products outside the local market, if necessary, due to uncontrolled overproduction.

One of the worst mistakes is encouraging farmers to initiate an expensive enterprise that cannot compete in the local market. It is not uncommon. The following case describes one story.

Case No. 8. Linchee fruit orchards

Ready access to markets is perhaps the most critical element when attempting to introduce new income earning activities. In one case, government found that linchee orchards yielded high profits consistently, year after year for lowlanders in Northern Thailand. The crop grew quite well in the highlands where opium crop-substitution projects were a high priority. Ethnic minorities were encouraged to grow the crop, which took five to seven years to bear fruit and also required a large government loan. After investing much money and several years cultivating the crop to maturity, the planters learned, to their dismay, that high transport costs from the mountains to the lowlands made their crop unprofitable.

Here the extension agents should have determined the full costs of the crop, including its delivery to market. Had they done so, they would have known that the crop could not be economic due to high transport costs from the highlands to the lowlands where fruit markets are situated.

The following case reports another sad example, in which the extension agency promoted a crop with no market:

Case No. 9. Wheat production

Wheat production trials at a highland experiment station in North Thailand proved that yields were high and reliable. Accordingly, the crop was introduced as a substitute crop for opium. At that time, however, Thailand imported all its wheat, mainly as flour, and there were no flour mills in the country. When the wheat crop was harvested, it could not be sold at any price.

Looking back, such mistakes might seem obvious. However, it should be noted that the extension officers were agronomists trained only in agriculture. They had never been exposed to marketing concerns, either in university or in practice. Not to discourage field workers, it should be noted that there are many crops – such as rice, cassava and rubber – whose price is determined in world markets. Improving the volume or quality of



production by any individual producer or group of producers has no measurable impact on the world price of the product: in this case, field workers can conduct SCR training without worry of overproduction.

For example, regarding rubber group marketing in Thailand, there was no such market constraint because group marketing did not increase the overall supply of rubber. Group marketing merely improved the quality of part of the existing supply and enabled group members to get a higher price for their portion of the overall supply through quality improvement and the bargaining power of bulk marketing. Hence, rubber was not subject to this marketing constraint.

In a similar situation, Sri Lankan women's groups obtained control from the buyers over husk pits for coir fibre production. Their innovation placed them in control of the raw material supply, giving them a significantly higher profit due to lower input costs. Nonetheless, this innovation had no impact on the price of coir fibre yarn because the overall market is very large, island-wide, and the supply was not changed by the change in ownership of a small portion of the raw material.

However, it is safer to assume that there may be a market constraint. It is the responsibility of the catalyst and the success case individual to jointly estimate the market saturation point. The training programme that is then established should take the market saturation limit into account and limit training and production to a point that is well below this level.

Where market limitations seem obvious, the field worker has at least two options: to avoid SCR training due to potential oversupply, or to train only those outside the success case market area.

2.3 Assessing net income

WHEN market oversupply does not appear to be a problem, or where the successful person reveals no fear of competition and shows a willingness to train others, the next step in the evaluation can begin. This step concerns the economic assessment of the enterprise. The field worker must determine just how profitable the enterprise is before he plans the training programme. Just how that can best be carried out is the subject of the next section.

Extension workers are not usually trained to do economic analyses of business operations, but it is necessary for them to determine which success cases can be replicated, and which cannot. It is not necessary to be an economist. Agricultural officers and other catalysts of change must be able to understand (1) raw material supply and cost, (2) the production process and associated costs, and (3) the marketing and sale price. For our purpose, we can use a very simple system, as demonstrated in the following case:



Case No. 10. Economic evaluation of soya milk venture

To make soya bean milk: crush soya, strain mash, boil milk and add sugar. The product is sold in plastic bags. In this hypothetical case (with estimated data), determine the cost of making a fixed amount of soya milk in a fixed period (depreciation not included) and the net profit gained when sold:

Overall costs to make four litres of soya milk daily

Cash costs (US dollars)

Two kg soya at 0.50 per kg	=	1.00
One cup sugar	=	0.05
Charcoal to boil milk	=	0.25
Plastic bags for packaging	=	0.10
Labour to pound beans, strain solution, boil milk (two hours)	=	<u>0.75</u>

Total cash costs = **2.15**

Gross income (cash received without deducting production costs)

2 kg soya makes 4 litres (4 000 cc) milk sold in 400 cc bags.		
4 000 cc / 400 cc	=	10 bags
each holding 400 cc selling @		0.40
Gross income = 10 bags x 0.40 =		<u>4.00</u>

Net income: gross income less all production costs for one day's work (two hours labour)

Gross income	=	4.00
Less total cost	=	<u>2.15</u>
Net income	=	<u>1.85</u>

IS this a reasonable net income? Making soya milk is a profitable part-time enterprise. In Thailand in early 2000, US\$1.85 earned daily is equivalent to a monthly net income of US\$55 -- more than half the US\$105 income of a housemaid working 10 hours/day. The soya milk profit of B70 day (\$1.85) for only a few hours of part-time labour is a step up from entry level employment and is an appropriate net return.

A more complex and accurate economic analysis requires including depreciation costs in net income calculations. What is depreciation? All tools used to produce the product eventually wear out and will need replacing. Divide the purchase price of the tool by the number of days, months or years it can be used to determine how much must be saved each day, month, or year to replace the tool at the end of its useful life. This is called the depreciation cost.

2.4 Appropriate net income

2.5 Incorporating depreciation



To calculate depreciation costs for this venture:

Depreciation: mortar and pestle		(US\$)
Replacement cost	=	2.00
Useful life	=	200 days
\$2.00 / 200 days	=	
daily depreciation	=	0.01
Depreciation: charcoal stove		
Replacement cost	=	4.00
Useful life: 2 years (200 days/year)	=	400 days
4.00/400 days	=	
daily depreciation	=	<u>0.01</u>
Total depreciation (one day)	=	<u>0.02</u>
Net income less depreciation		
Net income (from 1.3 above)	=	1.85
Less total depreciation costs:	=	<u>0.02</u>
Real net income after depreciation	=	US\$1.83

It may be seen, that the depreciation factor for this enterprise is very small and, practically, need not be included. However, it is good to be aware of the depreciation factor because in many enterprises depreciation can make the difference between a successful sustainable enterprise or massive indebtedness when equipment must be replaced. Case No. 11 illustrates this:

Case No. 11. Motorcycle taxis: eating the enterprise

Delivering people home from main roads by motorcycle taxi is a common enterprise in Thailand. It can provide a net daily income of US\$8 per day after paying for fuel, or a monthly income of some US\$240, double that of a construction worker.

The motorcycle costs about US\$865 in a one-time cash payment. However, most owners are poor and purchase the motorcycle on hire purchase at 15 percent interest per annum, or an overall price of US\$1 300 with payments of US\$54 each month for 24 months. When monthly payments are deducted, the owner realizes a net income of US\$186, a good wage in comparison to common labour. Most owners do not set aside a daily deduction (savings) to pay for the cost of depreciation. A well-maintained motorcycle will last about five years (60 months). With a projected replacement cost of US\$1 355 five years in the future, monthly savings to replace the motorcycle is about US\$22.50 (US\$1 355 divided by 60 months). Drivers who do not save can find themselves out of business at the end of the five years – when their motorcycle no longer functions. More likely, they are forced to finance a replacement motorcycle on hire purchase at a high rate of interest. The driver who did not save may end up working several days a month just to pay the interest on his hire purchase or to pay the local moneylender.

Entrepreneurs who do not deduct depreciation costs are said to be “eating their business” because they often use their entire daily net income for daily costs such as food and housing. When the machine wears out, they have no savings to purchase a replacement.

MOST rural poor do not deduct their own labour spent on secondary income earning activities. Generally they feel they are using their free time for subsidiary enterprises. From a purely economic viewpoint, this is incorrect, because they could have sold their labour during that same period to another person and earned added income. However, from the point of view of the poor, the opposite seems obvious.

Subsistence workers receive money in hand when selling a product. The worker then purchases food and other goods – perhaps exactly equal to the cash in hand. Explain that cash costs for production should be deducted from gross income in hand, and the worker easily understands the reasoning for the deduction – and readily agrees to deduct labour costs for which cash wages were paid.

However, to convince such a worker that there should also be a further, imaginary deduction for his own labour, because of the opportunity cost, may prove difficult. Simply subtract all cash costs for the enterprise and ignore the opportunity cost for labour, which is not paid in cash.

2.6 Deductions for family labour

Case No. 12. Economic evaluation of betel leaf cultivation

Production and sale of betel leaf is a typical farm enterprise in Sri Lanka. The leaf is chewed with betel nut, a mild narcotic. Growers usually tend a 150 sq ft plot. In this example, calculations are for six months. Determine all costs of producing a fixed amount of leaf during a fixed period. Calculation includes depreciation and labour costs. Overall costs to produce 18 000 betel leaves in six months. (SL Rs 70.95 = \$1)

Materials (all locally available)		(Sri Lanka rupees)
Planting materials	=	430
Fertilizer	=	25
Labour (six days during six months)		
6 days x 150 per day	=	900
Capital: Water pump and tools (5 000)		
Depreciate 10 year lifespan (500/yr)		
Equals SL Rs 250 for 6 months	=	250
Marketing costs:		
Transportation and related costs	=	300
Training costs		
SCR training	=	60
Total costs (six months)	=	<u>1 965</u>
Gross (market) income		
Six month yield 18 000 leaves @ 0.15 =	=	2 700
Net income		
Gross market income	=	2 700
Less total costs	=	<u>-1 965</u>
Net income (over six month period)	=	<u>735</u>



Betel leaf cultivation

To determine if this enterprise yields an appropriate income, divide net income of SL Rs 735 (US\$10.36) by the days of labour, or six days during the six month harvest period. Dividing Rs 735 by six days yields Rs. 122.50 per day. In rural Sri Lanka at this time, the rural labour wage was Rs. 100 per day, indicating that this is an appropriate return.

