From the poor maintenance of the Mahiyangana - Badula road, rehabilitation of the main roads connecting Geselpota with the American Road will help the farmers transporting to the markets of Mahiyangana and of Giradrukotte, centre town of the Mahaweli System C.

There is no bridge crossing the Diyabana Oya running between the main canal and the branch canal, the submerged bridge has been broken by the flood in 1983/1984 Maha and not rehabilitated. New bridge is proposed at the same point to get back transport from Senehigama to Geselpota.

4.5.2 Rehabilitation of Roads

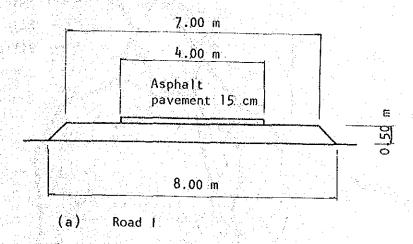
Roads are proposed to be rehabilitated as three grades, Road I, Road II and Road III considering their importance utilization. Typical cross sections of these Roads are shown in Fig. 4.5.1.

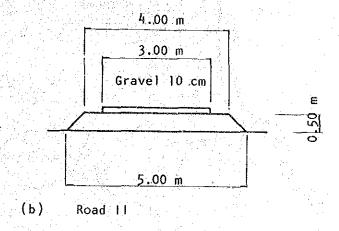
Operation and maintenance roads were broken in some parts by the trench excavation by the farmers so as to get irrigation water at their convenience under condition. These operation and maintenance roads for the irrigation system are planned to be rehabilitated as Road II or III at the time of canal rehabilitation works.

The existing unpaved main roads are proposed to be rehabilitated as Road II in the following sections:

Geselpota - American Road 5,500 m

New bridge of prestressed concrete, 4 m in width and 50 m in length, is planned to build over the Diyabana Oya at the same point of the broken submerged bridge. Operation and maintenance road of D-1 canal of Tract II connecting to the proposed PC bridge is planned to be rehabilitated at the time of improvement work of the irrigation system. The section of proposed roads rehabilitation are shown in Fig. 4.5.2.





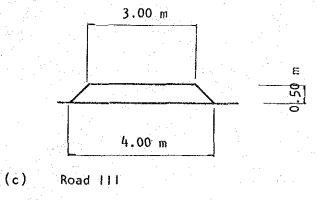
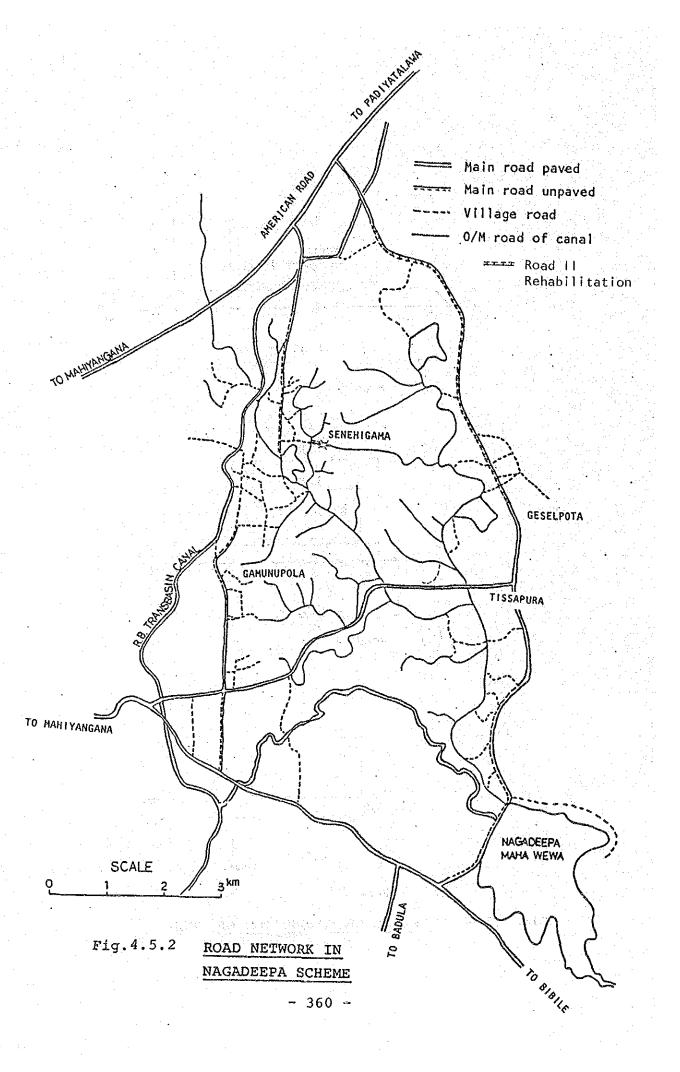


Fig. 4.5.1 TYPICAL CROSS SECTION OF ROAD



As Work II project, the existing unpaved main roads are proposed to be paved as Road I in the following sections:

Geselpota - American Road 5,500 m

Gamunupola - American Road 5,400 m

Senehigama - American Road 1,400 m

4.6 RURAL WATER SUPPLY PLAN

4.6.1 Basic Policy

Sources of domestic water depend mainly on wells in this area of which many wells come to be dried up in case of closure of the main canal. Almost all wells cannot satisfy the microbiological standards of the World Health Organization (WHO). Existing pit wells should be improved to stop entering and seepage of polluted surface water and be dug more deeply in order to keep ground water even in dry season. Disinfection should be carried out for all wells to secure the villagers to a extent of the microbiological standards of WHO.

