

THE MARGA INSTITUTE, COLOMBO

An Evaluation

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## 1. Introduction

1.1 At the request of the Ford Foundation, New Delhi, Professor J.D.B. Miller of the Australian National University and I had carried out an evaluation of the Marga Institute, Colombo in 1983. In January 1994, I was requested by the International Development Research Centre (IDRC), New Delhi -- acting in collaboration with the Ford Foundation -- to undertake a second review of the Marga Institute. The terms of reference will be found in Annex 1. In summary, the assignment was to review the research and other professional activities of the Marga Institute, its governance and administration, current financial status and future prospects and in the light of the review, to provide 'an assessment of the Institute's endowment plans and recommended funding strategies for, IDRC and the Ford Foundation to consider vis-a-vis the Institute.'

1.2 I had a preliminary visit at Marga on January 26 and 27 along with Dr. David Arnold, Regional Representative of the Ford Foundation at New Delhi during which we had a detailed discussion with Dr. Godfrey Gunatilleke, Executive Vice-Chairman of Marga. I followed this up with discussions with Mr. M. M. Mohideen, Director for Finance and Administration and with the senior faculty of the Institute. I also gave them a list of requirements for data, information and copies of major studies undertaken by Marga. This material was sent to me at Madras during February and March. In February, I had discussions with Dr. Vijay Pande, Regional Director, IDRC and Dr. David Arnold in New Delhi and collected material on Marga from IDRC and Ford files. During March 14-19,

I visited Colombo for discussions at Marga and with a number of persons outside the Institute knowledgeable about its activities. At the conclusion of this visit, the broad conclusions from the review were presented at a meeting at which Dr.David Arnold; Dr.Godfrey Gunatilleke and Mr.Shelton Wanasinghe (Governor of Marga) participated. The list of persons with whom I had discussions is at Annex 2.

1.3 The report is organized in six Sections. Section 2 sets out the context by giving an overview of Marga's evolution during the two decades from its inception in 1972 to 1993. The three sections that follow deal with the Institute's governance and administration, its research and other professional activities, and its financing. The concluding section contains the assessment of the funding proposals made by Marga to IDRC and the Ford Foundation.

1.4 I am grateful for the excellent cooperation I received from Dr.Godfrey Gunatilleke and his colleagues in Marga particularly, Mr.M.M.Mohideen and Mr.Hilmy Cader, the various persons I met in Colombo, and from the sponsors of this evaluation - Dr.Vijay Pande and Dr.David Arnold - and their colleagues: Ms.S.Thukral in IDRC, Ms.Sunanda Bhattacharjea and Ms.Sheela Joshi in Ford.

## 2. Marga 1972-93: An Overview

2.1 The pre-history of Marga dates to discussions beginning from the early 1960s among a group of like-minded persons in Colombo who felt the need to establish a forum for policy-oriented

research as well as for promoting public awareness of social, economic and political issues relevant for Sri Lanka's development. The Marga Journal which was a fore-runner of the Institute saw its first issue in mid 1971 and the Institute was established in April 1972 as a non-profit organisation under Sri Lanka's Companies Act. Of the seven original subscribers to its Memorandum and Articles of Association as many as five were then connected with the Government and one of them, Dr. Godfrey Gunatilleke (then Additional Permanent Secretary, Ministry of Planning and Employment) has remained the Chief Executive of Marga from its inception to now. Other distinguished persons connected with the founding of Marga included Dr. Gamani Corea (former Secretary-General UNCTAD and Chairman of Marga's Governing Council from its inception), Mr. M. Rajendra, then Permanent Treasury Secretary, Dr. Lal Jayawardena (until recently Executive Director of the World Institute for Development Economics Research (WIDER) in Helsinki) and Mr. Chandra Soysa (Barrister-at-law and Director of Marga until his death in 1987). Given this composition, Marga was conceived not so much as an academic research Institute per se but as a centre for studies that would be of practical relevance to policy-makers in Government; in fact, at one stage it was envisaged that Marga would be an affiliate of Sri Lanka's Planning Ministry. Equally important were other motivations. One was to provide a forum for the study and articulation of issues of public interest within Sri Lanka and the other was to interact with UN organisations and overseas foundations that were interested in the Third World in general and in Sri Lanka's development experience in particular.

The youth (JVP) insurrection of 1971 also lent urgency for the pursuit of a democratic, egalitarian and participatory development path in Sri Lanka. In fact, the word Marga itself means 'path'.

2.2 It was natural, therefore, that the objectives and instrumentalities that Marga adopted for itself should be wide-ranging. The Institute was to be non-partisan and was expected to involve itself in a whole range of activities: not only research relating to Sri Lanka but also the promotion of education, training, translations, evolving models of development at the micro-level, catalysing voluntary organisations, holding of seminars, and international net-working.

2.3 Marga's desire for active interaction with the Sri Lankan government suffered a serious set back very early in its formative phase. In February 1973, the then SLFP government issued a circular which banned the participation of public servants in Marga's activities without prior approval and led to the withdrawal of a number of civil servants from Marga's Board of Management. One important consequence of this circular was that Marga increasingly turned to international organisations for support. Such support, which was readily forthcoming, set the course in good measure for Marga's activities in subsequent years. The prohibitory circular itself was withdrawn by the UNP government in 1977. Since then normalcy has been restored in Marga-government relations. Officials and politicians of all parties have participated in Marga's activities; Marga's advice

is valued in government circles<sup>1</sup>; increasingly the Government has funded projects in Marga although the level of such sponsorship is still relatively low; and Marga faculty have been included in a number of government committees and consultations. For its part, Marga has believed in maintaining a non-partisan, autonomous, arms-length relationship with the government.

2.4 The growth and diversification in the Institute's activities during the first decade (1972-83) have been fully documented by Marga (in its 10th Anniversary Progress Report) and in the 1983 evaluation. It is sufficient here to draw attention to the highlights of Marga's institutional development in this period. These include (i) acquisition of land and buildings in the mid seventies financed by the Friedrich Naumann Stiftung (FNS, Germany) (ii) establishment of access to funding for research projects from a number of UN agencies and international foundations (iii) an active programme of seminars on public issues in Sri Lanka such as education policy, Constitutional amendments, the Tamil problem and Mahaweli development (iv) other important forms of dissemination and social interaction through the Marga Journal, publications, translations, net-working with and promotion of NGOs, and action research related to rural development (v) since 1978, active international collaboration with the United Nations University, Tokyo (UNU) and the Committee for Studies in Cooperation for Development in South Asia (CSCD) of which Marga has functioned as the coordinating Secretariat

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1. In my discussions in Colombo I found unanimous appreciation for Marga in Sri Lanka's government circles.

(vi) a near trebling of overall staff from 52 in 1973 to 149 in 1983 including growth in academic personnel from 30 to 68 in the period (vii) concurrently, an increase in Marga's research grants and annual expenditure levels progressively to the order of 9 to 10 million Sri Lankan rupees (SLR) by 1983. Notably, the Ford Foundation provided a Trust Fund grant of \$120,000 (in addition to running expenses of \$10,000 per annum for 3 years) as early as 1973. To this initial endowment, which was equivalent to 1.4 million SLR, Marga was able to add substantial surpluses from its own incomes increasing the corpus to 5.3 million SLR by 1983. In sum, the first decade of Marga witnessed an impressive growth and diversification in its activities; increase in staff was rapid; and financial performance more than kept pace.

2.5 The evaluation, undertaken at the end of this period in 1983, concluded by urging continued support for Marga from its international supporters subject to the Institute undertaking reforms in certain broad directions. Basically, we felt that Marga needed to upgrade both the quality of its research output and of its academic staff. We pointed out that this would call for a narrowing and deepening of its studies and a smaller and professionally better qualified faculty to be built up through fellowship and training programmes, salary upgradation, and stimulus from visiting scholars. We also supported continued emphasis on seminars, publications, translations, and library development.

2.6 The thrust of these recommendations was accepted by both



Marga and the Ford Foundation, Marga's principal external source of support along with the FNS during the first decade. It was also reflected in priorities for funding in the post 1983 period. While FNS supported Marga's seminars, translation and rural extension activities, Ford grants were made available -- in addition to support for international activities such as the CSCD -- for faculty upgradation and research infrastructure. On its part, the IDRC provided substantial support in the 1980s for Marga's regional documentation project (DEVINSA or Development Information for South Asia). It has also funded a number of specific research projects and has shared in CSCD costs. Table 1 gives an analysis of Ford and IDRC grants from 1983 onwards.

2.7 A concerted approach among the three foundations - Ford, IDRC and FNS - was not however organized until early in 1988 when representatives of these agencies had detailed discussions with Dr. Godfrey Gunatilleke and his colleagues<sup>1</sup>. The purpose of the meeting was to induce Marga to formulate and implement a five year (1989-93) programme for restructuring. In response, Marga prepared a Plan with three main objectives:<sup>2</sup> (i) staff development and training in order to upgrade its research capacity and to ensure that at the end of the five year period most senior and intermediate research positions will be manned by persons with post graduate qualifications (ii) improvement and diversification of its financing so as to be able to meet at

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1. Refer Ford Foundation Inter-Office Memorandum from Shekhar Shah to Tom G. Kessinger dated 2 March 1988.

2. Marga: The Institute's Plan for the Period 1989 to 1993

least 60 per cent of its total expenditures from commissioned work and other revenue-earning activities and (iii) a more selective definition of its research priorities concentrating on areas of continuing concern. Various specific measures to enable the realisation of these objectives were also identified in the Plan.

2.8 In principle, the three funding agencies agreed in 1988 to contribute approximately \$60,000 per annum each during 1988-91 for the Plan. However, in 1988 the FNS found that it could not continue its support for Marga on account of a 10 year 'sunset' limitation on funding any single institution, this constraint having already been exceeded by 5 years by 1987 in the case of Marga. Ford made a sizable grant of \$200,000 in 1988 most of which was for faculty and research upgradation. This was in addition to grants in 1990 and 1991 (total of \$56,000) for international net-working. Support from IDRC in the post 1989 phase has consisted of funding for a research project (1989 Informal Sector CAD 60, 470) and very substantial assistance (CAD 539, 550 in 1989 and 1993 grants) for DEVINSA.

2.9 With this background, the next three sections proceed to an evaluation of the organizational, professional, and financial aspects of Marga's functioning during 1983-93. The focus of the review will be on what has been attempted and achieved in Marga's efforts in the direction of the restructuring outlined in the 1983 evaluation and more fully articulated in the 1988 consensus with funding agencies and in Marga's 1989-93 Plan that followed.

### 3. Governance, faculty and administration

#### Governance

3.1 Marga's Charter provides for a general body of 25 local and 5 overseas members. The members elect a ten member Governing Council (GC) for a five year term. The GC has given a wide delegation of administrative and financial powers to its Executive Committee (EC) which is headed by the Executive Vice-Chairman of the Council. The latter is assisted in academic administration by a Management Board consisting of Directors and full-time Senior Consultants who head the Divisions of the Institute. A six member Research Advisory Council also exists to advise on research and other professional programmes. The GC meets on three or four occasions in the year and confines itself to broad policy questions. The overall administration of the Institute is very much in the hands of the EC: in effect, the Executive Vice-Chairman primarily assisted by the Director, Administration and Finance.

