



Case Study

Boosting incomes of fisher households in Negombo, Sri Lanka through handicraft production

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Introduction

The Regional Fisheries Livelihoods Programme for South and Southeast Asia (RFLP), which began its activities in September 2009 is funded by the Kingdom of Spain. The Sri Lankan component of RFLP is being implemented in the districts of Gampaha and Puttalam by the Food and Agriculture Organization of the United Nations (FAO) with the Ministry of Fisheries and Aquatic Resources Development of Sri Lanka (MFARD) as the implementing agency. A major expected outcome of RFLP is the improvement of the livelihoods of small-scale fishing communities in the project area through targeted interventions aimed at strengthening and diversifying income generating activities.

This case study documents the process, outcomes and impacts of an RFLP livelihoods development activity which sought to strengthen a women's handicraft production group at Negombo in the district of Gampaha.

Contextual Analysis

RFLP project activities in Sri Lanka are implemented in the coastal areas of Gampaha and Puttalam districts. They largely center around three important lagoon systems namely, Negombo lagoon, Chilaw lagoon and Puttalam lagoon.

Findings of the RFLP baseline survey (2010) reveal that these lagoons and estuarine systems provide a means of sustenance to many households and play a vital role in supporting coastal fisheries. However they are subject to a range of pressures from fishers and other resource users.

Negombo lagoon (7°6' 7°12' N: 79°40' 79°53'E) is a shallow basin estuary on the west coast of Sri Lanka. The total water surface area is 3,502 ha while mangroves cover an area of around 350 ha of intertidal land around the lagoon (Amarasinghe *et al.*, 2002). The lagoon is approximately 10 km long, 3.5 km wide and has a mean depth of 1.2 m.

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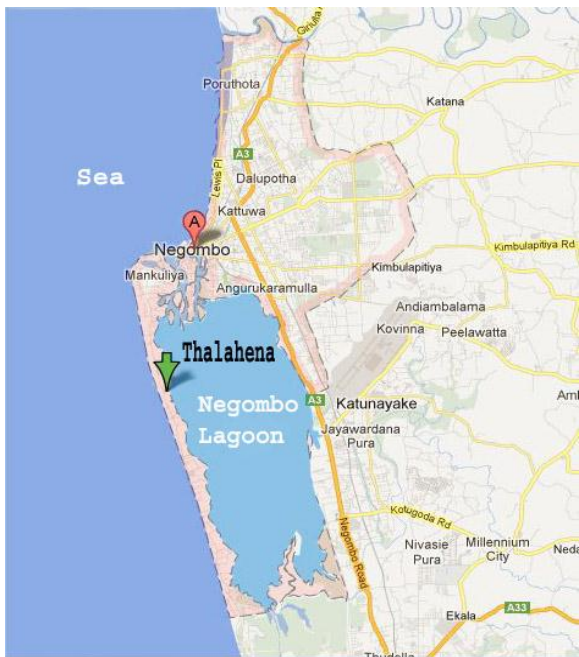


Figure 1: Map of Thalahoma, Negombo, Sri Lanka

Negombo lagoon is bordered by nine Fishery Inspector Divisions. Of the 3,310 fishers operating in the Negombo lagoon 2,586 or 78 percent are full-time fishers while 724 or 22 percent are part-time fishers who move into the lagoon only during the southwest monsoon periods when sea fishing becomes difficult, because of cross currents and high waves.

It has been recognized that the high level of fishing effort, the use of banned and illegal fishing practices, as well as unplanned development activities exert enormous pressure on marine resources in the lagoon and coastal inshore waters. These have resulted in resource degradation and adverse impacts on lagoon bio-diversity.

As a result, marine and lagoon fishers face many uncertainties with regards to their daily catches. Their inconsistent and low incomes in turn adversely affect living conditions, family health and nutrition, as well as children's education.

RFLP initiatives

In view of the similar vulnerable position of many fishing communities in the project area RFLP sought to promote alternative income generating opportunities for fisher families to help them to reduce their sole dependence on fishing.

As an initial step, in November 2010 RFLP conducted a rapid socio-economic and technical assessment using a Sustainable Livelihoods Enhancement and Diversification (SLED) approach in communities within the project area. This identified a total of 20 potential business interventions. The study also found that women in fisher families had sufficient spare time to undertake activities to supplement the household income derived from fishing. At the time of the assessment there were 174 fishery societies in the three fishery districts of Puttalam (63), Chilaw (56) and Negombo (55) so the selection of stakeholders for interviews and focus group discussion was crucial. Due to financial constraints, a non-probability convenience sampling technique was used to select 30 fisher societies for the assessment, i.e. 10 potential societies per fishery district. A consultative process was then launched in close collaboration with the communities concerned, the local authorities and RFLP staff. Thereafter, three criteria relating to the viability of potential business interventions for each location were assessed against the following agreed criteria:

- i) The feasibility of starting up an alternative livelihoods option with existing locally available resources;
- ii) The support of business development services; and,
- iii) Likely sustainability (technical, economic, social and environmental).