4.6.2 Improvement of Water Quality

Quality of water in the main canal is polluted in proportion to flow down and usually is not used as drinking water. Water quality of all wells as sources of domestic water is under the WHO's maximum permissible level for chemical and physical characteristics and does not pass the microbiological standards of the WHO. For all wells disinfection should be executed because of difficulty in preventing completely intermix of coliform organisms. Disinfection method has to be simple enough for farmers to control by themselves. Adding chlorine to water by use of tablets of calcium hypochlorite is convenient and easy to operate but tablets are more costly than hypochlorite powder and sometimes it will be difficult to get the tablets.

Pot chlorinator method by use of powder will be suitable for this area; two types of pot chlorinator are shown in Fig. 4.6.1. The single pot can cover to sixty people and the double pot is suitable for serving up to twenty people. In the light of average families for a well in the area, the simple pot is proposed under a obligation to replenish containing materials of sand and bleach at same quantity.

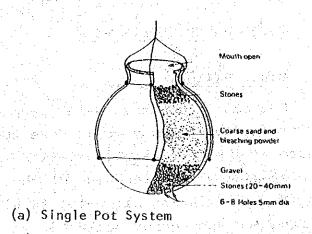
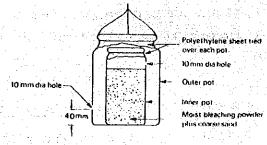


Fig.4.6.1

POT CHLORINTORS FOR
DISINFECTING WELLS



(b) Double Pot System

4.6.3 Rehabilitation of Wells

Existing wells in the area can be classified into three types, pit well of 69%, concrete lining of 25% and brick made well of 6%. Existing pit wells should be dug deeply to catch groundwater lowering in level during dry season and after closure the sluice of the main canal. Hume pipes are inserted to protect erosion inside of well and backfill is made of gravel in space between hume pipes and wall. Upper portion is backfilled by clayey soil to stop seepage from the

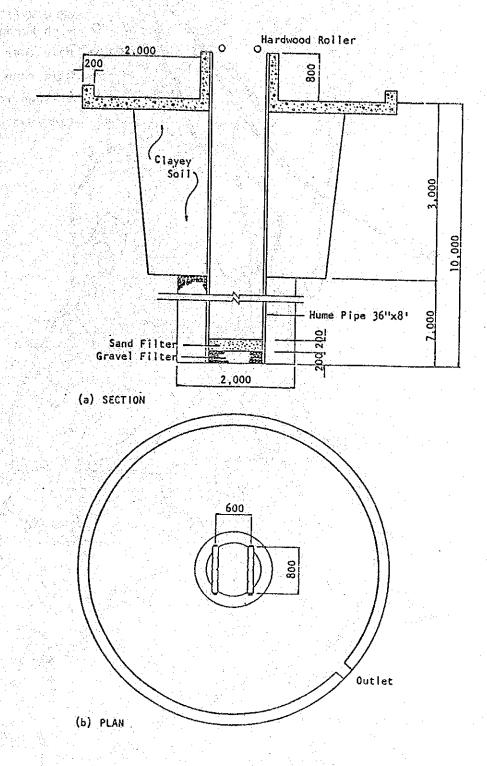
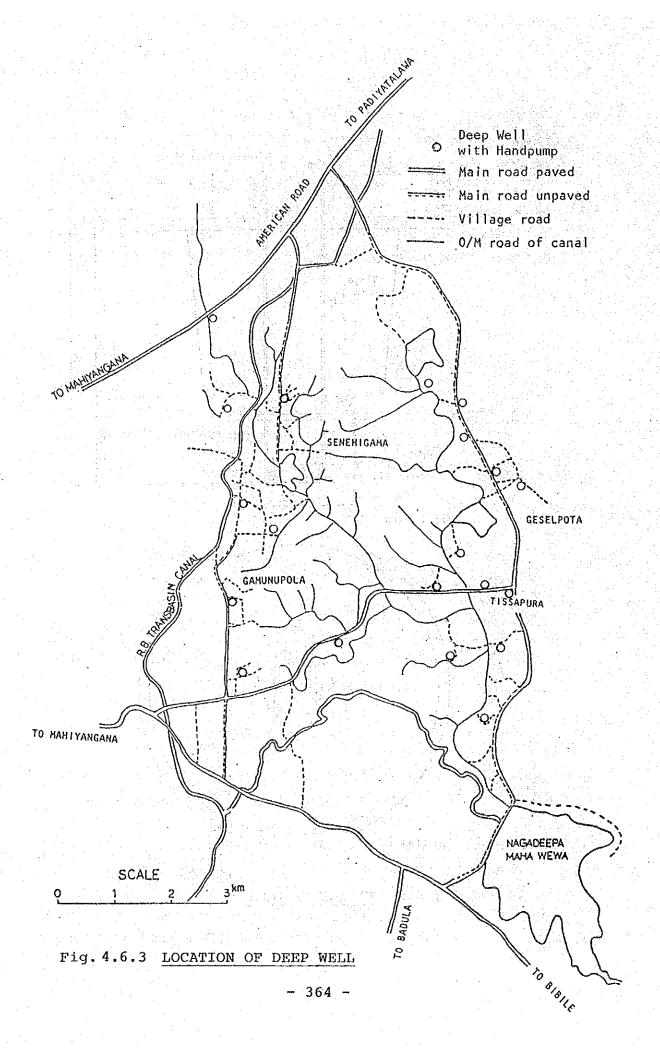