3.2 There has been a great deal of continuity in Marga's Governing Council consequent on its being elected by a durable membership whose total strength is fixed; another way to look at it would be to say that Marga is 'closely held'. Dr. Gamani Corea has been the Chairman of the GC since the inception and Dr. Godfrey Gunatilleke and Mr. M. J. Perera are two other members who have continued on the GC from the beginning. Three of the GC members function in the faculty of the Institute and the Member-Secretary of the GC (Mr. M. M. Mohideen) is the Institute's Director of Administration and Finance. A woman member (Professor Swarna

Jayaweera) has been included in the Governing Council only from 1991 although the concern for such inclusion had been urged on Marga by the Ford Foundation at least since the early 1980s.

### The Chief Executive

3.3 Dr. Godfrey Gunatilleke has functioned as the Executive Head of Marga since its inception, initially as its principal Director and subsequently as Executive Vice-Chairman of the GC. In earlier years he was assisted in the management of the Institute -- particularly in matters of fund-raising and net-working -- by Mr. Chandra Soysa at an equivalent level; with Mr. Soysa's passing away in 1987, the entire burden is being borne by Dr. Gunatilleke. This burden is indeed an onerous one. Dr. Gunatilleke takes responsibility not only for the administration of the Institute but also for its research output. While he has been ably assisted in manpower and financial administration by Mr. M. M. Mohideen, almost all of the academic output of Marga bears Dr. Gunatilleke's personal stamp. Apart from himself being the principal researcher in respect of a third or more of Marga's studies, Dr. Gunatilleke needs to guide, monitor, revise and edit most of the work done by other faculty members. He is also responsible for fund-raising and relationships with funding agencies. He continues to travel abroad a great deal for participation in international conferences or in connection with assignments for international organizations. In Sri Lanka itself he is involved in a number of public activities and organizations and in Government committees. Dr. Gunatilleke's remarkable energy and enterprise and the standing he commands in Sri Lanka and

outside are the major assets of Marga but he is now 68 years in age. Immediate support and eventual succession to him is, therefore, a concern and one that has been shared by Dr.Gunatilleke himself since the late 1980s. The search for a high level, full time colleague from this point of view is reported to have resulted in a commitment from Dr.G.Uswattearachy to join Marga as its Chief Executive at the end of 1995 on his retirement from his present position as a senior official in the Social Affairs Department of the United Nations, New York. Dr.Uswattearachy is 59 years old, holds a doctorate from Cambridge (U.K.) and has earlier served in Sri Lanka's Central Bank and in its Ministry of Planning and Economic Affairs. Clearly, support to Dr. Gunatilleke at the leadership level in Marga will take time to resolve itself: it depends not only on the joining of Dr. Uswattearachy but his effective induction into Marga's operations.

#### Internal organisation of Marga

3.4 Starting as a single research unit Marga was restructured in terms of Divisions in 1977 and it had as many as 8 separate Divisions for research programmes in 1983. Since then three of them -- Law and Development, Science and Technology and Consultancy -- have been wound up and the other 5 have been rearranged into 4 Divisions: (i) Macro economic studies (ii) International Studies (iii) Social Studies and (iv) Institutional Studies. The latter has separate units for micro-level development and political studies. In addition, there are two units for research support services (viz. statistical and

computer services, and library and documentation), a Division for Administration and Finance and four units for extension programmes (publication, training of journalists, an extension farm, and a video production unit). Table 2 gives the deployment of staff in the various Divisions and units as of 15 July 1993.

3.5 My study of Marga's current research programmes and of staff capabilities suggests that there could usefully be a further broad-banding of the current four research Divisions into two, one for Economic Studies and the other for Social and Institutional Studies. This may make for more critical mass in each case and provide greater scope for a coordinated approach to the topics in which Marga tends to work.

#### Staff strength

3.6 Earlier, reference had been made to the rapid growth in Marga's staff in its first decade reaching up to a level of 149 persons in 1983. This was in part a reflection of the growth and diversification in activities in the initial period; in part it was a consequence of a liberal employment policy which absorbed quite a lot of investigators engaged in field surveys into regular academic positions. The second decade of 1983-93 has however seen a definite reduction in overall staff strength to 86 by 1993. Of this total, 35 members (or 40 per cent) were women. Table 3 on the trend during 1983-93 will show that staff reduction has mainly occurred in two stages -- one between 1984 and 1986 and the other more recently in 1991-93. The academic staff has been more than halved from 74 at 1984 to 32 by 1993 with the reduction being predominantly in the junior levels.

Support and extension staff, mainly for publications and the library, has been marginally reduced. There has been nearly a 40 per cent reduction in administration and finance. In the course of staff reduction, Marga has been able to implement a strict superannuation policy (65 for academic and 60 for administrative personnel) and to weed out some of the less productive academic staff, particularly at junior levels. There may be some further scope for staff reduction in the administrative categories, particularly in general establishment. However, the current level and composition of the Institute's professional activities would prima facie justify an academic complement of about 20 to 30 persons with roughly a 1:2 ratio as at present between senior and junior staff.

#### Turnover

3.7 Table 4 gives details of departures during 1983-93 at different levels of academic staff on account of retrenchment, superannuation, resignation and death. It will indicate that Marga has suffered a certain amount of loss in its senior and experienced faculty in the process of staff reduction. Compared to 1983, for instance, changes have occurred in all Division Heads. However, academic staff currently in position have also spent reasonable tenures in Marga; it is also reported that, with consolidation, turn-over at junior levels is less than what used to be the case in earlier years.

3.8 In the 1983 evaluation we had observed that Marga was something of a gerontocracy at its senior levels. With stricter

superannuation, this has changed: currently the average age of senior academic personnel (Director, Associate Directors and Assistant Directors) is 57. This is encouraging but still falls short of a visible demographic transition.

### Qualifications

3.9 One of the important objectives of Marga's five year Plan was that by 1993 most senior and intermediate research positions will be staffed with persons with post graduate qualifications. This has not only not happened but, with the exception of a Senior Consultant (age 69), there is none with a post graduate qualification in any of the academic levels of the Institute; in fact, due to superannuation, Marga has lost the only Director with a doctorate it had in 1983. Lack of post graduate qualifications need not necessarily reflect on the quality of the senior personnel, because in their case background and experience could in some measure compensate for it, but it is difficult to reconcile oneself to an academic (or even a quasi-academic institution) that has been totally unable through the years to recruit younger people with post graduate qualifications. In Marga's case, there is said to be mainly a consequence of its salary levels, a topic that is discussed later.

### Tenure

3.10 All academic staff in Marga are on short-term contracts generally for two or three years. This has provided flexibility in manning and has enabled the thinning down of staff in the last decade. Insecurity and loss of motivation -- actual or potential -- are the other side of the coin. Now that staff strength has been stabilised in large measure, it will be useful for Marga to



evolve a policy on tenures. Performance evaluations can be linked to contract renewals so that dead wood is periodically pruned and proven merit is recognized through longer-term contracts.

### Salaries

3.11 In Marga's salary structure, the Executive Vice Chairman and Directors are on fixed compensation while time scales have been provided at the level of Associate Directors and below. In addition to the time-scale salary a 2nd tier fixed compensation is paid by way of adjustments for cost of living increases.<sup>1</sup> These adjustments are not automatically inflation indexed but are made in the course of periodical salary revisions of which three have occurred since 1983, the latest being a 30 per cent increase in 1993. Table 5 compares current emoluments for different levels of academic staff with those for corresponding grades in Sri Lanka's University structure. It will be seen that emoluments in Marga are about two-thirds of those in the University at the higher levels (Directors and Associate Directors) and closer to one half at the intermediate and junior levels (Assistant Director, Senior and Junior grades of Research Officers). The actual discrepancy will be more because University salaries are tax exempt and medical, and other allowances and sabbaticals applicable to University staff are not available in Marga.

3.12 These comparisons are, however, subject to the important caveat that while post graduate qualifications are insisted upon

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1. Staff benefits provided by Marga include a provident fund contribution of 12 per cent of salary, a termination fund contribution of 3 per cent and group life insurance for employees below age 60.

at the intermediate and senior levels of University academic staff; there is no such requirement in Marga.

3.13 What would it cost Marga to pay at least basic emoluments to its academic staff at University levels (ignoring tax liability, allowances and fringe benefits)? The financial projection provided by Marga to the Ford Foundation<sup>1</sup> has assumed, for the long term, a module of 5 research Divisions each consisting of a Director, an Associate Director and 2 Research officers. Including the Executive Vice Chairman, the annual salary costs at current levels for such a complement of 21 professionals comes to SLR 2.2 million. The corresponding figure at University levels will be of the order of SLR 3.5 million. While Marga may not be able to straightaway face the increased commitment involved, it would appear to be necessary to explore options and possibilities for upgrading salaries particularly at the intermediate levels in order to attract better qualified professionals. An incremental approach on the following lines can be considered. If improved salaries broadly on par with University levels can be linked to post graduate qualifications, the full burden of an across - the - board revision can be avoided. Moreover, the upgradation will necessarily be phased out because of supply factors. Illustratively, a programme of recruiting 4 post graduates in the first instance at the intermediate levels in replacement of lesser qualified staff is likely to cost no more than SLR 300,000 additionally per annum.

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1. See Annex 5.

It does not appear to be impossible to accommodate this order of extra expenditure in Marga's current annual budget of the order of SLR 10 million through economies, improved earnings, and additional fund-raising. Upgradation could perhaps begin at the intermediate level (Associate and Assistant Directors) for at the senior levels (Directors, full time Senior Consultants) the problem of incentives would not appear to be so acute in view of tangible and intangible factors: supplementary incomes from pensions and savings, greater recognition, higher job satisfaction. Consultancy assignments, on which Marga has recently evolved reasonable guidelines,<sup>1</sup> can also provide a useful supplementary source of incomes at the higher levels.

3.13 Given keen and increasing competition from the private sector, Universities and other research institutions, it was argued that Marga could never hope to attract or retain the best and the brightest among Sri Lanka's younger professionals unless the salary and other benefits it is able to offer remain fully competitive. Such apprehensions, while not implausible, may also suffer from a certain measure of fatalism. Provided Marga is able to supply an intellectually stimulating environment, young professionals might opt to join it at somewhat lower compensation; this is likely to be the case with those who prefer to work in an inter-disciplinary, socially-committed research outfit free of teaching responsibilities and University politics; some may at least try out Marga for a few years before moving on

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1. Marga: Standing Order No.43 dated 7 February 1994.

to other pastures; Marga itself can settle for upgradation rather than absolute excellence; and, in any case, there does not appear to be any other alternative to the gradual approach outlined earlier for translating into reality Marga's own oft-repeated objective of injecting higher professional qualifications at the intermediate levels and, in course of time, at senior levels as well.