A vote based ranking matrix was then used to select the best five locations for micro-enterprise cluster formation in the RFLP area of geographic coverage.

In the course of this exercise Thalahoma Fisheries Society was ranked as having the highest potential in Negombo Fishery District and the existence of a female-headed fisher family which had already embarked on a modest handicraft production business came to light.



Helan Mayadune: a cluster member

They killed my father and husband. My husband a fisher was 32 years old at that time. Two members of our family were killed in that incident after which all the inhabitants fled that village. Fishing resumed there only last year”.

This family had been living in Wellamundalama, a fishing village on the northwest coast in Puttalam district. During the period of armed conflict in Sri Lanka, the head of the family as well as the father-in-law, both of whom were fishers, were killed. The mother and her two daughters fled the village and settled in Thaladena, a village adjoining Negombo lagoon, where they fished for a livelihood.

By 2010, the younger daughter - Rasika - had started making handicrafts on a modest scale with the help of a girl from another fisher family.

She had also managed to train a few other women (including her elder sister) in how to produce handicrafts. This business was operated on an informal basis and at a very modest scale.

The RFLP team recognized the potential of this micro-business which was still in its infancy. Of note were the relatively low skill levels required and the easy access to materials like sea shells and fabric. In addition, a readily available local market for handicrafts existed in the area due to the importance of Negombo as a tourist centre with numerous hotels and shops catering to foreign tourists.

Further consultations took place between RFLP and the women handicraft producers to identify what needed to be done to strengthen their business and to create positive outcomes on the lives of these women which would ultimately provide an economic boost to households in the village. After this initial interaction the women in the group were happy with the RFLP response and agreed to work with RFLP in order to improve and expand their business.

RFLP's helping hand

From June 2012 the RFLP team worked closely with this producer group and provided support so that it could become better established and more entrepreneurial. Support provided by RFLP can be summarized as follows:

Organizational Improvement: Initially the group was producing two different types of products namely, fabric based handicrafts (by 15 women) and wooden and other types of handicraft (by 5 members including men and women).

RFLP's initial intervention was to assist the group by encouraging them to form into an enterprise cluster in order to strengthen their cohesion, enhance economies of scale and improve their business capabilities. As a first step, RFLP therefore encouraged and supported these members to formalize their small business (re-formation of the group, strengthen the group, assisting and directing them to formal business registration, guiding to open a bank account, and keeping records etc) and organized them into two groups as follows:

- A fabric handicraft group entitled **Liyasara**, and
- A wooden and other materials handicraft group entitled **Sayurukala**

These two groups agreed to operate under an umbrella organization called *the Liyasara Handicraft Enterprise Cluster*.

Technical Assistance: RFLP acted as a friend, mentor and guide to the cluster. RFLP staff visited the group regularly and closely monitored progress by providing technical support, guidance and advice.

An initial step taken was to provide the group with training on basic business management and allied areas such as business planning, facilitation of business registration etc.

In addition, RFLP also took the initiative to provide technical training on the design and production of new handicraft items. Group members were able to improve their skills by participating in a special training program on the manufacture of wooden handicrafts and reed mats conducted by an international artist sponsored by the Indonesian Embassy. This initiative was supported by a prestigious export oriented batik printing establishment. The group received this opportunity as a result of RFLP's coordination and intervention.

RFLP also organized a two-day training session on screen printing and fabric painting to help the group develop new products.

Provision of inputs: RFLP provided several critical items of equipment to the group including sewing machines, scissors, wood working tools and other small equipment items. This assistance not only helped with production but also strengthened group assets. As the group became stronger and more established members were more willing to contribute towards the capital and operating expenses.



Figure 2: Receiving input support from RFLP

Facilitating market access: Mindful of the difficulties faced by small-scale producers in marketing their products, RFLP made a concerted effort to assist the group to build market linkages, enabling them to access new and more lucrative markets.

In this regard, the group was supported by RFLP to participate in a prestigious national level exhibition called Silpa 2012 (the National Handicraft Exhibition and Trade Fair) held in December 2012 at Sri Lanka's foremost convention center, the Bandaranaike Memorial International Exhibition Center (BMICH) in Colombo.



Figure 2: Liyasara stall at "Silpa"

This annual exhibition focuses on handicrafts produced by small and medium sized enterprises. The 2012 event comprised 185 stalls displaying over 1,500 varieties of handicrafts and was visited by over 50,000 people over four days.