Fig. 4.6.2 PROTOTYPE WELL



surface. Wall and concrete slob is made at the outside portion of well and its prototype is shown in Fig. 4.6.2.

Planning the rehabilitation to install wells such as one well per fifty villagers, total 375 wells is necessary in this Scheme and new 85 wells shall be dug as the difference between the above number and existing number 290. Rehabilitation is made for existing 200 pit wells.

4.6.4 Tube Wells

20 new deep wells are proposed, which are approximately 15 m in depth with attached handpumps. Prototype well without handpump is shown in Fig. 4.6.2. Deep wells with handpumps are planned to set in the dense populated areas where big drawdown of groundwater level is predicted. The location is shown in Fig. 4.6.3, and its design is the same as those in Minipe scheme.

4.7 OPERATION AND MAINTENANCE

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4.7.1 Basic Policy

Operation and maintenance of facilities in the Nagadeepa Scheme can be divided broadly into two categories, i.e. water management facilities and road facilities. The government agencies related the INMAS Programme are required to be functional and to maintain the reservoir, the main canal, the branch canal and D-canals forming part of the System. Field canals are to be maintained by the farmers under the supervision of the related agencies.

The Highway Department is required to maintain the main roads and paved portion of the O & M road of the canal system. Up to now, these roads are being maintained by the Highway Department.

The land Commissioner has been expected to maintain village roads except 0 & M roads of canals up to the present. But the maintenance of village roads has been abandoned due to the lack of budgetary provision. Therefore, the village roads would have to be maintained by the line agencies under the INMAS Programme.

4.7.2 Agencies and Organisation

Operation and maintenance of the irrigation systems would continue to be responsibility of the Irrigation Department under the overall coordinated programme by the Irrigation Management Division.

The ID staffs such as technical assistants, work supervisors and water distributors being engaged in O & M would continue working for the system.

The farmers in the Scheme are expected to have within their competence to participate gradually and necessarily in the organisation under the coordinated control of the agencies. They would be imposed upon 0 & M for field canals regarding the following aspects:

- (a) Maintaining and cleaning.
- (b) Water distribution and control.

4.7.3 Operation and Maintenance Cost

O & M expenditures under the existing limited budgetary appropriation are about Rs 300 per ha including farmers labour contributions to cleaning field canals and ID costs as shown in Table 3.8.2.

According to the "Typical O & M Cost per ac per annum for gravity irrigation works (1982 prices)" which was analysed on performance in 16 selected schemes by the Irrigation Department.

The O & M cost for gravity irrigation works in 1982 was justified to be Rs 200 per ac. (Rs 500 per ha).

In consideration of price escalation, these expenditures have to be raised to Rs 600 per ha for proper 0 & M.

5. IMPLEMENTATION PLAN

5.1 BASIC POLICY

By taking into consideration of the present cropping in the Scheme Area, the project implementation has to be planned on the following assumptions:

- (1) It would takes five years for the civil works and another three years for implementation of the programmes.
- (2) The construction programme would be so worked out as in principle to concentrate the construction works in the Yala season and to bring the project area under full cultivation during the rainy (Maha) season.
- (3) The required labour force for the construction works would be obtainable primarily from the project area and the settlers would be able to share the benefit of the project in the form of labour wages earned from the inception of project implement of during the periods when cultivation cannot be undertaken.
- (4) Because construction is to be concentrated in the Yala season and it would be necessary to handle a considerable volume of construction works in a short period, machinery would be utilized to a large extent.
- (5) As for the machinery and materials necessary for the construction works, those which are available in Sri Lanka would be mainly used.
- (6) The major works would be executed by a general contractor but the minor works could be done by force account in case of need.

5.2 PROEJCT EXECUTING AGENCY

The Irrigation Management Division of the Ministry of Lands and Land Development, which acts as the executing agency for the "Programme for Integrated Management of Major Irrigation Schemes" starting from 1985 in Sri Lanka and the Irrigation Department organised under the same Ministry would be jointly responsible for the implementation of this project.