### Faculty Development

3.14 In connection with professional upgradation, it must be mentioned that Marga's efforts for faculty development have been consistently disappointing in their outcome. The Ford grant 830-0319 of 1983 envisaged five MA or post-MA scholarships for Marga staff to spend a year at Indian institutions. This was unused. A proposal mooted subsequently for an in-house training programme was not proceeded with because the IDRC which was to have co-financed it had (valid) doubts about Marga's ability to mount such a programme. Once again Ford grant 890-0066 of 1989 included a substantial allocation of \$ 116,000 for graduate fellowships in Asian countries for six master's degree and four doctoral degree candidates from Marga. In addition, shorter-term visiting fellowships for foreign study (\$ 20,000) and an in-house English language training programme (\$ 5000) were envisaged. While the last of these was availed of, utilisation has been quite inadequate in respect of the graduate and overseas fellowships. No doctoral faculty member has emerged from these programmes.

### Recruitment Policy

3.15 Policies relating to recruitment also, impinge on staff qualifications. Marga's recruitment policies appear to be ad hoc: through advertisement or promotion or selection of known candidates. Open and wide advertisement in all cases in Sri Lanka and abroad if combined with better salary scales are likely to produce the best results. In any event they are a necessary safeguard against favouritism and nepotism. Internal candidates could also, of course, be entitled to compete.

### 4. Professional output and activities

4.1 The professional activities of Marga cover a wide spectrum indeed. They can be broadly grouped into: (i) research studies which, with few exceptions, are sponsored by, or proposed to and funded by, a number of agencies mostly outside of Sri Lanka (ii) research support services; library, data and documentation (iii) dissemination and outreach activities: the Marga Journal, publications, translations, seminars, net-working with NGOs, action-oriented research and (iv) income-earning activities such as training programmes and a video production unit.

#### Research studies: output

4.2 In terms of the volume of output, there has been an impressive increase in the last decade. Compared to 65 studies completed in 1972-82, 134 studies or more than twice that number have been completed in 1983-93. At the end of March 1993, 14 studies were on-going. The increase during 1983-93 in the volume of output despite a halving of professional staff in the period doubtless reflects a growth in productivity. In part it has been

made possible by Marga sub-contracting out some of the studies wholly or partially to outside academics. Also, the 1983-93 portfolio includes a number of smaller studies.

4.3 The distribution among funding agencies of the 148 studies undertaken during 1983-93 is shown in Table 6. As many as 49 different funding agencies of different types -- UN organisations, multilateral aid agencies (e.g., ADB and World Bank) foreign governmental bodies (e.g. USAID, ODI), international foundations and Sri Lankan government agencies -- have all sponsored research projects in Marga. Compared to the earlier decade, there has been a definite growth and diversification in sponsorship. There has also been increased participation by Sri Lankan government Ministries (principally the Ministry of Policy Planning and Implementation which administers the Janasaviya programme) and agencies (such as the Foreign Employment Bureau, the Womens' Bureau and the Agrarian Research and Training Institute); however, the level of domestic sponsorship is still low (about 6 per cent of all projects taken up in 1983-93).

4.4 Marga's large and diversified portfolio of sponsorship has its positive and negative aspects. It reflects the continued confidence that Marga enjoys among a variety of funding institutions while avoiding dependence on any one of them. On the other hand, there is high variability in funding levels from year to year and Marga has at any one time to deal with numerous funding agencies entailing much correspondence and accounting.

The proliferation of sponsors in recent years also reflects Marga taking up a number of relatively small projects with low margins and high opportunity cost in staff time.

### Themes

4.5 The themes of Marga studies fall into two main groups. In the first category are studies relating to growth and welfare in Sri Lanka. These have been around broad clusters such as poverty analysis (urban, rural, and regional); evaluation of poverty reduction programmes; studies relating to social sectors: welfare in general, health, education, child welfare, and employment; the impact of outward migration; multi-level planning (regional, sub-regional and micro-level); and action research relating to the formulation and implementation of village development models. More recently, a few studies on environmental and gender issues have been undertaken. Macro economic studies have been negligible. Through the years Marga's interest and expertise have been in the areas of poverty, micro-level development and the social sectors. A list of the studies completed by Marga during 1982-87 can be found in its Fifth Progress report. The list of studies completed since then is being brought out as part of its 1993-94 annual report.<sup>1</sup>

### Quality of output

4.6 The broad themes that Marga has pursued are doubtless of central relevance to Sri Lanka's social and economic development. Also, over the years its work has continued to command a market

1. It is only since 1992-93 that Marga brings out printed annual reports on its activities. The previous report was for 1982-87 and no reports are available for 1987-92; if they had been, much labour could have been saved both for Marga and this evaluator.

among its sponsors. In the 1983 evaluation, however, we had made two broad points about the nature of Marga's output. One was that 'it was "research" in the descriptive, not the theoretical or fundamental sense'. The second and related point was that 'the work lacks basic studies of Sri Lankan economy and society. There is a notable absence of synoptic or analytical treatment as a whole'. A perusal of Marga's work in the last decade gives the impression that these judgments continue to be valid. In the nature of its activities, the focus and content of Marga's studies have responded to the requirements of numerous disparate sponsors. Given the fragmentation of topics it has not been possible to adopt frameworks of analysis that are comparative (among countries) or longitudinal (with reference to Sri Lanka itself) or synoptic (over sectors of development) or are sufficiently enriched by theoretical perceptions. The approach to concepts and data is seldom critical and data sets are rarely subjected to processing. There is also a discernible degree of unevenness in the quality of the output.

#### Time over-runs

4.7 Marga studies also often tend to be delayed beyond agreed completion dates: a comment that was made by more than one funding agency representative interviewed. Analysis of information supplied by Marga lends credence to this complaint for out of 134 studies completed during 1983-93 as many as 64 (or nearly half) have had time over-runs typically of a duration of 50 per cent or more of the original deadlines. One reason for this could be the heavy burden shouldered by the Executive Vice-



Chairman. In 1986-93, for instance, 32 out of 87 completed studies have been directly credited to him and the others are also subject to his editing, revision and clearance.

#### Research Advisory Council

4.8 As one of the means of upgrading its research output, Marga's five year Plan (1989-93) stated that the Institute 'intends to set up a research advisory group of approximately four persons drawn from reputed local scholars, outside the Institute, who would regularly interact with the Marga staff and in terms of an agreed programme help the Institute in identifying its research priorities, perform certain assigned tasks such as carrying out peer reviews of the work of Marga researchers and participating in in-house workshops which are designed to improve the methodologies and raise the analytical quality of the research'. On this basis some funding (\$6000) was also included for the local costs of the research advisory council (RAC) in the Ford grant (089-066) of 1989.<sup>1</sup> As actually constituted, the RAC's composition does not conform to this intention. Its 6 members include 4 from Marga's Governing Council (the Chairman, Executive Vice-Chairman, and two other Governors one of whom also functions on Marga's faculty); the RAC is thus virtually a sub-committee of the Governing Council. On the evidence available it

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1. Referring to the proposed Research Advisory Council, the Ford project document said: 'To give broad direction to its research interests, Marga proposes to convene a new research advisory group comprised of outside scholars and specialists who will meet approximately three times per year. The Institute would attempt to plan the group's meetings, which would be funded under the recommended grant, so as to take advantage of the presence of foreign scholars in Colombo who could participate in the discussions'.

is doubtful if the RAC has fulfilled (or is indeed capable of fulfilling) the role of active research guidance, review and quality improvement envisaged in the Marga Plan. In these circumstances, a reconstitution of this body would appear to be indicated.

#### Academic interaction

4.9 More generally, Marga's research community could gain from a greater interaction with scholars from outside, both overseas and from Sri Lanka's Universities.<sup>1</sup> Many of Marga's research concerns are similar to work being done in social science research Institutes in neighbouring India indicating scope for relatively inexpensive professional interaction between Marga and Indian academics. Marga could also benefit by hosting foreign Ph.d. scholars as interns, a modality which has produced useful interaction and good output in other institutions in Sri Lanka such as the International Centre for Ethnic Studies.

#### Impact on policy

4.10 Although Marga's impact on public policy in Sri Lanka is difficult to assess in tangible terms, the Institute has retained the reputation of a 'think tank' in governmental circles. It is also well regarded among peer social science research institutions and NGOs in Colombo. Senior members of the Institute serve on a number of Government committees and task forces. Marga studies have been used in policy formulation and

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1. Ford Foundation grant 089-0066 of 1989 provided \$ 6000 to meet partial costs of scholars moving to Marga on University sabbaticals. This provision has been drawn upon only for one case.

evaluation notably in areas such as health, child care and anti-poverty programmes.

#### International net-working studies

4.11 The second category of Marga's work consists of international and regional net-working and studies related to and arising from them. These have received substantial funding from both Ford and IDRC over the years. The two most important of them are the ASIER (Asian Studies in International Economic Relations) and the CSCD programme (Committee on Studies for Cooperation in Development in South Asia). ASIER grew out of UNCTAD V (Manila, 1979). Based on collaboration between Marga and the Indian Council for Research in International Economic Relations (ICRIER), New Delhi, it involved a set of studies and workshops aimed at strengthening the collective, North-South negotiating capabilities of Asian countries in time for UNCTAD VI (Belgrade, 1983). The ASIER programme eventually (in 1985 and 1987) resulted in a couple of publications largely on the initiative of ICRIER while MARGA's assignment for preparing a training manual for Third World negotiators was badly delayed.

4.12 The CSCD, on the other hand, has been much more of a success. It was constituted in 1978 as a net work of academic institutions in South Asia with MARGA serving as the coordinating secretariat.<sup>1</sup> Between 1978 and 1993, CSCD's output

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1. In its latest stage the CSCD network consisted in: Bangladesh Institute of Development Studies; School of International Studies, Jawaharlal Nehru University, New Delhi; Centre for Economic Development and Administration, Tribhuvan University, Kathmandu; Pakistan Institute of Development Economics; Centre for South Asian Studies, University of the Punjab, Lahore; Ministry of Planning and Development, Maldives; Marga Institute, Colombo; and Asian and Pacific Development Centre, Kuala Lumpur.

has amounted to 8 books with one more under publication in addition to 40 mimeographed studies (vide Annex 3). In 1989 the CSCD was evaluated in detail by Mr.A.P.Venkateswaran, former Foreign Secretary of India and Professor A.R.Bhuyan of Dhaka University. The evaluation found that 'the CSCD programme of studies and related activities have contributed greatly to the evolution of South Asian cooperation over the last decade' and that 'the Marga Institute has satisfactorily serviced the CSCD as its Secretariat, performed the tasks of mobilisation of resources and coordination and implemented its programme to the satisfaction of participating institutions and scholars'. Much of the credit for this commendation belongs to Dr. V.Kanesalingam, Director of Marga's International Studies Division until his recent retirement. (He is now a Governor of Marga and supervises the DEVINSA programme). The CSCD programme itself has now virtually come to an end although a few more studies relating to South Asian cooperation are in process under a programme financed by the Friedrich Ebert Stiftung. Marga's own portfolio of international studies now consists of trade-related studies (mostly under ESCAP sponsorship) relating to the South Asian and South Asia - ASEAN regions.

#### Seminars

4.13 Throughout Marga has had an active programme of seminars. Apart from professional seminars related to its net-working and research studies, a number of seminars have been held at the local and national levels on issues of public importance and interest in Sri Lanka. Nearly 60 such seminars have been organised

during 1983-93. The most valuable among them are a series of seminars held under the Peace and Reconciliation Programme following the escalation of ethnic conflict in Sri Lanka 1983. A list of these seminars and of Marga's studies relating to 'inter-racial equity and national unity' will be found in Annex 4. Together they amount to a major contribution towards promoting reasoned reconciliation in the highly surcharged atmosphere of ethnic disharmony that continues to plague Sri Lanka.