In the above calculations, labour is deducted, although it is unpaid labour contributed by SCR trainees themselves. As in the soya enterprise, trainees view this as “free time labour”, carried out in the evening after their “work” is completed. As trainees are inclined not to deduct the opportunity cost of their labour, they feel that the SL Rs 900 labour deduction is unnecessary. The trainees view the Rs. 900 as part of their net profit. In a sense they are correct, because they will have Rs. 900 cash in hand when they sell their leaf. The added income effectively raises their overall wage to $\text{Rs } 900 + \text{Rs } 735 = \text{Rs } 1\,635$ for six days work. Thus, the new daily wage is $\text{Rs. } 1\,635 \text{ divided by six days} = \text{Rs. } 272.50$ per day. This wage (viewed by the trainees) is nearly three times the prevailing daily labour wage, making betel leaf growing appear very rewarding. This calculation, which does not include a deduction for the opportunity cost of labour, is often called the “return to labour” in economic texts.

Case No. 13. Economic evaluation of oversize brick making

Analysis of Mrs S.G. Priyani’s brick making venture in Sri Lanka, including digging and shaping clay into bricks, air drying and firing them for about a day.

Determine all costs associated with producing a fixed amount of product during a fixed period.

Simple calculation to produce 6 000 bricks in one month

Overall costs in Sri Lankan Rupees (SL Rs 70.95 = US\$1)

Materials (all locally available)

Clay for 6 000 bricks delivered to site	=	1 500
Patterns, etc.	=	200
Ten yards of firewood at 200 per yard	=	2 000

Labour

Hauling water: 4 days x 100 per day.	=	400
Brick cutting: 9 days x 100 per day	=	900
Brick drying/cleaning: 6 days x 100 per day	=	600
Brick chamber work: 6 days x 150 per day	=	900

Subtotal: material and labour costs = **6 500**

Gross market income

6 000 bricks at 2.00 at site = **12 000**

Net income

Gross market income = 12 000

Less total costs = - 6 500

Net income (one month) = **5,500**

To determine if the venture yields an appropriate income, divide net income of SL Rs 5 500 by the number of days per month spent making bricks. There are 25

such days, on average, yielding a daily labour wage of Rs 5 500 divided by 25 days = Rs 220, an appropriate wage. The trainer's income was twice the net earnings of most families in her area.

A successful enterprise should produce a good net return after deducting all cash costs, including wage labour and depreciation. Family labour, not paid a cash wage, is usually not deducted.

THE above economic evaluation does not eliminate the possibility of a raw material supply problem, which may occur seasonally or require that materials be purchased from a distant market. Consider the following:

2.7 Raw material supply

Case No. 14. Bamboo furniture: a raw material problem

An example which illustrates this concern is bamboo furniture. Bamboo chairs, benches and tables are easily built with only a few tools, and are inexpensive enough to be used outdoors in local restaurants in Thailand. The government established a training programme to teach villagers how to produce such furniture. When the training was conducted in a village in Thailand's Northeast, the instructor was technically highly qualified, and the construction techniques were easily mastered by the trainees. However, the appropriate type of bamboo was not available locally and had to be brought in by truck. Transport costs made the furniture too costly. The primary input was not available at an economically competitive cost. In addition, the training did not include marketing. The trainees were unable to find a market for their finished furniture and, as a last resort, the District Officer bought it to prevent the trainees from going into debt due to the cost of the training materials.

Lesson: Be certain that raw materials are readily available before promoting a new enterprise.

Case No. 15. Bhutan onions: a seed supply problem

Gup Amber Dorji, a former village head in the Paro Valley of Bhutan, was the first farmer in his vicinity to take up the cultivation of large onions. The crop grew well and Mr Dorji received a favourable price for the new commodity in the local market. Mr Dorji functions easily as an extension worker who delights in teaching others. He soon had trained 13 neighbours to grow large onions. Unfortunately, the nearby government seed multiplication station could not supply seedlings and training was wasted that year. To solve the seedling problem, Mr Dorji and his friends began growing seedlings to supply themselves for the next season.



Bhutan onion man

Lesson: Assure that adequate seed and other critical inputs are available for trainees when replicating farming projects.

Case No. 16. Mushroom growing on rice straw

Raw materials may be available only during certain seasons. A simple example of complications arising from such a case concerns a successful grower who had made a handsome income from mushrooms grown on rice straw for nearly 10 years. The target villagers, all rice growers, showed strong interest in SCR training conducted by the successful farmer. However, when training began, the rice harvest had been completed several months earlier, and instead of fresh straw, only previously stored straw was available for the practice mushroom demonstration.

The preparation, seeding and early growth went well and the trainees were pleased to see the fine batch of mushrooms that they had grown. Unfortunately, soon before full growth was achieved, an army of termites in the old straw began to devour the mushrooms. To the trainees' disappointment, the trainer explained that pesticides could not be used because the mushrooms would absorb the chemicals and become toxic. The entire crop was lost. The following year, when the rice harvest was finished, neither the extension worker catalyst nor the mushroom success case grower were available to conduct training.

In this case, the timing of the availability of raw material was critical. The best way to avoid such mistakes concerning the timing of the training is to ask the successful person to design a simple training schedule which should include where and when such raw materials will be available.

Case No. 17. Rubber tree fungicide

Government extension workers demonstrated use of a new fungicide for treating an especially virulent rubber tree root disease. It was effective and was the first such chemical to be marketed. Prior to its introduction, rubber holders could only uproot and burn the entire tree when disease struck their plantations.

The instruction was well conducted and well received. There were practical demonstrations and plantation owners themselves participated in identifying infected trees, excavating the infected roots and applying the fungicide.

When the training was completed, villagers wanted to purchase the chemical. Unfortunately, the extension workers had received the demonstration chemical from the extension department in the capital and knew neither the price nor where the chemical could be purchased.

Further queries revealed that the fungicide was too expensive and the supplier had not yet established sales outlets in the rubber growing districts. The villagers were displeased and the extension agents lost credibility, despite having made a genuine effort to assist the rubber smallholders.

Lesson: Always determine the availability and price of critical inputs, especially if they must be imported to where the target group is located.

IN the course of an evaluation, the field worker will need to be aware that problems can occur during the production process which will lead to an inferior product that is not marketable. One such case occurred in Northern Thailand in producing puffed pig skin:

2.8 Evaluating production

Case No. 18. The puffed pig skin case

An NGO named Thailand Development of Human Resources in Rural Areas participated in the SCR project from 1995 to 1998. One of its more successful training programmes focused on production of pig crackling or puffed pig skin, a common Thai snack. A successful young couple conducted the training and due to fierce market competition, trainee families were all chosen from communities well outside the success case trainers' market area.

One trainee family produced five kg of crackling in their trial boiling at home. It was immediately offered for sale in their village. Sales were brisk, as there was no local competition. However, it was soon reported that the product was sticking like glue to buyers' teeth. Word travelled quickly; sales stopped. The family faced disaster.

The field worker had prepared for such problems and arranged for the new entrepreneurs to meet with the success trainers who had conducted the training. Tasting the gluey product, the trainers explained that the skin had not been boiled long enough in low temperature oil before being puffed in the high temperature oil. They then demonstrated how to judge the time needed in the low fire boiling to prevent "glue" from forming.

With the problem solved, the trainees produced their second batch of pig crackling the same day. They distributed complimentary samples of the improved product to villagers who had purchased the failed gluey product the day before. By this tactic, they established their credibility in the local market.

Lesson: Use a portion of the training time to demonstrate what can go wrong in the process – and how to solve the problem. Timely follow-up enabled the trainees to benefit from additional advice from the success mentors, correcting their processing problem. Had the problem persisted, it is likely that the new enterprise would have failed.

KEEPING in mind the special problems in the cases given above, it will be of use to lead field workers through complete evaluations of several successful replications:



Pig crackling venture

Case No. 19. A local bakery in the Philippines

Colita and Nelson Tolentino were among the poorest peasants in the communities surrounding San Pedro, but both had formerly worked in bakeries. Colita joined a women's participatory group formed by the Center for Agriculture and Rural Development (CARD), an NGO. Using a CARD loan, the couple began a bakery in their one-room thatched hut. Through perseverance, long hours of work and a good product, their bakery was a success. By late 1994, they were making an average profit of P 7 000 a week (US\$184). Their success was evaluated

2.9 Review of evaluation process

for replication. This is how it was done:



Nelson shows how to improve the oven

The entrepreneurs were interviewed at their home and bakery to review their daily operations. Start-up costs (including raw materials, such as flour, sugar and baking soda), production steps, morning and afternoon cake production, labour costs and gross returns were reviewed. Bicycles purchased for distributing baked goods to commercial clients such as coffee shops were included as a business cost. Net profit was determined by subtracting all costs from gross income. The discussions revealed a number of observations, including:

1. Two 55-gallon cement-encased oil drums made the oven, designed and built by the entrepreneur. Fuel was readily available coconut husks fed into the back of the oven so heat and smoke could not enter the ovens at the front.

2. Ingredients such as flour, sugar and baking soda were readily available at appropriate cost in nearby markets, as were baking pans and cups.

3. The ingredients were easy to mix in correct proportions but mixing was hard work. Baking time was easy to judge, the oven easy to control and few cakes were lost in baking.

4. The husband began to mix ingredients and heat the oven at 1.00 a.m. At 4.00 a.m., the wife began baking. When morning bakery finished by 6.00 a.m., preparation of afternoon cakes began. The husband slept in late morning to recover lost sleep.

5. Villagers who distributed baked products received a 30 percent share of the retail price. Entrepreneurs supplied bicycles to distributors to deliver pastries.

6. Early morning distribution was necessary to gain and keep market share, as customers bought cakes in the coffee shops. If the cakes are unavailable when patrons arrive, the customers bought cakes from a competitor, a commercial bakery in the nearby city.

7. The quality of cakes was known because some customers waited at the coffee shops even when they arrived late, although the competitor's cakes were already available.