5.3 REHABILITATION WORK PLAN

5.3.1 Construction Method

(1) Canal

Rehabilitation works on canals will start after harvest of the Maha under dry condition by stopping flows in the canals. It is necessary to do the works efficiently during the Yala season since water would be made available in the canal during the Maha season. Accordingly, almost of all the construction materials would be procured during Maha season and stored in designated places with the required storage capacity in order to commence the canal works as soon as water flow through the canal system ceases.

For the provision of rubble packing for bank protection, the rubble would be laid on a crushed stone foundation made above an impervious layer to minimize seepage loss from the embankment body.

The portions where the existing canal bottom level is higher than the design level would be stripped while lower-level protions would be left as they are.

(2) Road

The Yala season would be best suited mainly for the construction of a road network used for D/M road of

the distributary canals as well as of rural roads, because it would be difficult to carry out the construction works in Maha in view of the requirement that the Project Area should be under cultivation during that season.

Level and the control of the control

5.3.2 Construction Materials and Machinery

Most of the construction materials required for this project are available in Sri Lanka. Since there is some difficulty in procuring explosives, which would be used for production of embankment-protection stones, utmost care would have to be exercised in its procurement and storage.

Aggregates used for concrete work and stones for embankmant protection purpose could be procured within the Project Area.

Major construction machinery required for rehabilitation works are grouped into each unit by works (shown in Table 5.3.1).

Each work would require the following number of machinery unit to meet construction schedule.

Work	Unit
Main & Branch Canal	1
D & F Canal	2
Road System	

5.3.3 Surveys and Detailed Design

Prior to the commencement of the construction works for this project, the following works should be done.

(1) Topographical Survey

- Topographical survey on canals and roads, based on the preliminary design work done in this Study.

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		NOS SOS NOS
SCHEME	Machinery for One Unit	HP Dozer, Crawler 100 HP Motor Grader 2 Nos. Bump Truck 11 ton 2 Nos. Water Bowser Farm Tractor 45 HP 2 Nos. 2 8 cu.m Trailor 5 Nos.
LIST OF MACHINERY : NAGADEEPA SCHEME		Dozer, Crawler 100 HP Backhoe, Crawler 0.8 cu.m Dump Truck 11 ton Concrete Mixer Water Pump 2" Roller, Vibratory Farm Tractor 45 HP \$ 2.8 cyd Trailor \$ 2.8 cyd Trailor \$ 2.8 cyd Trailor \$ 2.8 cyd Trailor \$ 2.8 cyd Trailor
Table 5.3.1		Main Canal & Branch Canal Dozer, Crawler 1.4 cu.m Backhoe, Crawler 0.8 cu.m Dump Truck 11 ton 3 Nos. Concrete Mixer Water Pump 2" Air Compressor Pneumatic Drill Roller, Vibratory Farm Tractor 45 HP & 2.8 cyd Trailor

- Topographical survey on the sites for construction of project offices and INMAS stations.
- (2) Detailed Design and Preparation of Tender Documents
 - Detailed designs, preparation of bills of quantities and estimation of construction costs.
 - Preparation of tender documents including the design drawing required for bidding.

5.4 WORK SCHEDULE

Based on the basic policies adopted for the implementation of this project, the work schedule has been prepared on the following basis:

- (1) Construction Period

 Construction takes five years, following the detailed
- (2) Canal Works and Water Issue

 The construction of canals would be concentrated in
 the dry season but some work could possibly be continued
 even when the irrigation water is being issued for the
 Maha cultivation during the rainy season.

design work which would be completed within one year.

(3) The INMAS stations are proposed to build at the first year for using as field offices.

The work schedule is given in Fig. 5.4.1.

Year			
r 8th			
7th Year			
6th Year			
5th Year			
4th Year			S SCHEME
3rd Year			O OF NAGADEEPA
2nd Year			SCHEDULE
lst Year			WORK SC
.			oject Support Water Management Manual Programme High Percolation Paddies Investigation Encroachment Regularisation Programme Demonstration Farm Strengthening of Veterinary Service Project Monitoring & Evaluation Strengthening INMAS Programme
	vil Works Main & Branch Cana. D- & F-Canal Tank Drainage Canals Village Roads	Project Overhead Engineering Service	Project Support Water Management Manual Programme High Percolation Paddies Investigation Encroachment Regularisation Programme Demonstration Farm Strengthening of Veterinary Service Project Monitoring & Evaluati Strengthening INMAS Programme c==== Preparatory work Fig. 5.4
	Civil Works Main & Bra D- & F-Car Tank Drainage (Project	Project Supp Water Mana Programme High Perco Investigat Encroachme Programme Demonstrat Strengthen Service Project Mo Strengthen

6. PROJECT COST

6.1 WHOLE PROJECT COSTS

As summarized in Table 6.1.1 and Table 6.1.4 the total project costs are estimated as follows:

	Work I	Work II
(Rs. 1,000)	102,560	37,670
Dollar Equivalent (US\$1,000)	3,730	1,371
Yen Equivalent (¥1,000,000)	783	288

These figures have been computed based on those estimated as of the end of December, 1985 plus price contingencies reflecting the inflation rates anticipated during the project duration. The major element included in the cost estimates is civil works which are made up of the following five rehabilitations and improvement works:

- 1) Reservoir,
- 2) Main canal & Branch canal,
- 3) Distributary and field canals,
- 4) Drainage canals and
- 5) Village roads (canal maintenance roads are included in 2) and 3)).