#### Development Reviews

4.14 In the same vein as the seminar programme, one other initiative envisaged was a series of biennial Development Reviews to be brought out by Marga. These were meant to be published after being initially presented in seminars. The Ford Foundation grant in 1989 (089-066) included an allocation of \$30,000 for two such reviews to be published in 1992 and 1994. The Ford project document intended that these 'reviews, under the direct supervision of Godfrey Gunatilleke, would go beyond conventional evaluations of the Sri Lankan economy's performance to probe political, social, cultural and environmental developments during the preceding biennium. Such developments would be related to three themes - democratization and people's participation, the changing quality of life, and the management of the physical environment. The first review will attempt to map developments under these headings over an extended period from 1970 to 1987'.

4.15 These expectations have not been met at least in the case of the first review which was due in 1992. Although material

is reported to have been prepared for it (mostly in terms of tables and information compiled from official publications and Marga reports) the review has not seen the light of day as a publication. Several theme papers have however been generated from within and outside Marga for the 1994 review on such subjects as participatory democracy, inter-generational conflict, life styles and development and the impact of liberalisation on poverty and equity. It is to be hoped that the review will be put together and published before the year ends.

#### The Marga Journal

4.16 The Marga Journal has continued to come out 3 or 4 times annually. It contains substantive articles on Sri Lankan and Third World issues. Some of the special issues of the Journal (e.g. Changing Profiles of Women, Vol.10 Nos 2 and 3, 1989 and Needs of the Pre-School Child, Vol.11 Nos 2 and 3 1990) are useful monographs in themselves. Most of the contributors are from outside Marga, largely Sri Lankan scholars working in Universities abroad. In this sense, the Journal is also a forum for net-working. If more contributions can be induced from within Marga, especially from its younger professionals, the Journal could provide a forum for dissemination and recognition as well.

#### Publications

4.17 The Marga list of publications (January 1994) contains some 70 studies of which nearly 60 are printed, the rest being in mimeo. They comprise Marga studies, collected volumes which include a contribution from MARGA, and in some cases works of authors associated with Marga but not on its faculty. Most of

them have been published by Marga on its own and a smaller proportion by collaborating institutions or by commercial publishers. During 1983-93, Marga has brought out only 11 publications. The slackening in published output is a reflection of financial constraints for there is an inventory of a dozen studies awaiting publication (on interesting topics such as ethnicity, devolution, employment, poverty, privatization, and gender issues). Marga is currently negotiating arrangements with Vikas Publishers in India whereby the latter will publish and distribute its output in return for Marga buying-back 200 to 300 copies at a discounted price. Any such arrangement for timely publication and wide distribution will be very welcome: as of now Marga publications tend to be dated; are not attractive in appearance; not widely accessible; and not even conveniently displayed in the Marga premises itself.

#### Translations

4.18 Sri Lanka is not only multi-lingual but suffers from a serious dualism between a narrow English-speaking elite and a large population that is highly literate but only in Sinhala or Tamil. In such a context, Marga's programme of bringing out translations of books on a wide range of social, economic and political topics targeted at a secondary school educated reading public is very worthwhile. Beginning in 1972, the programme has been able to bring out 67 publications before it was discontinued on account of financial constraints. Thereafter, with assistance from NOVIB, Marga has published a series of books in Sinhala/Tamil for children in the age group 8 to 11. Currently,

it is engaged in bringing out 5 books each in Sinhala and Tamil on topics related to democracy and the market economy. Four more publications on ethnic harmony and related topics are proposed to be brought out in English, Sinhala and Tamil. These activities are currently being supported by NORAD and CIDA.

#### Library

4.19 Marga's library is well stocked especially in the matter of material relating to Sri Lanka and South Asia. The collection includes 12,000 volumes on Sri Lankan history, society, politics and economics besides official publications and unpublished material such as conference papers. In addition there are 23,000 volumes in the general collection. The library is a depository for publications by the World Bank, UN University, International Centre for Economic Growth and IDRC's social science publications. It subscribes to 76 journals including 62 foreign ones. The annual allocation for the acquisition of books and journals is currently at the level of SLR 400,000. The Marga library is used not only by its faculty but also by individual scholars and research institutions in Sri Lanka with whom Marga has inter-library arrangements. Accommodation for the library has been somewhat extended since 1983 but the need is already visible for more space. There is also need for some more staff and for improved facilities for the dusting of books.

#### Documentation services: DEVINSA and INNESS

4.20 The Marga library is the coordinating centre for the DEVINSA net work in which 9 institutions in 6 South Asian



countries are participants.<sup>1</sup> Inputs are generated by MARGA and collected from the 8 other focal points to provide a variety of documentation services: printed monthly DEVINSA development abstracts, an electronic journal on diskette, data according to year or subject, other selective information, data search, and special information packages. Beginning from 1985, IDRC has provided grants for three successive phases of DEVINSA totalling to Canadian \$ 871,871. The last of these which relates to the marketing phase is to expire in 1995.

4.21 The technical aspects of DEVINSA were evaluated in 1988 by a couple of experts and the operation is being improved based on their suggestions. Its economics however is a matter of concern. Annual costs are estimated to come to about \$ 60,000 on staff, computer use, payments for inputs and abstracts, and for printing, mailing, and publicity. At current levels of cost recovery (\$ 40 per annum for South Asian subscribers and \$ 150 outside) break-even will be possible only if about 500 South Asian and 250 outside subscribers can be enrolled. This seems an entirely infeasible target considering that DEVINSA has only about 35 subscribers now and the most optimistic marketing estimate is 350 subscriptions (including 100 outside). Accordingly, DEVINSA is likely to run into sizable deficits

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1. Participants in DEVINSA are: Bangladesh Institute of Development Studies, Dhaka; Jawaharlal Nehru University, New Delhi; National Institute of Rural Development, Hyderabad; Ministry of Planning and Environment, Male; Centre for Economic Development Administration, Tribhuvan University, Kathmandu; Tribhuvan University Central Library, Kathmandu; Lahore University of Management Science, Lahore; Pakistan Institute of Development Economics, Islamabad; and Marga Institute, Colombo. recovery for the printed abstracts.

which can be avoided only if it is closed down or handed over to a body like SAARC for being maintained as a service to its South Asian members. The latter possibility requires urgent and serious exploration.

4.22 INNESS (Information Network in Social Sciences) is another documentation service provided by Marga. Its membership is confined to Sri Lanka and consists of about 20 research organizations and NGOs mostly in Colombo. INNESS has been able to cover its costs and even earn a surplus largely because of income from the training courses it has conducted for librarians and information specialists. Its continued ability to do so will depend on a steady demand for such courses.

#### Data Bank

4.23 MARGA has made progress in building up a data bank called IRSSES (Information Retrieval System on Socio-economic Statistics). The data base consists of micro-level data collected in Marga's primary surveys and secondary (sectoral and macro-level) data contained in its research studies. These are being extracted and stored under a number of titles for easy retrieval. Since Marga has gained experience and expertise in this field, it might be useful to consider extending the scope of the data bank to all published data in Sri Lanka relating to socio-economic topics -- demography, public finance, other economic statistics, social indicators, consumption surveys and so on. A series of publications on long term time series of socio-economic data relating to Sri Lanka could also be

visualised drawing from such a data bank. A monitoring system in 10 village locations for socio-economic indicators has been thought of as part of Marga's data related activities. While this seems to be at the planning stage, it could have an interesting potential.

### Training

4.24 Marga has been organising a variety of training courses in recent years. English language training courses were provided to its junior research and administrative staff in 1989 and 1990. Training courses for journalists conducted in 1992 and 1993 were rated as useful by a participant while a few training courses held for NGOs on micro-level development do not appear to have been altogether well received. The training courses conducted as part of INNESS, as already mentioned, have been professionally and financially successful. Training manuals have been prepared for health workers and on subnational planning. It might be useful for Marga to explore the scope for enlarging its training activities both for sharing its knowledge and for earning some revenue.

### Other activities

4.25 Two developments since 1983 are the decision to close down RECRED, Marga's research and extension centre for rural development in Pannala, a farm in the North West Province and the establishment of SUDANA Ltd, a video production unit, as a separate legal entity. The former appears to be a wise decision since RECRED was hard to supervise and had been making losses besides yielding doubtful professional dividends. SUDANA is meant

primarily to assist the government and NGOs in development communication and will hopefully be able to sustain itself in this growing activity.

#### Institutional interaction

4.26 Since Marga's origin in the early seventies, quite a few new institutes have come up in Sri Lanka in the social science field, particularly in the last decade. Notably they include: International Centre for Ethnic Studies (ICES with campuses in Colombo and Kandy), Institute for Policy Studies (IPS established under statute, financed by aid from the Netherlands, with a strong orientation in macro-economics), Centre for Womens' Research (CWR) and a recently established Centre for Regional Development Studies. In this landscape, Marga is likely to face an increasingly competitive environment for funding. It will also have to sharpen its comparative strengths, resort to greater specialisation and exploit, to mutual benefit, opportunities for net-working with sister institutions and with academic groups such as the Sri Lanka Association of Social Scientists and the Sri Lanka Economics Association.

4.27 It is encouraging in this connection that Marga enjoys the goodwill of its peer institutions. Dr Gamani Corea and Dr. Godfrey Gunatilleke are on the Governing Council of the Institute for Policy Studies while Professor Swarna Jayaweera, Director of the Centre for Womens' Research, is a Governor of Marga. Dr. Neelan Tiruchelvam and Ms. Radhika Comaraswamy of ICES were earlier on Marga's faculty. Marga has also maintained

continuing relationships with a number of international organisations and research institutions.

4.28 Marga has had a tradition of fraternal support to socially activist NGOs in Sri Lanka. The late Mr. Chandra Soysa was close to the Sarvodaya movement; Marga has helped to establish and/or has enjoyed close ties with a number of other NGOs<sup>1</sup> many of whom are also the subscribers to the INNESS documentation service; a few training programmes for NGOs have been held sharing Marga's experience in micro-level development. In the late 1980s Marga also played a role in moderating the adverse impact of Sri Lanka's inquisitorial NGO Commission. Despite all this it would appear that Marga's interaction with Sri Lankan NGOs has waned somewhat in the 1980s.

## 5 Financial Performance of Marga 1983-93

### Sources and Uses

5.1 The main sources of finance for Marga are the grants it receives for specific research projects. These grants meet the expenditures attributable to the project or activity (e.g. workshops, seminars, publications), salaries of research staff engaged in them, payments to other institutions (as in net-working projects), travel, consultancy payments etc. and thereafter yield

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1. They include, Bikkhu Peace Foundation; Communication for Peace and Reconciliation (COMPAR); Citizens Committee for National Harmony (CCNH); Centre for Development Cooperation (CFDC); Council for Civic Education; Development Innovations and Networks; People's Action for Free and Fair Elections (PAFFREL) South Asian Partnership (SAP); and World Council for Religion and Peace (local chapter).

a net income. In a few cases, funding agencies have also extended non-project assistance, the major examples being FNS assistance for the acquisition of land and buildings and the Ford grant in 1973 for a Trust Fund (\$ 120,000) and recurring expenses for three years (\$10,000 per year). The Sri Lanka government itself does not give general purpose grants to Marga or to any other non-governmental social science research institute in the country (as the Indian Council of Social Science Research does in India).