8. They easily sold all the cakes they made each day.

9. Cake prices were stable; they had not varied for several years.

Asked if they could train other villagers to replicate the bakery, the Tolentinos said that they had already done so. Mrs Tolentino trained a friend and her husband from a nearby village and they also succeeded. The husband was then employed in Saudi Arabia and established a similar bakery there to serve other Filipino workers. He reported having a successful business. Had Mrs Tolentino asked for payment to do the training? She said she had done it without thought of reward. She vividly remembered how difficult life had been when her family was poor, and now that she was successful, she offered to train other poor people, at no charge, so that they too could make a decent living. The Tolentinos successfully initiated and replicated their bakery, and it was successfully transferred to a foreign country.

Mrs Tolentino said she did not wish to train others who would compete in her market, but she remained ready to train the poor from distant villages.

The SCR project was reasonably sure others could replicate the bakery without too great a risk provided that they were well trained by the Tolentinos and that their village market did not already have reliably supplied baked goods.

Using SCR, the bakery was successfully replicated on a nearby Island in Balokawe village, well outside the Tolentino family market area. Colita Tolentino trained Davina and Ramon Magracia in baking; Nelson advised them regarding construction of a superior baking oven.

Within a few months, the Magracias were earning a net weekly profit of P5 429. Allowing for depreciation on the oven, baking utensils and other costs, the net profit per week still exceeded P5 000. The net income analysis for this enterprise follows as an example for field staff:



How to fabricate a oven from a steel drum

Net costs of production per week (38.3 Pesos = US\$1):

1. Ten sacks flour (P290 x 10)	2 900.00
2. Sugar (9 kg x 7 days x P20)	1 260.00
3. Vegetable oil (P27.38 x 21 bottles)	574.98
4. Margarine	112.50
5. Baking Powder	21.00
6. Yeast	18.75
7. Salt	14.00
8. Ramon's labour (8 hrs/day x P4.82 x 7 days)	269.92
9. Davina's labour (4 hrs/day x P4.82 x 7 days)	134.96
10. Transportation	120.00
11. Depreciation cost of push cycle	8.00
12. Loan instalment (P7 000 at 20% interest)	161.54
Total costs for one week	P5 595.65

Gross income from weekly sales:

1. 400 Kababayans at P0.50 each x 7 days	1 400.00
2. 850 Morning Bread at P0.50 each x 7 days	2 975.00
3. 450 Spanish Bread at P1.00 each x 7 days	3,150.00
4. 100 Cookies at P0.50 each x 7 days	350.00
5. 50 Tasty Bread at P 9.00 each x 7 days	3 150.00
Total gross income for one week	P11 025.00

Net profit for one week's sales:

Gross income P11 025.00 less costs P5 595.65 = P5 429.35

Given that many poor families in the area live on P1 000 per week, the Magracia family is now considered to be wealthy. In addition, they experienced minimal competition because they had been given particularly tasty recipes.

In conclusion, the SCR bakery project proved profitable for the family trained by the Tolentino family. It is noteworthy that care was taken to conduct the training in a community far away from the market area served by the bakery operation of the Tolentino family.

Case No. 20. 'Diamond' polishing in rural Thailand

Northeast Thailand has the country's most-depressed economy and provides low wage manual labour for other regions. In the early 1970s, a young man named Sanguan from the hinterland of Khon Kaen city in the region migrated to Bangkok to make a living. There he learned the imitation diamond (cubic zirconia) trade, including purchase of the raw stone, polishing the gemstones and marketing the finished product.

Sanguan missed his family – especially his aging mother, who was in poor health. When electricity reached his village, he moved his zirconia trade back to his village. Gradually, during 10 years, he trained many villagers, and by the mid-1980s there were some 3 000 villagers polishing “diamonds” in the Northeast. He was successful but did not attempt to monopolize the trade. He became a well-known figure in the vicinity of his village.

In 1986 the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) sponsored an income promotion project in conjunction with the Royal Thai Government Departments of Rural Development and Agricultural Extension. One selected village, very poor and near Khon Kaen, saw the migration of entire families to work in sugarcane fields in central Thailand in the dry season. Wages were low and children did not attend school during harvest. Villagers needed income to allow them to remain at home, but irrigation to support summer crops was not available.

During the search for successful income earning projects near Khon Kaen, one promising occupation was the imitation diamond or cubic zirconia trade. It could be carried out in villages on locally built polishing wheels costing less than US\$80. Village youth were easily able to earn from US\$2 to US\$4.80 daily once they had been trained. This wage compared favourably with the US\$1.60-2.70 a day that could be earned in Bangkok, where rent and food consumed most wages and where young villagers were lonely, and in some cases, quite unsafe in rented housing that had to be shared, usually with non-relatives.

SCR Project queries identified one person, Mr Sanguan, as an outstanding entrepreneur. He agreed to explain his trade to poor villagers and to help train them if interest was sufficient. Interest was high among the villagers and soon a successful cubic zirconia polishing business employed 17 young people, including five whom had returned from Bangkok to learn the trade. Evaluating this success case for potential replication proved relatively easy because many nearby villages already had such enterprises and there were no reported failures of the business. Most youth found the technical aspects easy to master although a few could not – even with extended training. Market prices had remained stable for several years. Buyers in Bangkok reported a gradual decline in the value of the cut stones over several decades; they said the trend would continue due to unlimited supplies of the raw material. However, they said, the trend was offset by switching to polishing higher value stones, which had already begun in Thailand.

This enterprise was easy to evaluate because many such enterprises were already successfully operating in the area. They produced a high income for the participants and they were free of marketing problems.

Cubic zircon cutting and polishing

Case No. 21. Coir rope making in Sri Lanka

Several village women's participatory groups were formed in Hambintota District of Sri Lanka's Galle province in 1987. The women traditionally made coir yarn from coconut husk fibre as a part-time income producing activity. Earnings were low. The husk pits in which husks were soaked in brackish water for four to six months before "spinning" the fibre for coir yarn were controlled by locally powerful persons and money-lenders. They supplied raw material on credit at relatively high prices and paid relatively low prices for the finished product.

Through the judicious use of their own savings, one group leased an abandoned husk pit. The women took turns guarding it at night to prevent the influential owners from stealing the husks or otherwise sabotaging the operation. After six months, and a plentiful supply of husks, employment from coir yarn production increased six-fold. The reduced price for raw materials and the combined sales of the finished product directly to large buyers, bypassing the local middlemen, increased their monthly returns from SL Rs 200 to 300 per month. In addition, the group later joined other women's groups to undertake large-scale direct sales to higher level buyers adding to their already high profits.

The evaluation of this success case for potential replication is very simple. Since the first successful group was made up of, more or less, typical rural women, similar groups would be likely to be successful, especially if they benefited from the experience and advice of the women in the first group. In fact, these women had already introduced this system to other newly formed women's groups and had then conducted joint marketing with these groups to enhance their volume and bargaining power which had generated additional income gains.



Husks soaking for coir yarn production

Lesson: Given the nature of the coir yarn market, large and not easily susceptible to oversupply, it would probably be safe to expand this jointly owned husk pit success case to a large number of women's groups. A high rate of success can be expected for such expansion because successful replication has already been achieved in several cases.

To reiterate the steps in evaluating the potential for successful replication, the catalyst should look closely at the following factors and discuss them in depth with the success person:

Raw materials: Are they readily available through the production season at the site where replication is planned? Are prices similar to those of the success case? Is the quality at least equal to that of the materials used by the success case entrepreneur? Is there a monopoly control over raw materials by any one business or organization?

Processing: Is the production process simple enough so that others with similar education and skill levels could easily learn provided the training is sufficient? In the case of Colita and Nelson Tolentino, they were the best judges of this aspect and were confident they could train other villagers in bakery skills. Diamond polishing required the most demanding skill training, being quite technical, with two months training and one month of twice-weekly

supervision so that all trainees could achieve an acceptable quality standard. Even then, two persons failed.

Marketing: The best measure for this factor is the past marketing success of the success case operator. Is the market readily accessible? Is the profit margin satisfactory from the point of view of the entrepreneur or success case operator? Has the operation been going on for an appropriate length of time or an appropriate number of seasons? Is the price stable over time? Is there competition in the market and will there likely be in the near future? The success person can help answer these questions, but their assessments should be compared with independent observation.

By the time these questions have been considered and answered, it will be apparent whether or not the success case under study is replicable. Experience has shown that the skill of the catalysts in evaluating enterprises improves rapidly as they gain experience with the methodology.

3. Assess farmer willingness to become a trainer

HUMAN nature is complex, making it difficult to assess the willingness of the success case individual to train others. Many societies give public recognition, at least verbally, to those who help the poor. In addition, they are usually aware of the process of public attention and that they will be elevated to the status of a teacher of their peers when training is begun. This encourages entrepreneurs to claim they will teach others their trade even if it is not so, or even if they secretly fear empowering a competitor.

3.1 Three types of success case persons

EXPERIENCE has shown that the most successful people fall into three categories on this issue. The first category readily admit that they are in a competitive business and have no intention of teaching anyone else their secrets of success. In this case no training will be conducted.

In the second category, successful entrepreneurs are generous about training others on condition that the new generation of entrepreneurs will sell their product on another market. The catalyst (extension officer) should assure that the trainees will not compete with the success mentor. If this is kept in mind, there will be no problem with SCR training.

It is the third category of success cases, those who want to appear community-spirited and generous but who are really quite self-concerned, who are difficult to judge, and who can create serious problems for both the catalyst and the trainees. A few examples will be instructive:

Case No. 22. 'Diamonds' revisited

During the establishment of the imitation diamond polishing venture described earlier, the village head offered land for a factory. Other villagers contributed support posts, the cement floor and roofing, and a government loan financed the purchase of the gem polishing equipment. At first the venture was profitable and the loans were quickly repaid.

When the venture was established, the village head volunteered to purchase and transport the raw materials for the factory and market the finished product. During an extended absence of the catalyst or field worker, the village head stopped supplying raw zirconia to the factory and informed the workers that there was a shortage throughout the country. As the workers could not remain without income, they moved to other employment.

The village head then told the catalyst that the venture had failed and offered to take over the factory. Doing so, he inherited the equipment (at no cost, as the workers had repaid the government loan). As owner, he employed relatives in this new business, which succeeded. Later investigations revealed that the raw material had been in constant supply but that the workers did not know where to buy it and that none dared question the powerful village head concerning the shortage.