The other elements included in the cost estimates on Work (I) are:

Project overhead (shown in Table 6.1.2), Engineering Services, and Project Support (shown in Table 6.1.3).

Project Support as administration overhead will cover various programmes and strengthening line agencies in the Project.

Physical contingencies rated at 10% and price contingencies set at an annual rate of 5% for the foreign exchange component and at an annual rate of 15% for the local currency portion are also added to calculate the total project costs.

6.2 BREAKDOWN OF PROJECT COSTS

(1) Unit Cost

The unit cost used for estimating the construction costs as of the end of December 1985 has been taken from the "Data for Costing, January, 1980" published by the Government of Sri Lanka (Irrigation Department of the Ministry of Lands and Land Development) and also based on revised unit costs of January 1985 issued by the same department. Recourse has also been taken to the "Revised Rates for Civil Engineering Works, 1984" issued by the Mahaweli Engineering Construction Agency.

(2) Foreign Exchange and Local Currency Components

The construction costs divided into the two components
of foreign exchange and local currency have been estimated in terms of the unit costs taken from the above
cited "Data for Costing (1980)".

(3) Price Contingencies

Based on the "International Financial Statistics,
November 1985" issued by IMF, price contingencies
reflecting the inflation rates have been tentatively
fixed at an annual rate of 5% for the foreign exchange
component and at an annual rate of 15% for the local
currency component (based on the average inflation
rates from 1980 through 1984 in Sri Lanka). The undermentioned table incorporates the future inflation rates
from 1986 through 1994 estimated by using the above
inflation rates. Construction costs, which are those
estimated at the beginning of the corresponding year,

have been computed in each fiscal year by a multiplication of the inflation rate over the previous year.

6.3 INVESTIMENT SCHEDULE

The project costs by year are estimated from the first year as commencement of works through the 8th year as per the implementation schedule. (shown in Tables 6.3.1 - 6.3.3)

Table 6.1.1 NAGADEEPA SCHEME PROJECT COST - WORK (I) -Unit: Rs. '000

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	Total Cost	F.C.	L.C.
1. Civil Works			
1) Main & Branch Canal	s 24,100	11,800	12,300
2) D- & F-Canals	15,300	7,800	7,500
3) Tank	1,900	1,000	900
4) Drainage Canals	4,700	2,500	2,200
5) Roads	2,700	1,300	1,400
Sub-total	48,700	24,400	24,300
2. Project Overhead	7,300	6,100	1,200
3. Engineering Services	5,000	3,500	1,500
4. Base Cost (1 + 2 + 3)	61,000	34,000	27,000
5. Project Support (Administration)	7,000	2,400	4,600
6. Physical Contingency (10 % of Base Cost)	6,000	3,600	2,400
7. Sub-total (4 + 5 + 6)	74,000	40,000	34,000
8. Price Contingency	28,560	6,460	22,100
Total Project Cost	102,560	46,460	56,100
(Dollar Equivalent to US\$1,000)	3,730	1,690	2,040
J.Yen 1,000,000	783	355	428
			11 (12)

^{*} Currency Equivalents:

1 US\$ = 27.5 Rs = 210 Yen

1 Rs. = 0.0364 US\$ = 7.64 Yen

Table 6.1.2 NAGADEEPA SCHEME PROJECT OVERHEAD DETAILED COST - WORK (I) - IRRIGATION DEPT. PROCUREMENT

- MOKK (T) -	TKKTGALT	ON DEFT.	PROCUREM	TOIN T	
			Unit : R	s '000	
	Unit Cost	Quantity	Toatl Cost	F.C.	L.C
A. Office & Quaters					
Grade III	200	1	200	60	14(
Grade III Repair	6	5	30	10	20
Grade II	150	2	300	90	210
INMAS Stations (Field Office)	500	2	1,000	300	700
Miscelloneous			70	40	30
S ub-total	The state of the s		1,600	500	1,100
B. Vehicle					
Jeeps	380	4	1,520	1,520	(
Staff Car	300	1	300	300	C
Spare Parts & Tools			180	180	C
Sub-total			2,000	2,000	Ċ
C. Construction, O & M Machinery					
Pickup Trucks 1.5 t0n	440	2	880	880	C
Farm Tractors &	300	5	1,500	1,500	
Trailors	300	J	1,500	1,500	
Lorries 5 ton	450	. 2	900	900	C
Sub-total			3,600	3,600	C
O. Office Equipment & Miscellaneous			100	o	100
TOTAL			7,300	6,100	1,200

Table 6.1.3 NAGADEEPA SCHEME - WORK (I) PROJECT SUPPORT DETAILED COST

(unit : Rs '000)