- 5.2 The surplus from project grants is supplemented by Marga with its own income. The latter consists of interest income from the Trust Fund and from a number of miscellaneous sources including disposal of assets. Net of tax, the interest yield on investments comes to 13.5 per cent per annum. The total net income (i.e. the surplus from project operations plus Marga's own income) thus generated meets all expenditures other than on projects: salaries of administrative staff and establishment, library expenditures, publications, finance charges, depreciation, maintenance, utilities, rates and taxes, stationery and postage, professional fees etc. It is also the source for the replacement or augmentation of assets such as buildings, equipment, vehicles, furniture and fittings.

#### Consolidated financial performance: 1983-93

5.3 Table 7 gives the year-by-year position of Marga's incomes and expenditures during 1983-93. Table 8 gives the cumulative position and the annual average figures for the decade.

5.4 The main features of Marga's financing that emerge from these tables are the following:

(1) There is a high degree of variability in the levels of research grants from year to year. Even after excluding direct foreign expenditures mediated by Marga (as has been done in Table 7) the volume of research grants has varied between SLR 6 to SLR 17 million. Since 1989-90 there is a distinct increase in the level and stability of research grants (SLR 12 million or more).

(2) Surpluses from research grants have come to 47 per cent (1983-93 average) of gross grant amounts.

(3) Of total net income, project surpluses constitute 81.2 per cent, the balance being Marga's own income from interest and other sources.

(4) Of total current expenditures (SLR 113 million in 1983-93), 49 per cent has been on account of project expenditures and the balance on administrative, library, and other expenditures.

(5) On its current account, Marga has been able to come out with a surplus position since 1987-88. Deficits were marginal in 1985-86 and 1986-87. 1984-85 registered a very large deficit presumably on account of a sharp decline in that year in research grants.

(6) Cumulatively in 1983-93, Marga had a current account surplus of SLR 1.8 million. After providing for outlays on the acquisition of assets (mainly computers, video and other equipment) and on capital expenditures (mainly on some additions to the building), operations in the decade of 1983-93 closed with a final deficit of SLR 3.6 million.

5.5 The deficit of SLR 3.6 million has been financed by (a) a draw down of SLR 1.5 million from the Trust Fund reflected in a decline of the Fund corpus from SLR 5.3 million on 31.3.1983 to SLR 3.8 million on 31.3.93 and (b) a worsening in financial and net fixed assets by SLR 2.1 million.

5.6 Details relating to changes in financial and fixed assets during 1983-93 can be found in Table 9. Apart from the draw-down of SLR 1.5 million from the Trust Fund, there has been an increase in Marga's Bank overdraft by SLR 1.6 million. The overdraft is taken against the pledge of the Trust Fund and other investments and entails an interest cost of around 17 per cent. The written down value of Marga's fixed assets as on 31.3.93 was of the order of SLR 4.5 million (having declined from SLR 5 million on 31.3.83). However, the present market value of its fixed assets is considerably more. Marga's property in the prime location in Colombo in which it is situated is valued at about SLR 50 million. Additionally its physical assets include equipment, vehicles, books, furniture, and fittings.

#### Summing up

5.7 Based on this analysis, one can sum up the financial performance of Marga during 1983-93 and the indications that can be drawn from it for the future. In the first decade of its history (1972-83), Marga was able to build up substantial fixed and financial assets. Its building was financed by a donation from FNS. Ford made the initial contribution for the Trust Fund and towards running expenses for 3 years. Marga itself was able



to generate good surpluses from its research studies and add SLR 3.9 million to Ford's Trust Fund grant of SLR 1.4 million (\$ 120,000 at the time of conversion) building up the Fund to its peak level of SLR 5.3 million at the end of 1982-83. In the following decade, Marga has been able to generate a relatively small overall surplus of the order of SLR 200,000 annually from its current operations. It has also added to its assets (mainly equipment) to the tune of SLR 5.5 million in 1983-93 financing it largely by drawing down the Trust Fund by SLR 1.5 million, its other investments by SLR one million, and increased borrowings of about 1.5 million. At the beginning of 1993-94, Marga's net financial assets (investments plus current assets minus repayment liabilities) was of the order of SLR 5 million or about the level of its annual expenditures other than on research projects.

5.8 It is evident that Marga is very heavily dependent both on the volume of research grants it is able to mobilise from year to year and the proportion it is able to extract from them as surplus for financing its other professional activities (such as library, publications and seminars) and its general administrative expenditures. There has been high variability in the annual volume of research grants but in recent years one can discern an improvement both in the level and in the degree of stability. On an average individual grant amounts have been of the order of SLR one million (about \$ 20,000) although in recent years many grants have been for smaller amounts yielding low margins. This means that at current levels Marga needs annually to ~~£~~ canvass 15 to 20 sponsors to maintain its operations at a

viable level. The surplus or margin from research grants have been close to 50 per cent of the gross grant amounts. This large proportion has been possible only because of Marga's contraction in staff during 1983-93 and its keeping its salaries low. There does not appear to be much more scope for reducing the strength of the professional staff although some economies may be possible in administrative expenditures. Professional salaries are already quite uncompetitive compared to University levels and inflation will only progressively widen the gap.

5.9 Marga should, of course, explore all avenues for improving its own incomes and for reducing its administrative expenditures. Some revenue-earning scope may lie in expanding its training and development communication activities while publications will necessarily need to be subsidised. The DEVINSA documentation project can become a significant liability once IDRC support for it is withdrawn. Anticipatory action is necessary to avoid this. It is welcome that the loss-making Pannala farm is being wound up. At current level of borrowings, financing changes are annually of the order of SLR 500,000. They can be reduced in the long run only through reduction of borrowings except for short-term working capital requirements. Pending that, Marga could reduce its interest outgo by borrowing from its endowment Fund rather than at higher cost from its Bank. All these and other such measures for improving own incomes, eliminating avoidable expenditures and averting possible losses need to be pursued. However, they can not be depended upon to produce a major turnaround in the difficult financial situation in which Marga finds

itself at the beginning of its third decade.

5.10 Recognizing that Marga's most significant financial asset is its property, an option has been informally discussed within its Governing Council for securing long term viability and self-reliance to the Institute. This is to sell the property and to rebuild at a lower cost peripherally outside the City. In this way, Marga may be able to generate a surplus of SLR 25 to 30 million which can fetch an annual income stream of SLR 3.4 to 4 million. The time has perhaps not arrived for pursuing this option of last resort; nor might Marga lose by postponing a decision since property appreciates faster than inflation on current expenditures.

#### 6. Assessment of proposals for future funding

6.1 The last of the terms of reference is to provide an assessment of the Institute's endowment plans and to recommend funding strategies for the IDRC and Ford Foundation. The assessment that follows is an appraisal of proposals submitted by Marga to IDRC and Ford taking into account the evaluation of Marga's needs and capacities in the earlier sections of this review.

#### Marga's approach to future IDRC and Ford funding

6.2 Marga's proposals in their final form are contained in letters from Dr. Godfrey Gunatilleke to Dr. Vijay Pande (of 9 August 1993) and to Dr. David Arnold (of 16 August 1993). The general case made out in these letters for future funding from the two agencies is broadly similar. Marga has pointed out that

its main concern is its long term financial stability. To quote from its letter to IDRC: 'It is possible for the Institute to continue along the present lines managing on project funding which it has to mobilise from year to year. There are however several disadvantages in such a situation. The Institute is not able to make the best use of the resources and infrastructure it has built over the years and design programmes drawing on its comparative advantage and strength. The environment created by project-to-project funding is not conducive to developing a cadre of high quality with fairly attractive career prospects'. Marga's stated intention is to 'strengthen those activities which have given it the role similar to that of a "think tank", developing both its national and regional networks. At the same time it will focus on the activities in the field of dissemination, information, non-formal training and human resource development drawing on its accumulated resources in this area'. These objectives have been elaborated in the proposal sent to the Ford Foundation as follows: 'The Institute has given careful consideration to the mix of financing it needs. It is of the view that it must give first priority to the character of the Institute as a non-profit organisation which is able to devote itself to issues of national importance providing the services of a non-partisan intellectual centre to the country's intelligentsia. In this capacity the Institute's work on controversial issues such as the ethnic conflict and its objective evaluation of development policies and programmes has been well appreciated. A significant part of its activities

which consist of prompt responses to the changing situation are of a nature that can not be readily submitted for the project-type finance that has been normally available. The income-earning consultancies, while it will be an important source of financing, should not become the dominant component and crowd out some of the other programmes which have given the Institute its special role as a non-governmental "think tank". It is also the particular mix of values and multi-disciplinary approaches taken by the Institute which has attracted the special assignments it has had from international agencies. Therefore this part of the Institute has to be protected, maintained and strengthened'.

6.3 In its proposal to IDRC, Marga has also referred to 'four major initiatives which are being undertaken' in order to make the transition to a more stable and effective institution. The first is: 'the Institute is being streamlined'. The second is: 'the Institute is attempting to organise its activities around three to four major programmes for which longer-time programme funding will be sought'. Third: 'the Institute plans to augment its present endowment fund of Rs.3.8 million to a level which will enable it to finance the fixed costs of the administrative overheads such as the library and computer unit'. Fourth: 'the Institute will expand and strengthen the income earning activities such as bibliographical and documentation services and training in these fields'. The italics supplied in all these quotations will show that the four-fold strategy is still largely in the realm of future intentions while a reference to Marga's 1982-93 Plan will recall that essentially they were also a part

of what was promised five years ago. These intentions, as the earlier sections of this evaluation indicate, have been implemented so far only with a limited degree of success.

#### Marga's specific proposals

6.4 Specifically, Marga has requested IDRC to provide \$225,000 over a three year period in annual installments of \$75,000. Marga expects to supplement this amount with a contribution of \$75,000 (over the 3 year period) in the form of overheads and other fixed costs related to management and direction. The total sum of \$ 300,000 is to be utilised for meeting the costs of a programme or 'cluster of activities' related to two broad areas: (i) Documentation, data base and research on poverty-alleviation and related issues. This cluster will include the following components: (a) bibliographical data base and documentation on poverty (b) developing a statistical data base on poverty (c) case studies of successful poverty alleviation (d) urban poverty studies (e) studies relating to hard-core poverty and especially vulnerable groups. (ii) The second cluster relates to human resources development and empowerment at the micro-level. Under this heading Marga proposes to develop models for micro-level development, drawing upon its earlier work in this area, and to use these models for training grass roots NGOs. Recognising that IDRC's policies do not permit general purposes funding on a recurrent or on an endowment basis, Marga's proposal is to gain flexibility by substituting the 'cluster of activities' for the strict project approach. This is meant, on one hand, to acquire ~~some~~ some autonomy in the choice of research topics and, on the other,

to generate surpluses for non-projectisable institution - building activities.