Liyasara group's participation proved to be of considerable benefit. It received more than 400 enquiries from visitors/buyers for their products at the exhibition and they were able to develop new business links. While the group bagged orders worth Rs. 50,000 (approx USD 400) for items such as cloth bags, wall hangers and door hangers, there were also direct sales worth Rs. 16,000 (approx USD 130). The group spent all of January 2013 fulfilling these orders, while a few new orders and enquiries still remained to be followed up.



Figure 3: Visitors in Liyasara stall at "Silpa 2012"

RFLP also provided the group further exposure at a number of other national events. Among these was the trade display held in conjunction with World Food Day Celebrations at the United Nations Compound in Colombo on 16 June 2012. This event was inaugurated by the Hon. Minister of Fisheries who showed a keen interest in the group's work.



Figure 4: Dr. Rajitha Senarathne, Hon. Minister of Fisheries, with National Project Manager of RFLP and Liyasara members during World Food Day Celebrations 2012

Overall achievements of the group

Organization and leadership: Liyasara Enterprise cluster members are now better organized and equipped to manage their business more efficiently. The organization of tasks is collectively planned based on a division of labour. This enhanced capacity is a result of the guidance and assistance provided by the RFLP team which regularly visits the group.

Leadership skills of the cluster have improved considerably under RFLP mentoring and guidance. Cluster members are now more empowered and have the skills to make collective decisions regarding the business, such as when choosing new product items.

Both the fabric handicraft production “Liyasara” group as well the wooden handicraft production “Sayurukala” group are led by women leaders.

Recent business performance indicators also reflect the improved leadership skills. Liyasara Handicraft product cluster sales and turnover expanded significantly in the five month period from October 2012 to February 2013 (see table below for details). Total sales income of the Sayurukala group was Rs. 77,600 while that of the Liyasara group was Rs. 147,000. Each individual member of Liyasara group received an income of Rs. 1,000 per month for first three months and this had increased to Rs. 5,000 by February 2013. Sales volume and net profits were as follows:

Name of the group	Number of items sold in Oct. 2012	Number of items sold in Nov. 2012	Number of items sold in Dec. 2012	Number of items sold in Jan. 2013	Number of items sold in Feb. 2013
Sayurukala (5 members)	35	108	175	55	90
Net profit	2,200	6,000	11,615	4,000	12,600
Liyasara (15 members)	14	17	25	71	122
Net Profit (Rs.)	8,300	13,050	11,500	42,040	54,300

Source : Liyasara record books

Communication and Negotiation Skills: The progressive enhancement of non-technical skills such as communications and negotiation helped cluster members develop new business links and avenues. These were, for example, put to use at the Silpa Exhibition and Trade Fair where the group was able to win new orders. Successful business deals concluded with a tourist shop located in Galle (a district located in the Southern part of the country) and obtaining steady orders from a handicraft exporter in Colombo are good examples that illustrate the benefits derived from enhanced negotiation skills acquired by the Liyasara group.

Expanded product range and innovativeness: The enterprise has expanded and diversified its range of handicraft products and the cluster members are now producing more than twenty five different items. The group attributes this to their participation in the Silpa 2012 National Exhibition which exposed them to a wide range of new product lines and varied methods for both handicraft production and development of new business linkages. They have also realized the key need to meet buyer's requirements on time as well as the requirement to pay due attention to quality assurance.



Figure 5: Handicraft Products of Liyasara

The Exhibition also provided an opportunity to share and exchange experiences with other producers. By doing so they picked up ideas for products and understood the need to be innovative and creative.

According to Rasika the leader of Liyasara group, *“New product development is very important for us to compete with other producers in the market. Thus, we have started to make new designs and products”*. This statement reflects Liyasara group’s resolve to develop into a dynamic and competitive enterprise.



Figure 6: Rasika (group leader) and another member with new product designs

Taking the initiative to establish their own workshop: The wooden handicraft group launched its own small workshop on December 2012 at a nearby tourist hotel in Thaladena where they produce their wares. This is a very positive and progressive initiative undertaken by the group themselves and gives the cluster the ability to produce more than 25 handicraft items.



Figure 7: Craft Making Workshop of Sayurukala group

Challenges

Despite these improvements Liyasara Enterprise Cluster still faces a number of challenges. Additional efforts are needed to enhance the skills of members for new product development (e.g. fabric painting skills) given the time constraints associated with day-to-day household chores of the members. Obtaining sufficient working capital to expand the scale of operations is another serious challenge. However, RFLP’s micro-finance program has facilitated the establishment of a credit and saving center of the Regional Development Bank in Thaladena to improve the accessibility to micro-finance services for fisher communities. This opportunity provides the group with access to loans and other micro-finance services. The cluster is currently resolving these issues with the technical and management guidance and direction of the RFLP team.