Lesson: In this case, the success person (trainer) did not withhold vital information. The problem arose with the village head, whose initial generosity gradually changed to greed. Perhaps such change, from community service to selfish motivation, is most difficult to foresee when evaluating the sincerity of the project participants.

It might have helped to establish the village head as official middleman, receiving profit from the beginning, so that he would have a vested interest in its long-term survival. However, this may not have been possible, because he had strongly declined, in public, the offer of rent for his land at the outset of the venture. Perhaps it would have helped had trainees been taught to buy raw gemstones and market the finished product, but the village head offered to do this at no cost, and it was difficult to rearrange without offense.

Lesson: When much money is involved, many people become interested. Frequent checks on new operations during early stages can sometimes prevent or avert such endings.

Case No. 23. Pickled cabbage - change of heart

Recall the earlier example in which a locally successful entrepreneur began her venture by pickling leftover cabbage in the fresh food market. As the only producer of pickled cabbage in her town, she profitably sold whatever she produced. She agreed to train members of a local women's group, who successfully produced a high quality product. When it came time for her to help with marketing, she failed to meet the commitment, leading to eventual failure.

Lesson: It was later learned that the success case mentor wanted to help the women's group – until the time of actual sale. At that point, however, when faced with the fact that the group was about to become a competitor in the same market (which might have negatively affected her own income), she changed her mind and failed to appear for the trial sale.

The catalyst might have avoided this difficulty by more effectively judging both local competition and the success mentor's personal bias. Had the catalyst recognized the entrepreneur's situation, training could then have been arranged for a more distant market town.

It may be concluded that assessing the willingness of the chosen success model to share inside information about the trade (especially marketing techniques) to those to be trained is a complicated task requiring considerable perceptive judgment by the catalyst. Over time, and as circumstances change, the motivation shown at the outset may change. The field worker should not let this be a discouragement; because judgment can improve with experience.

3.2 Compensation of trainers

HOW and when to compensate the successful person for his training services? There are several perspectives on the issue of compensation.

Many successful persons who have broken the poverty cycle (such as the Tolentinos) have not forgotten their roots and the suffering of their compatriots. Such people are often generous with sharing their new skills with less fortunate families without thought of reward. This volunteer spirit should be encouraged and their free assistance in training others readily accepted. Such persons accrue good will and receive recognition and status in their community when they help their peers.

On the other hand, the catalyst will find success case individuals who have worked very hard to achieve their high income and would not consider training others without compensation. Many expect payment at least for the time and money lost due to training others. Such persons still make excellent trainers and prove valuable to others. When the burden of helping others make money – without receiving anything in return – becomes unacceptable to the volunteer, compensation can be arranged or secondary success case persons may be used for training.

Mrs Nilmini, the Sri Lankan success case mushroom grower, led training sessions for several months without charge. However, as demand for her services grew, she began to charge SL Rs 250 (US\$3.50) per three-day training session. The trainees accepted this as appropriate because they knew that growing mushrooms would be highly remunerative. The training fee helped keep the trainer active in the programme. She planned to train 300 families by the end of the year 2000. In fact, she admits to – at one stage – earning more money from training than from her own mushroom farm.

The Thailand cubic zirconia project trainer, Mr Sanguan, was losing a month of income by travelling 30 km to the training site each day, so he requested US\$12 daily compensation for his time, skills and travel expenses. This was deemed appropriate compensation as the prevailing daily wage for ordinary skilled labour, such as carpenters, household electricians and painters, ranged from US\$4.75 to US\$6.50. In addition, the entrepreneur could easily earn more than US\$25 per day by tending his own gem polishing business because he had some 200 workers in his own village.

Nonetheless, the government officials involved with the project were unhappy when the project agreed to pay this fee. They disapproved of the comparatively high level of compensation because, they said, it was more than their own salaries (about US\$5.00 a day). In addition, they said that the success mentor was an ordinary villager, essentially uneducated, who could not read and write skilfully. Officers making the argument ignored his skills in gem polishing and marketing and his high income.

To counter this negative attitude, Cost/Benefit analysis was used to measure the increased income that Mr Sanguan would generate by training others. It was estimated that 15 trainees would become successful polishers. They would be expected to work with gems only 180 days per year because of family farm obligations such as rice planting and harvesting. Their daily wage would be estimated, conservatively, at B50 (US\$1.30) per day, even though the average wage of ordinary youth in similar operations run by Mr Sanguan ranged from B70 to 120 per day (US\$1.80-\$3.10). Accordingly, 15 workers multiplied by 180 annual workdays at B50 per day, would yield an overall increase in income of B135 000 (US\$3 515) for the participating trainees in the first year alone.

Compared with the B9 000 (US\$235) cost of Mr Sanguan's services, the benefits clearly merited the investment. The exercise helped reduce the jealous reaction of some government officials and exposed them to the idea of supporting program personnel regardless of class and social position.

As in the case above, it is prudent for the catalyst to obtain profit estimates for any new income earning activity. Then, using conservative estimates of the time worked, volume produced, production and marketing costs and the prices received, net earnings can be projected, once training is complete. This can then be compared with the cost of the training, including the compensation paid to the success case trainer, to determine if the benefits justify the costs.

In conclusion, the catalyst should encourage those who are willing to train others free of financial reward, but should not take undue advantage of volunteers over a long period. At the same time, paying some trainers for their services may well be justified, especially if Cost/Benefit analysis shows that the income generated will more than offset the training costs.



4. Establish practical training programme

LIKE much of the methodology, training should be tailored to suit the enterprise or activity to be replicated. Fortunately, the success case person can usually judge what manner and duration of training is required.

Regarding cubic zirconia polishing, Mr Sanguan estimated that three months daily training would enable each trainee to produce fine quality gems to market standard – and assure an appropriate personal income for each worker and a good profit for the business as a whole.

On occasion, the field worker may be able to use a simple one-step training session to correct a problem, such as in the case of the spoiled milk:

Case No. 24. Spoiled milk

The Livestock Department in Thailand's Ministry of Agriculture introduced dairy cows to a resettlement village of 12 families. There being no commercial dairy, one officer in the animal husbandry department of a local university collected village milk for processing at the university. However, he reported that much of the milk spoiled before being processed. Accordingly, many families were earning little from the dairy operation.

Informal discussion with the farmers revealed that many believed the university officer who claimed to be helping them was really cheating them by keeping the income from selling their milk elsewhere, while reporting to them that it had spoiled. Furthermore, as one family always received full payment for all its milk production, several other farmers suspected that this family had cultivated a special relationship with the university officer.

The successful farm family milked their own cows. When asked by the extension worker why their output did not spoil, they said they did not know, but agreed to have their peers observe the milking process.

At each stage, alcohol was used to clean the containers and instruments that came in contact with the fresh milk. Up to the stage when the milk was stored in a sealed container, the peers noted that their milking procedure was identical to that of the prosperous family.

However, after the milk was stored, a small portion was poured into a narrow cylinder and a metrolac (floating glass bulb) was used to measure the milk fat content to determine the final price of the product. At this point, the successful farmer thoroughly cleaned (with alcohol) *both* the metrolac and the cylinder, *before* pouring in the fresh milk. With gasps of recognition, the observing farmers realized that they had not cleaned both items with alcohol before doing this step. As a result, contaminated milk was being added to the stored milk, causing the whole batch to spoil. The source of the milk contamination had been found.

The lesson? A one-step SCR training session led to a successful learning experience and a direct income gain for resettled families and restored the reputation of a university officer.

When designing the training programme, it is advisable to keep in mind that most agricultural activities require training at various points in the

production process, perhaps with long periods in between, when only weeding and occasional watering are needed. A typical example, concerning the introduction of an organic rice variety in the Philippines, follows:

Case No. 25. A sustainable organic rice system

In the 1970s, an NGO, Philippine Development of Human Resources in Rural Areas (PhilDHRRA) joined a three-way programme with government and farmers resettled on land reform farms to promote development in such areas. Problem solving sessions held in the mid-1980s identified declining profit margins for high yielding rice varieties (HYV) as a major cause of indebtedness among poor farmers. Despite higher yields, farmers often fell further in debt, primarily because of the high cost of pesticides and chemical fertilizers.

A search was begun for a rice variety that would give acceptable yields without the need to rely heavily on chemicals. Eventually an organic variety named Masipag was developed and performed well, even in years of adverse weather. Field trials confirmed that the new rice had a lower average yield than HYV, but the net profit per acre was P3 316, higher than HYV, due to reduced pesticide and chemical fertilizer costs.

Subsequently, Father Francis Lucas of Infanta, Quezon, established a Masipag training farm, which in a 16-week training period could upgrade many farmers. However, with thousands of land resettlement farmers to train, the school had insufficient capacity and PhilDHRRA did not have funding for the large extension staff that such a programme required.

At about this time, PhilDHRRA joined the joint ESCAP/FAO Success Case Replication project. Those attending Father Lucas' training farm were taught to use SCR to train their neighbours by using their own Masipag rice fields, and then to encourage the most successful replicators to train multiple generations of replicators. Genre Bicaldo, the first successful Masipag organic rice cultivator in his community, trained 10 key replicators, who in turn trained another 167 villagers in the next two rice cycles. The Cost/Benefit analysis of this SCR came out at a modest 1:7. However, because subsequent generations of trainees will be trained at no charge on their neighbour's farms, the ratio will improve.

For PhilDHRRA, the extension dilemma was solved. Predictably, they have expanded the SCR operation to include all land resettlement areas.

The conclusion is that even a full crop-cycle training programme can be conducted at the village level using SCR to accelerate the coverage by mobilizing multiple generations of replicators.

Another example of a multiple-step agricultural training programme is the mushroom project reviewed above. Intensive instruction was required at the beginning stages when beds of rice straw were being prepared and the spore was seeded onto the beds. Once growing commenced, the process of maintaining dampness and temperature was simple, requiring only a brief instruction session and occasional inspections by the success case individual to observe the growth process.



Organic rice boosts farmer income

The attack by termites came during the growing season, and the crop was lost because chemical sprays could not be employed without contaminating the crop. Had the crop survived to maturity, additional training would have been necessary during harvest and marketing stages. Hence, the mushroom specialist necessarily lived near the target group to be available for each stage of growth.