6.5 Marga's request to the Ford Foundation is complementary. It is for a Trust Fund contribution of \$300,000. Marga has sought this as a 'once for all contribution' and has agreed that 'the Foundation could treat such a grant as its final measure of support to the Marga Institute, after which the Institute would be able to continue its activities without looking for continued support to the Foundation'. Annex 5 contains the financial projection based on which the requirement of \$ 300,000 has been arrived at by Marga for the endowment grant. Relative to annual research grants at SLR 7.5 million, direct project expenditures have been estimated at SLR 1.1 million and salaries of research staff (for 5 Divisions each consisting of a Head of Division, an Assistant Head and 2 Research Officers) at SLR 3.6 million. On this basis, the surplus from research grants will be SLR 2.8 million. Marga estimates the annual cost of library and computer services and on administrative and general establishment at SLR 5.1 million resulting in a net deficit of SLR 2.3 million after deducting the project surplus of SLR 2.8 million. Capitalised (on the basis of the current return of 13.5 per cent) covering this deficit will necessitate an endowment of SLR 17 million (\$ 375,000, implicitly at \$ = 45.5 SLR) i.e. an increase of \$ 300,000 to the present Trust Fund availability of 75,000. In effect, Marga's proposals to Ford seek an unconditional underwriting of its support services and establishment expenditures.

### Assessment of the proposals for funding

6.6 For the purposes of this assessment the starting point would have to be the assumption that both IDRC and Ford would wish to continue their association with Marga as its leading long-term funding agencies for a determinate period of time. It is also assumed that, in the process, the funding agencies, while taking account of Marga's priorities, would wish to structure their assistance such that it is designed (a) to protect and promote Marga's contributions most salient to Sri Lankan society and concurrently (b) to improve Marga's longer-term financial viability.

6.7 In line with this approach, I have proceeded in what follows to define a set of 'core' activities that might qualify as having the highest priority for long term institution-building in Marga within the Sri Lankan context and which take account of Marga's priorities and comparative strength. Taken together they would help validate Marga's characterisation of itself as a 'think-tank'. I would recommend that 'core' activities and related costs could be taken to include the following:

(1) Costs on library staff, maintenance, acquisition of books and journals and on documentation and data services directly related to the normal activities of the Institute. DEVINSA, INNESS and other such special documentation services will need to be sustained through cost recovery from their clientele supplemented to the extent necessary by separate funding.

(2) Net costs involved in a continuous and timely



publication of Marga studies. Translations are an important part of the publication programme but they can get covered through separate funding as has been the case so far.

(3) Organization of public seminars on social, economic and political issues of Sri Lanka.

(4) Publication of annual development reviews. The annual review could most usefully (a) provide documentation on the state of the Sri Lankan economy in the preceding year (b) include thematic sections on current social, economic and political issues and (c) contain long term data relating to Sri Lanka's social and economic development. The review could be published on its own or as a special issue of the Marga Journal. Apart from being a useful discipline in itself, the development review could prove to be an important vehicle for dissemination of Marga's work and for opinion-moulding. It could also supply a forum for collaboration with research institutions in Sri Lanka.

(5) Such proportion of administrative and other overheads that can be appropriately attributed to the activities listed above.

6.8 As the next step, Tables 9 and 10 contain estimates of what could be the expenditures on the non-core and core components of Marga's activities. Table 9 shows that if the core activities of Marga can be separately taken care of, Marga would be able to make a surplus of about SLR 0.6 million per annum from its normal research grants. This estimate of the likely surplus is conservative: the estimate of revenues from research grants has been moderately pitched while the outgo on the salaries of the

research staff provide for a 50 per cent improvement with reference to the current level. A surplus of this order on non-core activities could help the Institute to reduce its Bank overdraft to the minimum level required for ways and means purposes. In years of good revenue Marga could afford to incur essential expenses on replacing or augmenting assets or could transfer some amount to the Trust Fund.

6.9 Table 10 complements Table 9 by estimating the costs of 'core' activities based on the assumptions indicated in the Table. At current costs, the annual outlay on 'core' activities has been estimated at SLR 4 million (equivalent to about \$ 80,000).

6.10 Turning to options for supporting the 'core' programme, they could include a combination of the following:

(1) Project or programme grants that can yield a surplus for being deployed on 'core' activities.

(2) Direct financing of specific 'core' activities that lend themselves to projectisation viz., acquisition of materials for the library, publications, seminars and development reviews.

(3) Running expenses and/or endowment support to cover the non-projectisable costs on library and computer staff and maintenance and on overheads related to core activities. As per the estimates in Table 10, such expenditures amount to SLR 2 million or half the total costs of 'core' activities. The <sup>£</sup> endowment level for covering annual costs of SLR 2 million will

be SLR 14.8 million (equivalent to about \$ 300,000).

6.11 It needs to be appreciated that the purpose of the non core/core distinction is to derive an integrated scheme for Marga financing from all the available sources -- research grants, core funding from interested external sources and self-financing by Marga. The non core and core components are not dichotomous but inter-related both financially and substantively. The suggested level of core funding is designed to make Marga financially viable in its non core operations. Academically as well the relationship between the two components is clear. Library and other research support services provide the infrastructure for Marga's research studies; publications are based on these studies; and research studies are the main inputs for seminars and development reviews. Accordingly, the quality of the 'core' activities will vitally depend on the professional expertise of Marga's research staff and on the Institute's research administration. These are therefore aspects in which funding agencies who support 'core' activities can have a legitimate interest although they may not be directly funding the so-called non-core components. Consequently 'core' funding could be contingent on Marga taking effective steps to upgrade its research faculty and administration on the lines that have emerged in the course of this evaluation.

6.12 Additionally, some specific comments may be in order on Marga's proposals to IDRC and Ford.

(1) The implications of the programme funding concept put forward by Marga in the proposal to IDRC needs much more fleshing

out and careful appraisal: what are the specific outputs that can be expected from the clusters? at what costs? and in what time-frame? Moreover, to what extent does the programme represent additional or new activity? The last question is particularly relevant since prima facie there would appear to be a great deal of overlap between the proposed clusters and work that Marga has already done or is currently engaged in (e.g. earlier studies on rural and urban poverty; DEVINSA; INNESS; ADB, World Bank and Janasaviya projects; the NORAD funded project on micro-level development). In other words, the scope for 'double-funding' seems large in the form in which the clusters have been outlined by Marga.

(2) Compared to programme funding direct funding of projectisable elements in the core programme may be more tractable as well as financially more efficient. Publications, seminars and development reviews are possible candidates under this option.

(3) Endowment funding by Ford -- if and when it is a preferred option -- can look to an element of burden-sharing. Marga has itself indicated that in addition to Ford it is looking to other sources including German and Japanese foundations for endowment funds. Steps have also been taken to constitute a 'Marga Endowment Fund' as a separate legal entity. This should facilitate attracting contributions -- large and smaller and over time -- from a variety of well-wishers of Marga, in Sri Lanka and abroad.

6.13 . To conclude: The original vision of the founders of Marga in the early 1970s was to provide a liberal, democratic and egalitarian 'voice' in Sri Lanka based on research and reasoning-together. In the early 1990s, this is all the more necessary in the context of Sri Lanka's new economic policies, the threats to its welfare State, and continuing internal conflicts. Despite various vicissitudes, Marga has attempted to hold on to its original domestic orientation but financial constraints have tended to increasingly push it into revenue-earning consultancy assignments. These assignments also bear on issues of Sri Lanka's welfare and growth, they have an established market, and continue to fetch revenue for Marga. The task, therefore, would seem to lie in sustaining funded research at reasonable levels, correcting the balance through a greater concentration on contributions to Sri Lankan civil society, and simultaneously upgrading the relevance and quality of both in a mutually reinforcing manner. It is hoped that the approach to funding outlined in this report might be helpful from this standpoint.

-----

Table 1: Ford and IDRC Grants to Marga: 1983-1993

Purpose	Ford Foundation (in US \$)	IDRC (Canadian \$)
1. International Studies and net-working	275,480	--
2. DEVINSA		871,871
3. <u>In-house capacity building</u>	<u>385,000</u>	
a) Fellowships and training	172,000	
b) Research materials and reviews	91,000	
c) Library	59,000	
d) Equipment	38,000	
e) Administrative support	8,000	
4. Research Projects	17,000	210,770
	----- 660,480	----- 1,082,641

Note: Amounts relate to original authorisations. In addition, IDRC has made a grant of CAD 152,600 in 1982 for CSCD studies.

Table 2: Deployment of Marga Staff

(As on 15 July 1993)

Division/Units	Supervisory <sup>1</sup> levels	Support <sup>2</sup> levels	General <sup>3</sup> establish- ment	Total
<u>I Research Programmes</u>	<u>9</u>	<u>13</u>		<u>22</u>
1. Macroeconomic Studies	3	3		6
2. International Studies	2	1		3
3. Social Studies	2	3		5
4. Institutional Studies	2	6		8
<u>II Research Support Services</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>15</u>
1. Statistical & support services	1	1	2	4
2. Library and documentation	3	4	4	11
<u>III Extension Programmes</u>	<u>6</u>	<u>2</u>	<u>6</u>	<u>14</u>
1. Communication & Publication	2	-	3	5
2. Training for Journalists	1	1	-	2
3. Self financing programmes <sup>4</sup>	3	1	3	7
<u>IV Administration &amp; Finance</u>	<u>2</u>	<u>3</u>	<u>30</u>	<u>35</u>
<u>Total</u>	<u>21</u>	<u>23</u>	<u>42</u>	<u>86</u>
1. Directors, Associate Directors, Assistant Directors, Consultants, Heads of Unit, Chief and Asst. Librarians, Editor. 2. Project Officers, Research Officers, Research Assistants and Investigators, Statisticians, Documentalists, Asst. Editors etc. 3. Clerks, typists, library and sales assistants, machine operator, receptionist drivers, labourers, caretaker. 4. Includes RECREC (Research and Extension Centre for Rural Economic Development Pannala) and Sudhana Ltd. (separately registered for video production).				

Table 3: Trends in Marga Staff Strength

Category	1984	1986	1991	1993
<u>I. Research Programmes</u>	<u>74</u> (25)	<u>47</u> (13)	<u>46</u> (14)	<u>32</u> (10)
1. Supervisory levels	16 (1)	16 (1)	13 (3)	11 (1)
2. Support levels	58 (24)	31 (12)	33 (11)	21 (9)
<u>II. Research Support Service</u>	<u>6</u> (6)	<u>12</u> (10)	<u>10</u> (10)	<u>9</u> (9)
1. Library	6 (6)	12 (10)	10 (10)	9 (9)
<u>III. Extension Programmes</u>	<u>20</u> (4)	<u>20</u> (6)	<u>18</u> (5)	<u>12</u> (2)
1. Publications	10 (3)	7 (4)	6 (3)	5 (1)
2. Other	10 (1)	13 (2)	12 (2)	7 (1)
<u>IV. Administration and Finance</u>	<u>53</u> (18)	<u>51</u> (19)	<u>45</u> (18)	<u>33</u> (14)
Total	153 (53)	130 (48)	119 (47)	86 (35)

Note: Figures in brackets indicate women.