			Unit	Total		
		Quantity	Cost	Cost	F.C.	L.C.
Α.	Irrigation Department			14 - 17 - 17 - 18 - 18 - 18 - 18 - 18 - 18		
	Water Management Mannual Programme			500	200	300
	High Percolation Paddies Investigation			300	180	120
endiğ.	Others			200	120	- 80
	Sub-total			1,000	500	500
В.	Land Commissioner's Dept.					
	Buildings: Quarters Repair	10	50	500	150	350
	Encroachment Regulari- sation Programme			130	30	100
	Others			70	20	50
	Sub-total			700	200	500
C.	Dept. of Agriculture				entra Entrance	
	Buildings: Quarters Grade III Grade II	1	200 150	200 150	60 50	140 100
in the second	Demonstration Farm			250	70	180
e de la companya de l	Literature & Extension Materials			150	50	100
	Farmer Training, Field			150	50	100
	days Banana, Sugar Cane Pilot Project			250	50	200
	Others			150	70 .	80
	Sub-total			1,300	400	900
D.	Dept. of Agrarian Services	<i>:</i>			:	
	Buildings: Fertilizer Store 80 Mt " 20 Mt	1 2	170 80	170 160	50 50	120 110
٠	Vehicles: Motorcycle	1	30	30		30
i	Bicycles	3	2	6	Э г о	
	Lorry 3 t	1	250	250	250	
	Others			84	44	40
	Sub-total			700	400	300

				Unit	Total		
			Quantity	Cost	Cost	<u>F.C.</u>	L.C.
& He	. of Animal Produ alth	action					
	ildings:						
Qu	arter Grade III Grade II		$egin{array}{c} 1 \\ 1 \end{array}$	200 150	200 150	60 50	140 100
Co	nstruction of Wir	nd Mills			100	50.4	50
	ttle and Buffaloe grading Programme				100	50	50
	rengthening of terinary Services	3			400	120	280
Cu	rd Project				40		40
Ot.	ners	1 1 12			110	70	40
Su	o-total				1,100	400	700
F. Irri	gation Management	Div.			in The Mariana The Control	rion and E	
Of	fice Building		1	500	500	200	300
Qu	arters Grade III		1	200	200	60	140
	Grade II		1	150	150	50	100
	laries & Other Pa 1.0.'s (5 years				400		400
	oject Monitoring	and			300	50	250
St: Pre	cengthening INMAS	\$			500	100	400
Ot1	iers				150	40	110
Sul	o-total			i lyb	2,200	500	1,700
Tot	cal:				7,000	2,400	4,600
				15 \$ 1 to 2003			
						or or security	
		£				e gering distribute Till til	
	i Horizon (1994)				₹ ₁ +		
					i .		
			- 380 -				

Table 6.1.4 NAGADEEPA SCHEME PROJECT COST - WORK (II) Unit: Rs. '000 Total Cost F.C. L.C. Civil Works 1) Rural Water Supply 12,300 6,770 5,530 2) Road 7,660 4,240 3,420 Sub-total 19,960 11,010 8,950 Project Overhead 2,000 1,600 400 Engineering Services 3 2,000 1,400 600 4. Base Cost (1 + 2 + 3)23,960 14,010 9,950 5. Project Support 1,600 960 640 (Administration) Physical Contingency (10% of Base Cost) 2,440 1,430 1,010 Sub-total (4 + 5 + 6)28,000 16,400 11,600 8. Price Contingency 2,190 9,670 7,480 Total Project Cost 37,670 18,590 19,080 (Dollar Equivalent to 1,371 67.7 694 US\$1,000) J. Yen 1,000,000) 288 142 146

^{*} Currency Equivalents:

 $^{1 \}text{ US} = 27.5 \text{ Rs} = 210 \text{ Yen}$

 $^{1 \}text{ Rs.} = 0.0364 \text{ US} = 7.64 \text{ Yen}$

IMPLEMENTATION SCHEDULE NAGADEEPA SCHEME : WORK (I)

DETAILED COSTS BY YEAR

Unit : Rs. '000 Table 6.3.1

8тр Уеаг											440		440	730	1,170
7th Year											770		770	1,020	1,790
6th Year									300	300	760	30	060'T	1,060	2,150
5th Year		7,200	1,600		2,000		10,800		700	11,500	410	1,150	090 * ET	8,270	21,330
4th Year		7,800	3,100		2,700		13,600		700	14,300	019	1,400	16,310	7,750	24,060
3rd Year		5,000	5,600	1,900		stogo v	12,500		700	13,200	2,220	1,300	16,720	5,660	22,380
2nd Year		4,100	2,000			2,700	11,800	1,100	1,000	13,900	770	1,350	16,020	3,430	19,450
1st Year								6,200	1,600	7,800	1,020	770	9,590	640	10,230
Cost		24,100	15,300	1,900	4,700	2,700	48,700	7,300	2,000	61,000	2,000	6,000	74,000	28,560	102,560
Item	1. Civil Work	a) Main Canal & Branch Canal	b) D- & F-Canal	c) Tank	d) Drainage Canals	e) Roads	Sub-toat1	2. Project Overhead	3. Engineering Service	4. Base Cost (1+2+3)	5. Project Support (Administration)	6. Physical Contingency (10 % of Base Cost)	Sub-total	7. Price Contingency	Total Project Cost