Training in the Sri Lanka coir yarn project was segmented. Four to six months wait was needed for the coconut husks to soak sufficiently to separate into weavable fibre, followed by training in weaving techniques.

In planning training schedules, it is important that the success trainer agree that all trade and marketing practices are to be fully shared and discussed with the trainees. In many cases, such perspectives on earning a living can mean the difference between fair and appropriate profit or significant losses.

Rely on the success case individual who will actually do the training to plan the training schedule. If one-on-one or apprenticeship training is foreseen, the extension worker might schedule flexibility in training so that more time may be dedicated to problem areas.

When the Tolentino's trained new bakers, they projected two weeks of on-the-job training as necessary for persons unfamiliar with baking. Their first trainees, both husband and wife, had previous bakery experience and did not need the full two weeks to master the process. But they did need more instruction and practice in marketing, a skill they particularly lacked.

The question of skill level arises when a complex process is introduced by a success person. The SCR project found that success case persons often significantly underestimated their personal skills. Perhaps this is because their skills have been developed and perfected unconsciously over time, sometimes through much of their adult life. Success persons therefore tend to assume that trainees will learn new skills more rapidly than is realistic. For this reason, it is wise to assure that the trainer is available for additional or prolonged skill training for trainees whose product quality does not meet the standard at the end of the planned training.

In training to make Chinese steamed buns, an older person had insufficient dexterity to properly form the buns to be stuffed with filling and pinched closed at the top. The trainee simply could not master this skill (perhaps due to arthritis). A creative solution was found: a young neighbour joined the training, and learned the skills as well, to help the older person make buns each morning before going on to school.

In the imitation diamond polishing project, two young trainees were unable to learn to cut correct facets during the three-month course. One youth dropped out of the programme, while the second received additional training before her skills were brought up to standard.

A third case concerns the marketing of rubber in a group marketing training programme:

Case No. 26. Poor quality rubber reduces bulk price

Rubber Group Marketing Organizations were established in Southern Thailand in the 1970s using existing successful groups to form and train new groups. One new group was formed near an existing success group. As is customary, members of the successful group gave direct instruction to members of the new group to raise the quality of their rubber sheet to the grade one level required for the highest market price. Since the two groups were in close proximity, the success group invited the new group to combine their rubber sheet with the bulk of the mentor group to increase the bargaining power of both in the market place.

However, some rubber sheets of the new group were clearly below grade in quality, and the buyer used the inferior sheets to bargain down the price of the entire bulk lot. This caused much dissatisfaction among the success group members, who resented members of the new group for causing them financial loss. Immediately after the bulk sale, when individual payments were made to each member for their share of the bulk, members of the old group severely criticized the members of the new group for causing the reduced price.

Members of both groups agreed that the new group's production would be inspected by the success groups' grading officers before being combined in the overall bulk, so that inferior rubber could be removed before sale. This method had the advantage of forcing producers of poor quality sheet to improve their processing techniques or lose the higher price gained by the group sale. At the same time, additional instruction was arranged in quality production for those whose rubber was inferior.



Rubber buyers

The lesson: poor quality can negatively impact both price and product acceptance, so training should include quality control. From the beginning, all production should be graded to avoid price manipulation by buyers. Adequate training will assure that production meets quality standards before presentation to the buyer.

THE preceding examples have focused on potential difficulties. Now we will focus on how a successful training programme schedule was developed. The Tolentino bakery training schedule is our example.

First, when their bakery was identified, confirmed a financial success, and the Tolentinos agreed to train others, they helped design the training course. It was decided that trainee candidates wanting to manage a bakery must first visit the Tolentinos to see their entire operation – from buying supplies to selling baked goods. Only by observing the entire process could the trainees understand the requirements in terms of skill, time, effort and financial commitment. Then, should the new trainees agree to the terms of training, a full course of study could be planned.

The Tolentinos first visit potential trainees to determine if their

4.1 Training schedules

community can support a bakery – in terms of potential market (customers) and existing competition. Only if the new trainee’s community passes both tests will the Tolentinos do the training. If both tests are passed, two weeks practical training follows, living at the Tolentino bakery for practical training. After the trainees master each stage, and produce and sell baked goods they have made in training, they return to build their own oven. Nelson Tolentino visits for one week to help build the oven. When the trainees begin marketing, Colita Tolentino does a quality control visit, reviews marketing and assesses accounting procedures. The Tolentinos are available for emergency help, or counsel if the venture is unprofitable. This exemplifies a short course that can be established for simple enterprises.

Different enterprises require different training schedules. Polishing diamonds, however, requires that the success trainer visit the new site daily for the first month to coach each trainee. In subsequent months, training is reduced to three days a week, and then once a week. Nine weeks training was used for this enterprise.

For another example of training schedules, let us take the case of a successful strawberry farmer helping his neighbours.

Case No. 27. Strawberry cultivation in Thailand

Thailand’s Department of Agricultural Extension assigns officers in the highlands to work with ethnic minorities. Due to the temperate climate, strawberries can be grown there, and are a lucrative crop. Demand is high and the profit margin large.

In one valley, an extension officer profiled 26 families growing strawberries on adjacent plots. While most growers obtained a net profit of \$190 to \$245 per rai (one acre = 2.5 rai), one grower consistently achieved a net profit of \$542 per rai, more than double the average net return. The successful farmer did not know why his yield and quality was superior to that of his neighbours.

Market potential is excellent. The demand for strawberries greatly exceeded what could be produced. Attractive berries were sold at premium prices to the national airline flight kitchen, while lower quality berries were sold to an agribusiness to make strawberry jam.

In view of the market demand, it was not surprising that the success case farmer readily agreed to train his neighbours. Training was offered at no charge, on condition that the neighbours contribute labour at each step of the process. The successful farmer scheduled one trainee from each of the 25 neighbouring family farms. Following each step of hands-on training on the success case farm, trainees returned to their own farms to apply what they had learned.

Not surprisingly, most trainees doubled their income that year. In addition, because of the enhanced cooperation, the families decided to join together to sell their produce in a group, furthering their bargaining power. Finally, the successful farmer obtained free labour for an entire strawberry season.



Strawberry producers reach a niche market

Thus, when merited, on-the-job training procedures can be arranged in which trainees provide labour for the success mentor in exchange for the skills they learn.

In review, the field worker should design a training programme that is practical, participatory and covers:

- ✱ Raw materials: where, when, how and at what price to procure required raw materials
- ✱ Production: production process, including problems and quality control, and the success mentor's corrective measures
- ✱ Marketing: where, when, how and at what price to sell, and problem solving.

During training, it is important that every trainee understand and carry out each step in the three stages themselves, under the success trainer's supervision. Explaining that the raw material is located at such a town, at such a price, is insufficient. The trainees must be led through the entire process, carrying out each activity individually. In the end, each trainee must undertake the new enterprise on his own. Therefore, it is appropriate to apply training time to assure that the processes are understood, and that trainees understand possible problems and corrective measures. It is better to invest time in problem solving during training, than to require bringing back the success case trainer to correct problems after training is finished.

IF training follows the guidelines given above, the field worker is assured that most trainees will succeed in their new enterprises. However, trainee selection also plays a critical role in SCR's own success rate.

This is perhaps the simplest and most critical task facing the SCR field worker. Mistakes at this stage are obvious. For example, a group of farmers at an introductory meeting were exposed to various successful farm enterprises, including fruit growing, as alternatives. As they listened to success persons telling their stories, interest was uniformly high among the target farmers. As each successful income-producing opportunity was presented, the farmers eagerly asked questions. When a fruit grower told his story, however, the farmers lost interest. Inquiries revealed that fruit growing had previously been tested in the area and had been a costly failure to all those involved.

To avoid such embarrassing mistakes, it is sound practice to ask the target group which of the success case possibilities being presented are of particular interest to them. They will draw on past experience to decide what is appropriate. If there is uncertainty, the target group or its representatives may visit the success cases. During visits, they will be able

5. Carefully select trainees

to determine if the chosen cases are relevant to their village. This has been found to be true even where the enterprise is entirely new to the target group. They have their own sense for accepting or rejecting new ventures. It might be wondered how they can reject an enterprise without knowing more, but the field worker must be advised not to try to force a new technology, no matter how appropriate and profitable it may appear, on a group or person who is clearly unconvinced of its potential. In SCR project experience, this usually leads to a high failure rate.

Trainees should now be selected. To achieve a high success rate in the training it is essential to identify trainees who are strongly motivated to persevere until their new enterprise succeeds. They must contend with any problems that arise or be ready to ask the trainer for further advice. If they are not strongly motivated at the outset, the failure rate will rise as soon as they meet difficulty. Sensing such commitment on the part of the target group is usually not difficult, as trainees tend to show their scepticism or enthusiasm honestly once they come to know the field worker.

At this stage, it is usually suitable that the target trainees visit the chosen success case, to have the success case person describe the success at a prearranged meeting. It is during such introductory sessions that the sincerity and interest level of the target group can be judged.

If motivation is sufficiently present, proceed with the training. If it is lacking, don't try to "sell" a new enterprise to unreceptive recipients. In the end, much valuable time will be spent in fruitless attempts to save dying enterprises.

Of course, in addition to strong motivation to replicate the success case, trainees need other prerequisites to successfully conduct the enterprise. For example, sufficient land, access to sufficient water, or tools and equipment to begin the activity. Funds for these may, or may not, be available, as in the case which follows:



*Bhutan
mushroom culture*

Case No. 28. Bhutan mushroom culture: a credit problem

Growing mushrooms on oak logs has proven to be a lucrative sideline enterprise in Bhutan. Farmer K. Wangdi of Paro Valley was a most successful trainee in the government sponsored extension programme. Mr Wangdi trained 19 neighbours in the new enterprise. It went well and the trainees sought start-up loans from the Bhutan Development Finance Corporation, the government's rural development bank.