The way forward

The Liyasara Enterprise cluster has to date achieved considerable success in terms of production and marketing. However, they need to scale up their operations further in order to generate higher incomes from the business to ensure sustainability.

Both groups are planning to approach large supermarket chains (such as Arpico Super Centers) in Sri Lanka to obtain greater market exposure for their products. Initial negotiations have started with the management of this super market chain which has a separate division for handling local handicraft products and outlets located in main cities throughout the country. A key requisite is that they need at least 10 different types of quality handicrafts and at least 300-500 pieces of each type per month.

Both groups need to plan and develop their capacities further for scaling up production if they have a reasonable chance to link with this super market chain directly. They still need assistance from a recognized institution for facilitation in terms of coordination and trust building to develop good links and relationships with this super market chain. For this they depend on the RFLP team which stands committed to help and guide them to meet this market challenge by obtaining any relevant support of other government sector service providers.

RFLP will terminate its field activities by the end of May 2013. It has approached the Samurdhi Authority of Gampaha district (a Government Authority) which has already agreed to provide follow-up assistance and to promote and sustain RFLP's work further under the National Samurdhi program. Through this assistance the cluster will be able to obtain additional training and financial assistance to improve their operational and management capacities. This will also enable them to address the issue of working capital to enable the scaling up of production capacities to meet buyers' demands and requirements.

Cluster members are keen to participate at future national exhibitions and trade fairs including 'Silpa 2013' to gain further exposure and benefits and expand their network and relationships.

Conclusions

Through the support, guidance and technical assistance of RFLP, an informal producer group comprising just a few members has evolved into a formal enterprise cluster. Members have developed their entrepreneurial skills and competencies in a range of areas such as leadership, networking, developing market linkages, communication and negotiation as well as bargaining. They have also embraced the spirit of enterprise and continue to work together as a cohesive and harmonious unit. This has strengthened their self-confidence and decision making abilities in order to help operate their business. This activity now provides a source of supplementary household income for 20 fisher families which were formerly solely dependent on coastal and lagoon fishing.

This initiative has also given women the opportunity to utilize their spare time gainfully to generate income for their families as well as to gain personal empowerment.

The experience and success of this enterprise cluster shows that non-fisheries related livelihoods options have a significant role to play in boosting the socio-economic conditions and livelihoods of fisher households. In the longer term, their success may also help reduce the pressure on marine resources in coastal and lagoon areas.

Lessons Learned

- It is imperative that realistic and objective assessments regarding local context, raw material/resource availability, market opportunities, required skill levels, entrepreneurial attitudes and commitment of fisher communities are conducted prior to determining the activities to be promoted and beneficiary selection.
- Facilitation to mobilize group members to reform, build capacity and organize as a formal business was the biggest challenge. Strong facilitation is needed on a step-by-step basis to build capacities. Regular follow up and close monitoring are also vital.
- Skills development and capacity building is a time consuming process. It needs to be a continuous process and should take place slowly to incrementally strengthen group business activities.
- Group leadership and the commitment of group members were important when facing challenges particularly relating to finding markets. The leader of the group should have the courage and commitment to maintain the interest and the motivation of group members when they face challenges.
- Facilitation of networking and developing relationships with other service providers (non-fishery service providers) and other stakeholders is required from the beginning of any development intervention.
- Tangible assistance through the provision of essential inputs should be provided when absolutely necessary on condition that the community contributes to the development of the cluster in terms of providing labour, building, land etc. However the provision of free inputs or highly

subsidized inputs needs to be carefully considered or avoided altogether since it distorts the financial viability of groups from the beginning. Facilitation should be undertaken to mobilize group resources as much as possible, to ensure their ownership prior to providing any project input.

- When the group faced difficulties marketing their products, negative thinking tended to develop among the group members adversely affecting their efforts. At this point, coaching and mentoring was essential. This required considerable time and effort.

Recommendations

- 1) Further assistance (in the form of training, business coaching, mentoring and the provision of certain critical inputs such as materials and different equipment for new product development) and facilitation is required from state agencies to further build the capacity of the cluster. This will help ensure self-sustenance of the cluster until it reaches a stage where it can operate without assistance. As RFLP will terminate its field activities by the end of May 2013 it is vital that other agencies like the Gampaha Samurdhi Authority take over the responsibility of monitoring the functioning and performance of this group to ensure its sustainability.
- 2) Replication of the model by other government agencies, donor projects and NGOs (though not necessarily in the same enterprise area) should be encouraged and supported.

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