NACADEEPA SCHEME IMPLEMENTATION SCHEDULE OF PROJECT SUPPORT : WORK (I) Table 6.3.2

DETAILED COSTS BY YEAR

ar 2nd
200 200 250 300 150
350
0,50
20,
100
1,020 770

Table 6.3.3 IMPLEMENTATION SCHEDULE NAGADEEPA SCHEME: WORK (II)

		DETAI	DETAILED COSTS	S BY YEAR	æ!	D	Unit: Rs.	,000	
	Cost	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year
1. Civil Work	, .								
a) Rural Water Supply	12,300		3,300	3,000	3,000	3,000			
b) Road	7,660		3,660	4,000					
Sub-total	19,960		6,960	7,000	3,000	3,000			
2. Project Overhead	2,000	1,600	400						
3. Engineering Service	2,000	009	200	500	200	200			
4. Base Cost (1+2+3)	23,960	2,200	7,860	7,500	3,200	3,200			
5. Project Support (Administration)	1,600	250	250	250	300	250	300		
6. Physical Contingency (10% of Base Cost)	2,440	220,	008	760	330	330			
Sub-total	28,000	2,670	8,910	8,510	3,830	3,780	300		
7. Price Contingency	9,670	180	1,910	2,880	1,810	2,390	500		
Total Project Cost	37,670	2,850	10,820	11,390	5,640	6,170	800		

7. ECONOMIC EVALUATION

7.1 SCOPE AND APPROACH

7.1.1 Objective and Criteria

The main objective of the economic evaluation is to provide the standard for judging the economic feasibility of this Project from the national economic point of view.

During the procedure of the evaluation, the prices of goods and materials should be expressed not in financial prices but in economic prices (details will be mentioned in section 7.2.1). The main attention will be put on the comparison between "With Case" and "Without Case" in all components. The basic principle is to reckon the difference between the two as the cost and the benefit of this Project.

7.1.2 Scope of Construction Costs

This Project comprises many aspects such as rehabilitation of the irrigation and road system, rural water supply, rural industry development and improvement of transportation. As stated in para 4.1, the project components are divided into two categories;

- (i) Work (I) Works for rehabilitation and improvement of irrigation, drainage and road systems.
- (ii) Work (II) Works under the Community Development Programme.

The object for project evaluation is to be limited in the components of Work (I) which affect directly project benefits.

7.2 METHODOLOGY OF EVALUATION

7.2.1 Assumptions for Analysis

For the economic evaluation of the project the methodology adopted is the economic analysis which is the comparison of the tangible cost and benefit in present value derived from this project.

Countable (tangible) economic benefits and costs have been calculated using the following methodology and procedure.

(1) Clarification of the amount and the timing of the generation of the actual cost and benefit in market price.

evaluation period - 30 years

lst year - year when the detail design for

construction starts

- (2) Conversion of the financial prices into economic price for re-examined economic cost and benefit.
- (3) Calculation of the economic internal rate of return based upon the net present values of the cost and benefit.
- (4) Judgement by sensitivity tests on the possible risky cases which may affect the feasibility of this project.

Benefit and cost items are listed below. These benefits and costs are calculated for 30 years (project life).

Benefit	Cost
Paddy Production Increase	Construction Cost
(With-Without)	(As it is spent)
Chillie "	Production Cost Increase
	(With-Without)
Cowpea "	
Greengram "	Operation and Maintenance
Soyabean "	Cost Increase (With-Without)

Details will be mentioned in following sections.

Economic evaluation was carried out under the following assumptions.

- (1) Construction requires 5 years of time. During the construction work the agricultural activities cannot be undertaken in Yala season (2 seasons for Minipe I, II, 4 seasons for Minipe III, IV and Nagadeepa. In Maha season normal agricultural activities can be carried out.
- (2) The expenditure for construction cost will be spent for five years after the start of the work of the detail design for construction.
- (3) The price is expressed in latest (1985 end) price.

 Price escalation is not considered.

- (4) Calculation of the production increase is based on unmilled rice prices. The economic price is based upon the international price estimated by World Bank.*
- (5) For the field crop prices, the financial prices are used for economic prices.
- (6) Conversion factor is adopted as the World Bank report applies to Sri Lanka such as
 - 0.85 for Standard Conversion Factor,
 - 0.6 for Shadow Wage Rate. (0.85 for skilled labor)
- (7) Tax interest, depreciation and subsidy as far as they are known should be subtracted for the conversion of the prices into economic price.

^{*} World Bank document of Mahaweli Ganga Development Project IV May, 1984

(8) In case items can not be valued at economic prices, financial prices are used for; e.g. power and domestic water charges, etc.

7.2.2 Economic Cost

- Construction Cost

Economic Costs are limited in the construction costs for the rehabilitation of the irrigation and road facilities which bring directly about the increase of the production of the several agricultural products in the benefitted area. (Table 7.2.1)

- Production Cost Increase

Production Cost of the several agricultural products will also increase. The difference expressed in economic price between "With Case" and "Without Case" will be listed as the economic cost.