However, established bank policy was that any subdistrict having overdue loans above a certain limit would no longer qualify for loans until the defaults had fallen below the ceiling. The subdistrict in which Mr Wangdi conducted the training exceeded that limit, so no trainees could obtain loans from the bank. Hence, the SCR training proved frustrating for all concerned by raising levels of expectation which could not be satisfied.

The field worker should have checked that all trainees had access to necessary funds to start up the new enterprise, or access to credit to obtain these funds on a loan basis.

In the following cases, we demonstrate how trainee selection can improve over time:

Case No. 29. Mat weaving in Nepal

In Nepal's *Terai* lowlands adjacent to India, villagers traditionally crafted a woven mat from a soft, flexible reed which grows in marshes. Called a *patiya*, the mat was traditionally a standard household item, used for sitting. Although it was popular in the past, in Sikron village only one person, an aging man named Bindi Kapar, retained the knowledge of how to weave it.

Concerned that the tradition might be lost, a field worker from the Centre for Self-Help Development (SCR project counterpart agency in Nepal) chose this enterprise as its first training programme. The extension worker selected five trainees, of whom only two were successful. Training costs were NRs 1 820 (US\$27) and net income in the first year NRs 44 100 (US\$644), yielding a Cost/Benefit ratio of 1:24, a good performance. The income was high for those who succeeded, but the overall trainee success rate was low.

Other villagers heard of the success. In a second round of mat weaving training, the 10 trainees selected by the field worker were all successful. The catalyst's ability to select trainees improved with practical experience.

The weavers produced a high quality product and as production increased, buyers from nearby India purchased the mats in volume at a good price. Subsequently, the 12 originally successful trainees trained a further 121 families through a series of multiple replications. Eventually, every shaded public area in Sikron village was occupied by mat weaving frames. Sales to the Indian market are now transported by six-wheel trucks. Meanwhile the sales price has remained higher than that received for individual mat sales in other villages.

Patiya mat weaving was not the only SCR training undertaken by the Centre for Self-Help Development. Other enterprises were replicated successfully and some showed similar trainee success rates:

	Round 1 SCR rate	Round 2
<u>SCR rate</u>		
Vegetable cultivation:	2 of 5	4 of 4
<i>Mooda</i> stool making	1 of 5	5 of 10
<i>Tika</i> facial cosmetics:	2 of 2	3 of 3
<i>Nunglo</i> rice winnowing trays:	5 of 5	3 of 3

When workers were trained to produce *nunglo* rice winnowing trays, the first eight successful trainees trained 27 more families in Malhaniya village, which has become a bulk export buying point for Indian traders.

Only one first-round trainee successfully crafted the more complicated *mooda* stool, but she was subsequently hired by ten relatives in nearby Sikkim to train them in this art. She was paid NRs200 by each trainee, and they sponsored travel, lodging and meal costs. Five trainees succeeded in their new enterprise.



Rice winnowing trays (top); Mooda stools (below)



Most field workers will find that their ability to select the right persons for SCR training will improve over time, yielding an improved success rate with each new round of trainees.

Because the SCR project targeted the very poor, there was an inclination not to ask trainees to pay for training. There is a history of rural employment training, conducted free-of-charge, including older persons, children and others with no intention to follow through once training was completed. Many trainees attended for meals and lodging, or from curiosity. Understandably, the success rate for such training programmes was very low. In one instance, a Nepalese counterpart informed the SCR project of being hired by an international agency to evaluate an employment training programme in sewing. The training had been conducted on a large scale during five years, with more than 2 000 women attending. The evaluation revealed that less than 2 percent actually took up sewing as an occupation after training. Such training is clearly wasteful.

In contrast, the SCR programme demonstrates that when clients pay for the training course, and food and lodging are not free, those who agree to train have a strong commitment to replicating the enterprise. Hence, when the success person requests compensation for teaching, SCR generally accepts. Training costs are usually modest, as with Mrs Nilmini in Sri Lanka who charged SL Rs 200 (US\$2.86) for three days training in mushroom culture. Most trainees considered the amount modest and affordable.

Nonetheless, some potential trainees, despite having a strong interest, cannot afford the training fee. In such cases, two solutions have been found. The first is to arrange a loan package from a rural bank to include the training fee and an enterprise start-up loan. The trainee then repays the training fee as well as the loan to the bank.

A second solution is to convince the trainer to allow the poorest participants to attend without paying in advance. At the training, such persons contract with the trainer to pay the fee once their new enterprise begins earning a profit. This solution seems to work where rural banks are unable or unwilling to help with the fee. The SCR project found that trainees who become successful in their new enterprises usually feel indebted to the success trainer and are quite willing to repay training costs once they have adequate income. Those whose enterprise fails are not asked to pay.

In summary, selecting trainees is an important step in the SCR process. There is a strong element of cultural judgment in the selection process. The field worker will have to hone special skills in judging the sincerity of those wishing to attend. Setting a fee for training is a good way to eliminate those who are not serious and do not intend to begin a new enterprise. For those too poor to pay a training fee in advance, credit may be arranged, or the success mentor may be willing to receive the fee once the trainee has income from the new enterprise.

THIS is perhaps the least demanding step in the SCR system. The main purpose in attending training is to assure that all the trainees receive all the information that is necessary to succeed at their new enterprise. This includes the three key elements of any enterprise:

- raw material supply
- production process, including what might go wrong
- marketing the product.

The field worker is advised to remind the success person, throughout training, that trade secrets not shared with trainees may lead to the trainer having to return to deal with problems which might have been avoided. The field worker and the success trainer should thoroughly review problems encountered during early development of the model enterprise and the field worker may remind the trainer to include potential problems and solutions during training.

A case in point concerns the marketing of rubber sheets, in which a group of rubber buyers colluded to fix a very low price:

Case No. 30. Price fixing by rubber buyers

When a successful village rubber marketing organization helped train a new group in a nearby village, its member warned the new group that during their early efforts at group marketing, all the local rubber buyers colluded to set a very low price. They recounted the struggle to decide what to do. In the end they decided to delay the sale while financially solvent members loaned money to those in desperate need of funds.

The group then arranged transport to move the rubber to the district market, where they received a higher price, but lost money due to transport costs. The action was a lesson to local buyers who understood that they lost business when the rubber was sold elsewhere. At the next sale, the producers had transport standing by but it was not used, because the buyers offered a fair price.

The new group encountered a similar problem at their second sale, but having been forewarned by their SCR trainers, they were prepared to transport the rubber themselves. Before they loaded the rubber for shipping, a local buyer relented and offered a higher price. Thanks to problem oriented training, the trainees were prepared for this eventuality and benefited immediately.

The field worker in the SCR rubber processing and group marketing training programme learned that collusion between rubber buyers was common. Accordingly, the topic was included in each training session. The supervision and training follow-through proved beneficial.

6. Supervise training



7. Arrange follow-up support services for trainees

FOLLOW-UP assistance helps the field worker understand some of the many things that can go wrong when trainees begin new enterprises. Few enterprises are free of problems in the early stages of evolution toward success. The difference between ventures that succeed and those that fail is often found in the problem solving skills and perseverance of the success case person. In fact, it is this experience with the competitive market situation that makes the success person an expert.

Since it can be predicted that most all enterprises will encounter start-up difficulties, it is necessary to establish a follow-up system whereby the success trainer will be available to help trainees when they encounter difficulties. Recalling the case of the glue-like pig skin, it is likely that the new enterprise would have failed had not the trainers been available to correct processing errors.

When timely follow-up does not occur, it can lead to the failure of what otherwise might have been a successful rural employment project. When the village head blocked the raw material flow to the cubic zirconia polishing project and drove out the trainees, only to replace them with relatives, a timely visit by either the field worker or trainer would have revealed the presence of problems, before the young workers abandoned the enterprise.

Effective follow-up instruction is demonstrated by the Filipino husband and wife trainee team after SCR training by the successful Tolentino family. On returning home, trainee Mang Raman Magricia built an oven from an old refrigerator. The fire door was located in the front of the oven, beneath the baking chamber door. This location made for a very hot workplace and allowed smoke to leak into the oven, spoiling the flavour of the baked goods.

When success case trainer Nelson Tolentino inspected the new bakery he saw the defective fire door design and advised building a better oven. Because of their new income from their enterprise, the Magricia family soon built the improved oven. It not only reduced the workload and enhanced product flavour, but also allowed for higher production. In this case, timely follow-up advice from the trainer improved the trainee's bakery.

Should trainees make a genuine effort to get a new enterprise started, but encounter problems early on, they must be able to receive emergency help from the catalyst or the success trainer. Often, if the problem concerns the procurement of raw materials or product sales, the problem may be urgent. The lack of raw materials can bring the entire process to a halt. Even worse, problems in marketing can cause a crop or product to spoil before it is sold. This can spell disaster, as the loss in financial terms can be large.

In many rural areas, communication is poor. Trainees must be able to consult with the success trainer quickly when the need arises. If the success person is not accessible by telephone, the trainee may have to travel for a face-to-face meeting. By whatever method, it is important that help be



available to trainees after the programme. Otherwise a programme can fail.

When communication systems are unreliable or nonexistent, it is good to have the success case trainer present at the initial sales of the finished product. This is when problems may arise, as buyers are often ready to take advantage of newcomers unfamiliar with the many tricks the buyer can muster. These can range from having weighing scales adjusted to give false weights, insisting on delayed payment, or making special deductions for unfamiliar items, e.g. excessive water in rubber sheet or dirt on the product.

Other times when follow-up assistance may be required include:

- Harvest or other periods when insects might attack.
- Temporary crop storage, when group marketing is arranged, but not all members have the product harvested and processed for marketing.
- The day when members of a weaving or other product group assemble their output for group sale, when quality control becomes important. Grossly inferior products must be sold separately, or the buyer will use the inferior products to bargain for a lower price on the entire bulk.
- The day when local buyers join together to fix a price for the group product well below market price, intending to destroy the group. Transportation to another market may be needed.
- For newly formed groups, as they first decide the principles by which they will operate.
- For individuals who have trained as apprentices to success mentors far from home, who need special support from the trainer when they begin their new venture.