Table 4: Departures from Marga 1983-1993<sup>1</sup>

Category	Number	Average years of service in Marga
1. Directors	7	9.0
2. Consultants	10	4.8
3. Other supervisory levels	11	6.6
4. Research Officers & Research Assistants	49	4.2
	77	

Note: Processed from data supplied by Marga.

1. Due to retrenchment, resignation, superannuation, death.

Table 5: Comparison of basic salaries in Marga and Universities in Sri Lanka

(As of March 1994 in SLR p.w.)

Category in Marga	Salary range in Marga	Corresponding category in University	Salary range in University	Marga to University ratio at mid point of salary range
1. Executive Vice-Chairman	13,000 (fixed)	Senior Professor	18,500 (fixed)	0.70
2. Director	11,050 (fixed)	Professor	16100-18500	0.64
3. Associate Director	9750-11050	Asst. Professor	14550-15500	0.69
4. Asst. Director	7800-8775	Senior Lecturer, Grade I	12725-15325	0.59
5. Research Officer (Senior)	5200-7300	Senior Lecturer Grade II	10650-12275	0.55
6. Research Officers (Junior) and Project Officers	3185-3570	Asst. Lecturer	6050-8550	0.46

Source: Marga.

Table 6: Sponsorship of Projects/Activities in Marga: 1983-93

Sponsors	Number of individual sponsors	Number of project/activities sponsored
1 UN Organisations <sup>1</sup>	10	47
2 IDRC	1	14
3 Ford Foundation	1	7
4 FNS	1	5
5 Other international organisations and aid agencies <sup>2</sup>	31	66
6 Sri Lanka government agencies <sup>3</sup>	5	9
	49	148

1. UNDP, UNCTAD, UNU, WHO, UNICEF, ESCAP, UNESCO, FAO, UNCRD and ILO.

2. List includes ADB, USAID, ODI, NORAD, NOVIB, ICEG, JICA, FES

3. Ministry of Finance & Planning, Ministry of Policy Planning and Implementation, Bureau of Foreign Employment, Womens' Bureau.

Source: Processed from Marga data.

Table 7: Marga's Income and Expenditure 1983-93  
(SLR million)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
1. Research grants <sup>1</sup>	8.771	5.916	8.961	9.174	5.980	10.350	12.281	12.643	16.864	12.769
2. Direct project expenditures <sup>1,2</sup>	2.390	3.170	2.672	3.673	0.879	3.523	3.654	3.499	8.059	4.692
3. Salaries of research staff <sup>3</sup>	1.590	1.704	1.674	1.557	1.500	1.769	1.916	2.425	2.521	2.356
4. Surplus from research grants (1-2-3)	4.791	1.042	4.615	3.944	3.601	5.058	6.711	6.719	6.284	5.721
5. <u>Own income (5.1+5.2)</u>	<u>1.430</u>	<u>1.451</u>	<u>1.191</u>	<u>1.162</u>	<u>1.833</u>	<u>1.175</u>	<u>0.667</u>	<u>0.827</u>	<u>0.714</u>	<u>0.763</u>
5.1 Interest income	0.778	0.745	0.452	0.431	0.385	0.428	0.402	0.566	0.602	0.613
5.2 Other income <sup>4</sup>	0.652	0.706	0.739	0.731	1.448	0.747	0.265	0.261	0.112	0.150
6. Total income (4+5)	6.221	2.493	5.806	5.106	5.434	6.233	7.378	7.546	7.998	6.484
7. Expenditure other than on research projects <sup>5</sup>	5.118	6.040	5.861	5.786	5.333	5.758	5.734	6.334	5.577	6.314
8. Surplus/Deficit on current operations (6-7)	1.103	-3.547	-0.055	-0.680	0.101	0.475	1.644	1.212	2.421	0.170
9. Acquisition of assets (net) <sup>6</sup>	0.477	0.443	0.494	0.570	0.077	0.567	0.143	0.481	1.366	0.853
10 Final surplus/deficit (8-9)	<u>+0.626</u>	<u>-3.990</u>	<u>-0.549</u>	<u>-1.250</u>	<u>0.024</u>	<u>-0.092</u>	<u>1.501</u>	<u>0.731</u>	<u>0.055</u>	<u>-0.683</u>

1. Net of direct foreign expenditures; 2. Includes travel, contracts and special staff payments; 3. As estimated by Marga;  
4. Net of income from disposal of assets; 5. Excluding expenditure on acquisition of assets and including depreciation;  
6. Expenditure on asset acquisition minus income from asset disposal.

Source Processed from annual balance sheets of Marga.

Table 8: Cumulative Position of Marga Income and Expenditure 1983-93  
(SLR million)

	1983-93	Average Annual
1. Research grants <sup>1</sup>	103.709	10.4
2. Direct project expenditures <sup>1,2</sup>	36.211	3.6
3. Salaries of research staff <sup>3</sup>	19.012	1.9
4. Surplus from research grants (1-2-3)	48.486	4.9
5. <u>Own income (5.1+5.2)</u>	<u>11.213</u>	<u>1.1</u>
5.1 Interest income	5.402	0.5
5.2 Other income <sup>4</sup>	5.811	0.6
6. Total income (4+5)	59.699	6.0
7. Expenditure other than on research projects <sup>5</sup>	57.855	5.8
8. Surplus/Deficit on current operations (6-7)	1.844	0.2
9. Acquisition of assets (net) <sup>6</sup>	5.471	0.6
10 Final surplus/deficit (8-9)	<u>-3.627</u>	<u>-0.4</u>

1. Net of direct foreign expenditures; 2. Includes travel, contracts and special staff payments; 3. As estimated by Marga; 4. Net of income from disposal of assets; 5. Excluding expenditure on acquisition of assets and including depreciation; 6. Expenditure on asset acquisition minus income from asset disposal.

Source Processed from annual balance sheets of Marga.

Table 9: Marga: Changes in Assets 1983-93

(SLR million)

	31.3.83	31.3.93	Change 1983-93
A. <u>Financial Assets</u>	<u>10.266</u>	<u>8.661</u>	<u>-1.605</u>
1. Investments	6.301	3.800	-2.501
2. Current assets	3.965	4.861	+0.896
B <u>Liabilities</u>	<u>7.413</u>	<u>7.436</u>	<u>0.023</u>
1. Trust Fund	5.300	3.800	-1.500
2. Other reserves	0.032	0.047	+0.015
3. Bank overdraft	1.633	3.247	+1.614
4. Other borrowings	0.448	0.342	-0.106
C <u>Net financial assets (A-B)</u>	<u>2.853</u>	<u>1.225</u>	<u>-1.628</u>
D <u>Written down value of fixed assets</u>	<u>4.972</u>	<u>4.471</u>	<u>-0.501</u>
E <u>Total assets (C+D)</u>	<u>7.825</u>	<u>5.696</u>	<u>-2.129</u>

Source: Annual balance sheets of Marga.

Table 10: Projection of 'non-core' costs

(SLR million)

	1983-93 Ann.average	1992-93	Marga projec- tion <sup>1</sup> Aug.1993	My esti- mate
1. Research grants (net of foreign expenditures)	10.3	12.8	7.5	7.5 <sup>2</sup>
2. Direct project expenditure (net of foreign expenditures)	3.6	4.7	1.1	1.1 <sup>2</sup>
3. Salaries of research staff	1.9	2.4	3.6	3.6 <sup>2</sup>
4. Surplus from research grants (1-2-3)	4.8	5.7	2.8	2.8
5. Own income	1.2	0.8	-	0.8 <sup>3</sup>
6. Total income (4+5)	6.0	6.5	2.8	3.6 <sup>2</sup>
7. Expenditures other than on research projects	5.8	6.3	5.1	3.0 <sup>4</sup>
8. Surplus/Deficit	<u>0.2</u>	<u>0.2</u>	<u>-2.3</u>	<u>0.6</u>

1. See Annexure 5. 2. As projected by Marga. Estimates of research grants excludes FNS, IDRC, Ford Grants. 3. Omitted in Marga projection. 4. Excludes cost of library and computer services included in Marga projection (SLR 0.8 million) and is restricted to 70 per cent of the balance cost on expenditures other than on research projects (viz. 70 per cent of of SLR 4.3 million). The balance (viz., SLR 1.3 million) is shown as part of core activities costs (vide Table 10).

Table 11: Estimate of costs on 'core activites'(SLR million) / YEAR

Item	Annual cost	Basis
1. Library and computer services	<u>1.1</u>	Allowing for some increase over current level of 0.8 million
a) Staff costs	0.7	
b) Acquisition of books and journals	0.4	
2. Publications	0.4	Subsidy required for 8 to 10 publications
3. Public seminars	0.2	To provide for 3 to 5 seminars
4. Annual development reviews including publication costs	1.0	Reasonable estimates
5. General establishment and other overheads related to above items	1.3	30 per cent of current total overheads (vide Table 9).
<hr/>		
3.0 i.e. US \$ 60,000.		



### Annex 1: Terms & Reference

The review will build on and update a comprehensive evaluation conducted in 1983 and include an assessment of the Marga Institute's progress and achievements over the past ten years. The specific aspects to be addressed are:

- (a) the quality, relevance and volume of research produced by the Institute;
- (b) its outreach and dissemination capabilities, and the impact its studies have in influencing public policy in the region;
- (c) the efficiency of the Institute's administrative operations;
- (d) organizational governance structure and leadership;
- (e) the Institute's current financial status and future prospects.

The report will include an assessment of the Institute's endowment plans and recommended funding strategies for IDRC and the Ford Foundation to consider vis-a-vis the Institute.

## Annex 2: List of Persons Met

### Government of Sri Lanka

- |                           |                                      |
|---------------------------|--------------------------------------|
| 1. Mr. Bradman Weerakone, | Adviser to the President             |
| 2. Mr. Charitha Ratwatte  | Executive Director, Janasaviya Trust |

### Funding Agencies

- |                         |   |
|-------------------------|---|
| 1. Dr. Vijay Pande      | Regional Director, IDRC, New Delhi                  |
| 2. Dr. David Arnold     | Resident Representative, Ford Foundation, New Delhi |
| 3. Mr. Rohinton Medhora | IDRC, Ottawa  |
| 4. Ms. Bim Numan        | Asst. Representative, UNDP, Colombo                 |
| 5. Mr. Per Prestgard    | Resident Representative, NORAD, Colombo             |
| 6. Mr. Paul Bishop      | Former Resident Representative, FNS, Colombo        |

### Academics and others in Colombo

- |                             |  |
|-----------------------------|--|
| 1. Dr. A.T. Ariyaratne      | President, Sarvodaya Shramadana                                    |
| 2. Dr. Neelan Tiruchelvam   | Executive Director, International Centre for Ethnic Studies (ICES) |
| 3. Dr. Radhika Coomaraswamy | ICES   |
| 4. Mr. Chandi Chanmugam     | Executive Director, Institute for Policy Studies, Colombo          |
| 5. Dr. Lal Jayawardena      | Formerly Executive Director, WIDER                                 |
| 6. Dr. L. Hulugalle         | UNCTAD   |
| 7. Mr. Manik Silva          | Editor, Lake House Group   |
| 8. Mr. Sunimal Fernando     | Formerly Director, MARGA   |