In conclusion, most new enterprises will encounter difficulties, which threaten success. Although some problems can be foreseen by the success mentor (based on personal experience), and trainees can receive warnings during the formal training period, there is no substitute for personal help from the success mentor when and where the problems arise.

This assistance, or its lack, can make the difference between success of the new operation, or its failure. Therefore, the field worker must lay the groundwork for assistance before formal training is completed. If necessary, the new operation must be monitored at critical stages so that trainees are able to consult with the success case mentor when problems first arise, before they overwhelm the new operation.



8. Achieve secondary multiplications after first level successes

ACHIEVING one success in replicating an existing success case is commendable. But if only one new success is created, the true potential or power of the methodology will not be realized. This potential resides in the process of having newly successful persons agree to replicate the success, again, with another set of persons, or in another location or for another target group. The multiple replications of the mushroom project in Sri Lanka provides a good example:

Case No. 31. Mrs Nilmini's mushroom replication project

Nilmini Gamage was a poor villager living in Galle province in southwest Sri Lanka when the SCR project started in 1995. She had been trained in mushroom production by FAO a few years earlier and had achieved a modest income from this enterprise, which she located in a back room of her mud hut.

As a part-time field worker for the Rural Development Training and Research Center, a counterpart agency of the SCR project, she received a modest monthly incentive for assisting local participatory groups. In this capacity she was selected to attend the SCR Training Seminar in 1995. Following training, she chose to replicate her mushroom operation. She initially trained 10 families in her own community. Of the 10 first generation trainees, six persons in turn trained another 21 replicators. Of them, five trained another 30, who comprise the third trainee generation.

Within three and one-half years, 13 generations of replicators were trained by Mrs Nilmini and her students. Some 164 families in 27 villages have succeeded in the mushroom enterprise. Her records indicated total costs for training of US\$718.82, which generated an annual net profit for the trainees of US\$61 074. When costs are compared to net benefits, the ratio works out at 1:85, the highest Cost/Benefit ratio achieved in the entire SCR project.

In the course of her SCR effort, Mrs Nilmini was transformed from a reserved rural woman to an effective trainer, competent entrepreneur, innovative marketer and responsible project manager.

How did this happen? First, early in the training, she charged the trainees SL Rs 250 (US\$3.52) for each three-day mushroom training session. Second, she travelled more often to distant Colombo to buy chemicals and spore, which she sold to trainees at a 15 percent profit. Third, mushrooms were previously unknown in the local diet. To enhance demand, she taught neighbours how to use mushrooms in existing local dishes.

At the same time, she contacted hotels and established herself as their sole source of mushrooms, which enabled her to buy mushrooms at a high base price from her trainees and still show a good profit. Finally, she was so successful that the Canadian Government provided a grant of SL Rs 200 000 (US\$28 476) to establish her in a local office for SCR mushroom training.

Multiple generations of SCR training can make the methodology even more focused and productive, provided the market can absorb the increased output. At the same time, those who become SCR teachers often develop competence in related areas such as marketing, entrepreneurship and even management skills. Such elements contribute to community self-reliance because villagers witness one of their own neighbours becoming successful without relying on government assistance.

As long as market constraints do not inhibit the spread of a successful enterprise, it can be expanded through multiple generations of replications. In fact, in the case of the bakery project wherein Colita and Nelson Tolentino conducted the training, they were willing to train anyone outside their market area as long as intense bakery competition did not already exist in the new area. They felt that all villages beyond the delivery range of city bakeries could support at least one local bakery.

On a larger scale, multiple replications can transfer new technology from one province to another and, eventually, throughout an entire country. Such replication has been achieved in Mongolia in a women's credit operation:

Case No. 32. Women's credit in Mongolia

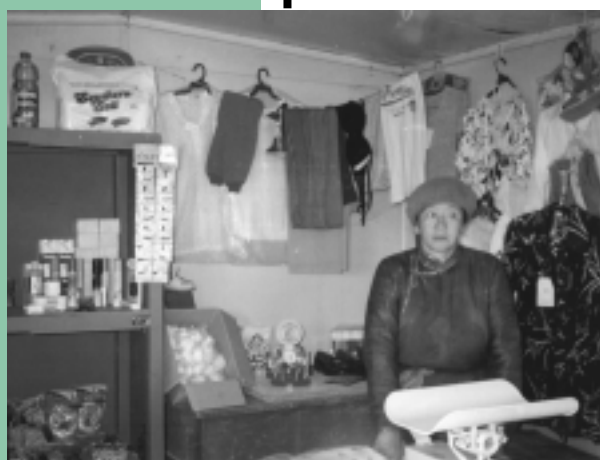
The Mongolian Women's Federation, working closely with the national Poverty Alleviation Programme Office, was chosen as an SCR counterpart agency because it commands a management structure which reaches into the subdistrict level. Under the SCR project, the Women's Federation began a modest lending scheme at the subdistrict level through which individual women could borrow US\$25 for 30 days at an interest rate of 8 percent per month. The high interest rate, 96 percent per year, was necessitated by a high inflation rate, while the fast turnover period of one-month was designed to enable many women to receive loans from minimal loan funds.

The project reported 35 SCR training sessions in ten enterprises with 139 trainees. Training yielded a 92 percent success rate with average income gains of roughly US\$60. Delivery costs totalled US\$736 while net income gains totalled US\$8 433, yielding an appropriate C/B ratio of 1:12. Some 234 loans were made during the trial period with 202 leading to full-time occupations. Despite a few enterprise failures, 100 percent loan recovery was achieved. With the poverty line established at US\$22.61 per month, the increased incomes from the loans – ranging from US\$26.09 to US\$65.22 – were greatly appreciated.

Many women used such loans to start small household necessity stores. They were profitable for two reasons: first, the virtual absence of such shops due to the collapse of the commune system and second, the proximity of China, where animal skins bought in rural Mongolia could be marketed at a high profit. Profits were used to buy cheap goods in China for sale in Mongolia. Profits of 100 percent were often achieved within the one-month loan period on the US\$25 loans.

Other enterprises replicated under the SCR programme included the production of herders boots, camel hair rope, cold weather clothing, fuel briquettes made from animal dung mixed with charcoal, baked goods, herding tools, cook pots, school sports wear, and wooden doors and roof vents for herders tents.

Many multiple replications were achieved in the immediate vicinity of the first successful subdistrict. It was further planned to conduct systematic replication to neighbouring provinces. To achieve this inter-provincial transfer of technology, the most successful subdistrict in Dorn Gobi province, Saikhandulan, became a training base for selected subdistricts of the three neighbouring provinces. Once the



Mongolian women are entrepreneurs

subdistricts succeed, they will train more widely within their own provinces in a radiating pattern. If this system proves effective, it will eventually be used in all Mongolia.



SCR's characteristic multiple generation replication is portrayed in this symbol designed by a member of the Mongolian Women's Federation

In this case, it is seen that the SCR system can be used on a larger scale that enables the success case to be systematically replicated across provincial borders. Once successful replications are established in a new province, then a radiating system of SCR training can begin to replicate the success to other districts within the new province. Widespread coverage can be achieved at low cost via the system. A similar multiplication system was used in Southern Thai-

land to replicate the Rubber Group Marketing concept. In 1973 only 64 successful groups were operating in the three provinces closest to the centre. By systematically using the most successful groups in the three provinces to train new groups from neighbouring provinces, more than 500 new groups were established by 1978. They covered Thailand's 13 rubber-cultivating provinces.

In summary, both the field worker and the success person should contract with all trainees that, should they become successful, they in turn will train an appropriate number of new people from outside their market area or below the market saturation point. This is the only way to achieve replication with a geometric rate of expansion.

9. Monitoring cost effectiveness of the methodology

AS mentioned above, few agricultural extension, rural development or employment promotion projects conduct even basic Cost/Benefit analysis of increased income generated for the rural poor, even when this is the avowed output of the project. In many cases, this may be due to the difficulty of obtaining meaningful data at family level when illiteracy prevails and the time span covers many months or even years.

In the absence of such data, it is impossible to conduct even a rudimentary evaluation. Therefore, gathering Cost/Benefit data should be made the responsibility of field workers from the outset of any SCR trial project. This data is relatively easy to gather. It requires only three steps:

- Field workers keep a simple record of the *time spent on SCR*, including finding the success case, evaluating the case, designing the training, selecting the trainees, supervising training and following-up to correct problems and, finally, to collect income data from the trainees. The total number of days spent on each SCR training is then multiplied by the daily wage of the field worker, which gives the *field worker's cost*.
- Field workers record all other *costs for training*, such as payment for trainer, equipment, food, lodging and transport.

- Field workers collect *net income data* from successful trainees for the first year of sales of their new product.

Once all the above data is complete, simply total the net income data from the successful trainees, and divide this figure by all the cost data, including the cost of the field worker and the training costs. The ratio of these two figures is the Cost/Benefit ratio.

For example, let us assume that the following figures were obtained for all the time spent by the field worker on one SCR training session:

(1) finding success case:	half day
(2) evaluating success case:	half day
(3) designing training course:	full day
(4) selecting trainees:	two days
(5) supervising training:	three days
(6) following-up training:	two days
(7) recording net income:	<u>two days</u>

Total time spent on this SCR:	11 days
Daily wage of field worker is	US\$2.50

Total cost of field worker = US\$2.50 x 11 days = US\$27.50

Let us assume that the costs for training, in this sample case, are:

(1) payment for trainer:	US\$4.00
(2) payment for training chemicals:	US\$2.00
(3) payment for travel of trainer:	US\$0.50
(4) payment for equipment:	US\$1.00
(5) payment for use of training site:	<u>US\$2.00</u>

Total training costs: US\$9.50

Finally, let us assume that five of the seven trainees achieved success in new enterprises as a result of SCR training. Their net income for the first year of marketing was found to be as follows:

(1) Mr A	Failure case
(2) Ms B	US\$271.00
(3) Mr C	US\$185.00
(4) Ms D	US\$315.00
(5) Ms E	Failure case
(6) Ms F	US\$211.00
(7) Ms G	<u>US\$97.00</u>

Total net earnings for first year: US\$1 079.00

The total costs equal US\$27.50 for the field worker's time, plus US\$9.50 for training costs. Total costs, therefore, equal US\$37.00.