### Marga

- |                            |  |
|----------------------------|--|
| 1. Dr. Gamani Corea        | Chairman, Governing Council                |
| 2. Dr. Godfrey Gunatilleke | Executive Vice-Chairman, Governing Council |
| 3. Mr. Shelton Wanasinghe  | Governor                                   |
| 4. Dr. V. Kanesalingam     | Governor                                   |
| 5. Mr. M.M. Mohideen       | Governor/Director                          |
| 6. Ms. Myrtle Perera       | Director                                   |
| 7. Mr. D.M. Jayasekhara    | Director                                   |
| 8. Mr. M.H. Cader          | Director                                   |
| 9. Mr. E. Wijeratne        | Senior Consultant                          |
| 10. Mr. Cyril Gamage       | Senior Consultant                          |
| 11. Mr. V. Jayawardena     | Associate Director                         |
| 12. Mr. P.P.M. Gunatilleke | Associate Director                         |
| 13. Mr. Newton Fernando    | Asst. Director, Publications               |
| 14. Ms. H. Geethanada      | Chief Librarian                            |
| 15. Mr. K. Nanthakumar     | Head, Statistics and Computer Services     |
| 16. Ms. Niranjali Dias     | Asst. Librarian, INNESS                    |
| 17. Mr. M. Gopalakrishnan  | Consultant, DEVINSA                        |

Annex 3: CSCD Publications

1. B.K. Madan (1984) Towards Monetary Cooperation in South Asia.
2. V. Kanesalingam ed. (1989) Appropriate Technology for Rural Industries: A Case Study of South Asia.
3. V. Kanesalingam ed. (1991) Women in Development in South Asia
4. V. Kanesalingam ed. (1992) Privatisation in South Asia: Trends and Experiences.
5. V. Kanesalingam and A.R. Kamal ed. (1992): Trade Expansion in South Asia: Liberalization and Mechanisms.
6. V. Kanesalingam ed. (1992) Political Dimensions of South Asian Cooperation.
7. A.K. Das Gupta ed. (1992) Manpower Problems of South Asia.
8. V. Kanesalingam ed. (1993) Private Sector and Regional Cooperation in South Asia.
9. A.A. Waqif ed. (forthcoming) Industrial Cooperation in South Asia.

Annex 4: Marga Studies and Seminars on Ethnic and Related Issues  
Studies

1. Dialogues on Devolution and Ethnicity, 1983.
2. Inter-racial equity and National Unity in Sri Lanka, 1984.
3. Pluralism, Participation and Democracy: The Swiss Experience 1985.
4. Issues arising from the latest proposals presented to the all-party Conference, 1985.
5. The Sri Lanka Ethnic Conflict: A documentation of literature 1983-1987, 1987.
6. Devolution and Ethnicity: Solution-oriented Perspectives 1987.
7. Constitutional Structures and Devolution of Power.
8. Financial relations in systems of Devolution and Decentralisation, 1987.
9. Violence in Sri Lanka 1970-1990.
10. Ethnic Relations in marginal plantation areas: An investigative report.
11. Papers on devolution
12. Devolution in a multi-ethnic society
13. National Identity in a multi-ethnic society.
14. Education in a multi-ethnic society
15. Security in a multi-ethnic society.

Seminars held under the Peace and Reconciliation Programme

1. National identity and ethnicity in a plural society, 1983.
2. Security in a multi-ethnic society, 1983.
3. Cultural minorities of Sri Lanka, 1984.
4. Education in a multi-ethnic society, 1984.
5. India's neighbourhood policy, 1985.

6. Systems of devolution and decentralisation dealing with the problem of ethnic minorities, 1986.
7. Problems and Issues pertaining to the Provincial Councils Proposals, 1986.
8. Financial relations in systems of devolution, 1987.
9. Party systems and the democratic process, 1988.
10. The role of citizen participation in a developing society, 1989.
11. A national identity (in Sinhala), 1990.
12. Media seminar on peace and reconciliation, 1991.
13. Measures necessary to restore peace and reconciliation in Sri Lanka, 1991.
14. Sri Lankan Crisis, 1993.

Annex 5: Marga's Financial Projection

(Annex 2 in letter dated 16.8.1993 to Dr,David Arnold)

Projection of Income and Expenditure Flows

Rs. (SLR)

A. Estimated annual income from  
Research Projects to be undertaken  
by 5 Research Divisions/Units - US \$ 160,000 7,500,000

B. Expenditure - Research Divisions	Rs.	
	3,600,000	
Direct Project Expenditure - Payments to consultants, contract staff, investigators, travelling, subsistence (approx. 15% of project receipts)	1,100,000	
Contribution to overheads and Support services salaries (55% - vide C)	2,800,000	7,500,000
	-----	=====

Total Staff Break up of Research Division Salaries

Head of Division	-	Rs. 25,000 p.m.
Assistant	-	Rs. 15,000 p.m.
2 Research Officers	-	Rs. 20,000 p.m.
		-----
		Rs.60,000 x 5 x 12 = Rs. 3,600,000
20 5 x 4		=====
==		

C. Expenditure - Salaries of Support Services and  
Establishment and Running Costs

<u>Salaries of Support Services</u>	<u>Rs.</u>	<u>Allocation</u>	
		<u>Research</u>	<u>Other activities</u>
28 Administration and Finance	1,728,000	829,440 48%	898,560 52%
12 Library and Computer Services	852,000	494,160 58%	357,840 42%
40 Establishment and Running Costs	2,500,000	1,475,000 59%	1,025,000 41%
£ Total	5,080,000	2,798,600	2,281,000
		-----	-----
		55%	45%

#### D. Endowment Fund

It is estimated that about 55% of the expenditure under (C) above could be met from project receipts of Research Divisions as indicated in (A) and (B)

An Endowment Fund of US \$ 375,000, which is expected to yield a net income of 13.5% per annum (i.e approx. US \$ 50,600/Rs.2,300,000) would be required to meet the balance 45% of the costs under (C).

The present Endowment Fund which stands at US \$ 75,000 would require an additional funding of US \$ 300,000.

## INCOME AND EXPENDITURE STATEMENT FOR DEVINSA PROJECT

The expenditure at CC for continuing the DEVINSA Project has been estimated as follows:-

### 1. Staff Salaries

A. Data Administrator/Coordinator  
@ Rs. 10,000 p.m. x 12 Rs. 120,000

B. Publications Officer  
@ Rs. 8,000 p.m. x 12 Rs. 96,000

C. Maintenance and data entry  
@ Rs. 5,000 x 12 Rs. 60,000

-----

Rs. 276,000

\$ 5,520

### 2. Cost of Abstracts

A. Payments made to South Asian  
Institutions for 200 items  
@ \$ 3 per abstract x 12 \$ 7,200

B. Amount payable to Marga Library  
or Sri Lankan Institutes towards the  
cost of 50 abstracts  
@ \$ 3 per abstract x 12 \$ 18,000

### 3. Printing and mailing

A. Cost of printing 500 copies  
150 pages  
@ \$ 1200 per month x 12 \$ 1,800

B. Mailing costs  
@ \$ 1.5 per copy for 6000  
pieces \$ 9,000

### 4. Publicity, Marketing and TPM

\$ 10,000

-----  
\$ 51,520



brought forward from the previous  
page

\$ 51,520

5. Computer, electricity, maintenance and  
administrative expenses

@ 20% of the total expenses \$ 10,300

6. Total expenses per year \$ 61,820  
=====

Against the expenditure of \$ 61,820 the annual  
income is estimated to be as follows :

1. Printed journal subscriptions

A. Expected sales in South Asia  
as per the 4th TPM - 250  
@ \$ 40 per subscription \$ 10,000

B. Projected sales Outside South Asia  
@ 50% of South Asian sales at a  
minimum of 100 subscriptions  
@ \$ 150 \$ 15,000

2. Sale of the Electronic Journal in South Asia  
@ \$ 100 x 10 \$ 1,000

3. Subscriptions for Electronic Journal  
Outside South Asia  
@ \$ 500 x 10 \$ 5,000  
-----

Total \$ 31,000  
=====

Thus the DEVINSA Project is likely to run at a loss  
of approximately \$ 30,000 per year. This loss is  
justified when we consider the following.

1. DEVINSA project capitalises the part of the total  
expenditure in the form of a database with the addition  
of 3000 abstracts per year.
2. DEVINSA database will improve a corporate image of the  
Institute as a regional information centre in South Asia.

This in fact will be one of the supporting factors for more and more research and consultancy projects likely to be awarded to Marga research teams by International funding and donor agencies.

The DEVINSA activities upto May 1995 will be oriented to achieve the above target and surpass them if possible, so that gap between income and expenditure is reduced.

Suggested Approach

1. Marga to respond to evaluation report and come up with a specific action plan for 1994-96 with reference to points in 'Marga Reform Agenda' (Encl.1).
2. Interim financing for specific, monitorable core activities during 1994-96 (see options in Encl.2).
3. Indication of Trust Fund beyond 1996 (say \$ 200,000 with \$ 100,000 being mobilised by Marga from other sources).

Encl:1: Marga Reform Agn<sup>e</sup>da

1. Joining of Dr. Uswattaratchy (expected end 1995) and his effective induction (end 1996?).

2. Research Administration:

(1) Open advertisements in Sri Lanka and abroad for positions of Directors/Associate Directors at University scales for candidates with post graduate qualifications and appropriate experience.

Target: 3 to 4 posts in 2 or 3 years.

(2) Reconstitution of Research Advisory Council - including perhaps an academic from India. Active role for RAC (2 substantive meetings annually).

(3) Linking independent performance evaluation to contract renewals; pruning of dead-wood; longer contracts for good performers.

(4) Faculty upgradation programme to be formulated.

(5) Measures for more active academic interaction: Visiting scholars; Ph.D interns; short duration secondments of Marga faculty to other institutions.

(6) Other

(i) More selective approach to consultancy assignments

(ii) Greater concern for time limits

(iii) More contributions to Marga Journal from within.

(iv) More intensive net-working with academic institutions  
and NGOs in Sri Lanka.

(v) Completion of NORAD/CIDA financed translation programme.

3. General Administration and Finance

(1) Staff review and reduction of staff with special reference to non-professional categories and general establishment. Possible target of 10 to 15 posts.

(2) Targeted reduction of Bank overdraft to a level (upper limit) of SLR 1.5 million in 2 years.

(3) Mobilisation of SLR 5.0 million (\$ 100,000) for Marga Endowment Fund in 3 years.

(4) Targeted contribution of about SLR 100,000 annually to Trust Fund from training and Sudhana activities.

(5) Decision on future of DEVINSA.

Encl:2: Options for Interim (1994-1996) financing programme (page 62)

1. Lumpsum grant for acquisitions to library on matching basis (about SLR 250,000 per annum).
2. Support to publications programme based on arrangements with a reputed publisher for publication and distribution (about SLR 400,000 p.a.)
3. Support to 3 to 5 public, national seminars a year (about SLR 200,000 p.a.)
4. Support for annual development reviews (about SLR 100,000 p.a.)
5. Support for expanded data services project (about SLR 50,000 p.a.)
6. Support for running expenses (about SLR one million or 20 per cent of expenditure other than on funded projects) linked to recruitment of post graduates on upgraded salaries.
7. Programme/project financing in addition on merits by IDRC.