The field worker can now calculate the Cost/Benefit ratio by placing total costs totalling US\$37.00 over net earnings from this SCR = US\$1 079.

Total costs: US\$ 37
 Net earnings: US\$1 079 = ratio of 1 to 29.2

In other words, for each dollar spent for this SCR training, the successful trainees gained a total of US\$29.20 of net income.

This Cost/Benefit ratio is almost identical to the ratio achieved in Viet Nam by the Ministry of Labour, Invalids, and Social Affairs during its first set of SCR field trials from 1994 to 1996.

It is relatively easy to obtain the data for this calculation because the field workers know how much time is spent on each training programme. They are usually responsible for payment of direct training costs and are therefore in a good position to calculate the total costs for each SCR.

However, regarding benefits, field staff may find it more difficult to obtain the net income received from the new enterprise for each successful family during the first year of marketing. There are several reasons for this:



Guitar crafting venture in Viet Nam

First, many rural poor do not keep any form of permanent record of enterprise costs and net returns. However, they may well know the real costs and net returns for each batch or other units of production, and thereby know that their enterprise is profitable on a day-to-day basis.

Second, the rural poor are not used to deducting depreciation on equipment or for personal labour, although they are always willing to deduct labour for which they pay cash wages. Hence, their crude net return calculations usually show the earnings for their own labour as part of net profit and they do not usually include deductions for depreciation of equipment.

Third, marketing may be seasonal, producing income only during part of the year.

Given this reality, the field worker may need to compensate for these deficiencies as follows:

- (1) project daily, weekly, or monthly net earnings over the full year for annual net income

(2) allow for seasonal fluctuations in projecting income over the full year.

(3) further deduct, from net profit, depreciation on both equipment and family labour contributions.

If the above allowances and adjustments are made carefully, in consultation with the successful families, then net income data will probably be sufficient to allow a basic estimate for C/B analysis.

To achieve an overall project C/B analysis, simply take all net income achieved by all the SCR training programmes and divide them by all the costs incurred for these training programmes. For example, Viet Nam's SCR field trials from March 1995 to November 1996 ended as follows:

(1) MOLISA trained 656 households in 16 enterprises

(2) field worker costs and training costs totalled US\$4 272

(3) annual net profit for all trainees came to US\$114 551

Therefore, the Cost/Benefit ratio equals: $\frac{\text{US\$ 4 272}}{\text{US\$114 551}} = 1 \text{ to } 27$

Viet Nam then expanded its SCR programme to operate in an additional four provinces. In April 1996 an additional 163 field workers were trained, of whom 101 (62 percent) actually applied SCR. By late 1998, the total families trained had risen to 2 605, with 2 267 (87 percent) achieving success in their new enterprises.

Average annual income gain was US\$264, doubling income of most families. Total income gain was US\$600 201 against a cost of US\$34 167, yielding a benefit/cost ratio of 18 to 1. This expansion phase in Viet Nam may indicate that SCR can still achieve an appropriate Cost/Benefit ratio even when expanded on a large scale.

Assessing the Cost/Benefit data was well rewarded because the data clearly proved that SCR methodology is cost-effective. These figures can be used to substantiate the overall benefits of the programme and convince donors to fund further activities. Experience shows that most donors are pleased to be associated with successful programmes that enhance the incomes of the rural and urban poor.



Viet Nam duck raising project



The development of SCR methodology continues. It may take new forms in each country. It is hoped that this manual can be of multi-level use in many societies. It is our hope that you will find the same satisfaction that we have found in helping the poor learn new occupations, and through their own efforts, free themselves from the oppressive cycle of poverty.

Annex I:

History of the methodology

From 1968 to 1973, Mr Jan B. Orsini of the Food and Agriculture Organization of the United Nations (FAO) worked closely with Mr Poom Siri of the Rubber Division of the Royal Thai Government Ministry of Agriculture and Cooperatives, to establish an extension system for rubber smallholders in South and South-East Thailand.

One objective of the extension system was to assist smallholders to market their rubber. During a three year experimental period, the two developed a system of rubber Group Marketing Organizations (GMO) which enabled groups of 15 to 30 smallholders to market bulk amounts of improved rubber at weekly intervals. This system achieved an average income increase of 14 percent for members when compared to non-members selling in the same market. The GMO groups operated on a voluntary basis, employing participatory methods. They established their own rules and marketing procedures.

Once the GMO concept had been proved, an expansion programme was developed with 16 agricultural college graduates being trained to establish new GMO. Expansion of the new programme was slow, with high failure rates, until field officer Mr Suwit Saenakul tried using leaders and members of long established groups to help organize and train new groups. His system proved so effective that its use greatly accelerated the expansion programme, while significantly reducing the failure rate of new groups. In addition, as the new groups often marketed in the same market town as the mentor groups, they learned to combine their sales and thereby gained additional bargaining power. This increased the rate at which individual groups amalgamated to form large organizations – some with more than 300 members – that blossomed in the 1970s and 1980s.

Using success case groups to conduct

training reduced the workload of field officers and the risk factor that they faced when they introduced this new approach.

In addition, because the officers were young, inexperienced with rubber, and came from higher social levels, the smallholders instinctively distrusted their ability to provide effective advice concerning rubber marketing. By utilizing the leaders and members of established GMOs as peer group trainers, these constraints were automatically removed.

The methodology was not “discovered” in Thailand. The system – which Mr Orsini termed *Farmer Trains Farmer* or FTF – has been in use since the dawn of history and is related to various forms of apprenticeship.

This phenomena, farmers teaching one another, occurred in Thailand when farmers responded to the European demand for cassava as livestock feed some 20 years ago. The farmers, against advice, changed Thailand from a non-exporter to the world’s primary exporter.

The expansion benefited poor farmers, used idle land, and earned foreign exchange. It is notable that the transformation occurred entirely on a *Farmer Trains Farmer* basis as individual farmers learned about cassava by working as labourers in their neighbour’s fields. Cassava buyers did not assist with finance or advisory services and government recommended against expanding the crop because of its detrimental impact on soil fertility.

United Nations experience with SCR methodology

In 1976, Mr Orsini, then employed by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP),

and working in cooperation with the United Nations Food and Agriculture Organization (FAO) Regional Office for Asia and the Pacific, began a series of tests of this methodology, then still called *Farmer Trains Farmer* or FTF. Experimental programmes were conducted on group farming, group marketing and rural women's income raising in many countries from 1976 to 1979. These efforts proved promising for group-based activities mainly dealing with farm enterprises. Further experimentation in the 1980s substantiated that the methodology was equally applicable for transfer of knowledge between individual rural entrepreneurs, and for groups such as cooperatives, provided that training programmes were properly organized, comprehensive, and included adequate follow-up to overcome unforeseen problems.

To accommodate the change in focus from farming to general income earning activities, the name of the methodology was changed from *Farmer Trains Farmer* to the more general *Success Case Replication (SCR)*.

In 1993, Mr Orsini determined that the methodology was far enough advanced to conduct a definitive test in several countries over an extended period of time. Accordingly, Netherlands funding was obtained to support field trials from 1994 to 1998 in eight of the region's poorest countries.

Mr Sudath de Abrew, a specialist in participatory groups, was recruited as consultant. Success Case Replication was

conducted as a joint ESCAP/FAO project. Mr Wim Polman, Rural Development Officer, assisted in the project activities from 1997 onward on behalf of the FAO Regional Office for Asia and the Pacific.

Incorporating national diversity

During the experimental period, it became evident that many participating countries wished to modify the manual to reflect their own cultural heritage and social customs, which often had a significant impact on the effectiveness of the methodology.

Accordingly, this manual was first produced in a draft form, and translated into the local language in each country. As the project progressed, each country was encouraged to redraft their own version to incorporate the experience that was being gained in the field trials. In the final analysis, each country was encouraged to develop their own manual for wider domestic use by all agencies and NGOs that showed an interest in the methodology.



Joint Success Case Replication mission to the Lao Peoples' Democratic Republic, Vientiane, 1996. Representing the Government of the Netherlands, the donor agency, was Mr Robert Quarles van Ufford (right). Team members (left to right) are Mr Jan B. Orsini, ESCAP SCR Specialist; Mr Wim Polman, FAO Rural Development Officer; Mrs Inthanongsith Koumphon, Agricultural Extension Agency, Lao PDR; Mr Sudath de Abrew, SCR Project Consultant; and Mr Paidee, Agricultural Extension Agency, Lao PDR.

Annex II

Agencies and project participants

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Food and Agriculture Organization of the United Nations (FAO) Regional Office for Asia and the Pacific would like to acknowledge all staff of the cooperating agencies who provided policy level support, middle level supervision and field level action to field test the Success Case Replication methodology. The trials were carried out under the ESCAP/FAO Inter-country project entitled "Poverty alleviation through market-generated rural employment". Without their full cooperation, the value of the Success Case Replication methodology would remain untested.

The following participants and observers attended the Regional Evaluation Seminar in Chiang Mai, Thailand, 24-26 November 1998.

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**SCR seeds...
from Bhutan,
to Mongolia,
from Nepal
and the Philippines
to Viet Nam...
and beyond**



... faces of farmers and rural people in many places ... are being brightened by Success Case Replication. SCR methodology is simple. Its multiplication in local settings is portrayed by the floral diagram of the Mongolian Women's Federation poster above. SCR trainees are seen as petals and seeds of the flower, which then become success multipliers in myriad other places.

Artist Dr Tony Macelli of the Ministry of Education, Government of Malta, adapted the Mongolian design to personify the spirit of Success Case Replication in the face of the woman shown above. She nurtures the poor worldwide; their faces sparkle in her flowing tresses.

The United Nations Food and Agriculture Organization (FAO) Regional Office for Asia and the Pacific and the Economic and Social Commission for Asia and the Pacific (ESCAP) extend appreciation to both the Mongolian Women's Federation and to Dr Macelli.



Lance Woodruff edited and designed this publication, assisted by Mr Saw Bo who also designed the cover pages. Mr Wim Polman provided valuable editorial comment. Author Jan B. Orsini provided all photographs.