- Operation and Maintenance Cost Increase

Operation and Maintenance Cost will also increase by aiming at appropriate level. The difference between "With Case" and "Without Case" expressed in economic prices will be listed as the economic costs. (details shown in Annex 14)

7.2.3 Economic Benefits

- Production Increase

Production increases are expected in paddy, chillie, cowpea, greengram, soyabean as already shown in para 4.3.3. The production difference between "With Case" and "Without Case" multiplied by the each economic price can be reckoned as part of the component of the economic benefits.

7.2.4 Economic Feasibility

The economic internal rate of return is calculated by converting the cost and benefit into the present value as follows:

Economic Internal Rate of Return (%)

Area	IRR
Minipe	16.9
Nagadeepa	17.7
Incorporation	17.1

These rates are over the 9% which is prevalent as the interest rate of the Bank of Ceylon and People's Bank. These rates are a little over 13% which is the opportunity cost applied by World Bank and other international banking facilities for Sri Lanka. The economic internal rate of this project shows that the economic feasibility of the project is not too low from the national economic point of view. Table 7.2.2 summarizes the economic cash flow of the base case of Minipe and Nagadeepa rehabilitation projects.

7.2.5 Project Risks and Sensitivity Tests

The project's economic viability was tested for its sensitivity with several assumptions of the risk occurrences.

- Prolongation of the construction work of rehabilitation

It is often observed that construction work cannot be executed as planned. The test was done in case the work was completed 3 years after the scheduled construction.

- 10% decrease of Paddy Yields

This is one of the key issues. Estimation of the yield of the paddy in base case is 5.0 ton/ha (Maha), 4.5 ton/ha (Yala). Risk was tested when they are 4.5 ton/ha (Maha), 4.0 ton/ha respectively.

- 10% decrease of upland crop prices

The price of highland crop are apt to fluctuate. The sensitivity analysis was executed in case the prices decreased 10% for entire project life.

Next table shows the results of the sensitivity tests.

Minipe Scheme

Possible Risky Case	Economic Internal Rate of Return (%)
Prolongation of the construction work	14.9
Paddy Yields	
10% decrease of upland crop prices	

	Nagadeepa Scheme
Possible Risky Case	Economic Internal Rate of Return (%)
Prolongation of the construction work	17.5
10% decrease of Paddy Yields	14.3
10% decrease of upland crop prices	

Case of Incorporation	
Possible Risky Case Economic Internal Rate o	f Return (%)
Prolongation of the construction work 15.1	
10% decrease of Paddy Yields 13.0	oled prometers District
10% decrease of upland crop prices 16.3	

Table 7.2.1 PROJECT COST - WORK (I) -

			Unit	: Rs '000
•		<u>Total</u>	Minipe	Nagadeepa
	Civil Works Total Cost Foreign Local	231,700 115,200 116,500	183,000 90,800 92,200	48,700 24,400 24,300
2.	Project Overhead Total Cost Foreign Local	21,900 17,800 4,100	14,600 11,700 2,900	7,300 6,100 1,200
3.	Engineering Services Total Cost Foreign Local	25,400 17,800 7,600	20,400 14,300 6,100	5,000 3,500 1,500
4.	Base Cost (1+2+3) Total Cost Foreign Local	279,000 150,800 128,200	218,000 116,800 101,200	61,000 34,000 27,000
5.	Project Support (Administration) Toatl Cost Foreign Local	19,800 6,700 13,100	12,800 4,300 8,500	7,000 2,400 4,600
6.	Physical Contingency Total Cost Foreign Local	27,200 16,400 10,800	21,200 12,800 8,400	6,000 3,600 2,400
7.	Sub-toatl (4+5+6) Total Cost Foreign Local	326,000 173,900 152,100	252,000 133,900 118,100	74,000 40,000 34,000
8.	Price Contingency Total Cost Foreign Local	136,460 31,170 105,290	107,900 24,710 83,190	28,560 6,460 22,100
	Total Project Cost Total Cost Foreign Local	462,460 205,070 257,390	359,900 158,610 201,290	102,560 46,460 56,100
	Dollar Equivalent to US\$1,000 Total Cost Foreign Local	16,830 7,460 9,370	13,100 5,770 7,330	3,730 1,690 2,040
	J. Yen 1,000,000 Total Cost Foreign Local	3,533 1,567 1,966	2,750 1,212 1,538	783 355 428

^{*} Currency Equivalents: 1 US\$ = 27.5 Rs = 210 Yen

- MINIPE & NAGADEEPA) ECONOMIC CASH FLOW (BASE CASE Table 7.2.2

											Unit : Million	llion Rs	10
		Year 1	2	m	4	ນ	Q	2	œ	თ	10	1.1	12-30
	Economic Benefit							· .					
	Net Economic Benefit from	from											
	Paddy	1	-40.31	-40.31	-40.31	-40.31	26.43	58.96	73.23	83.12	91.81 100	100.04 10	105.57
	Chillies		-2.44	-2.44	-2.44	-2.44	6.84	14.72	22.94	31.67	42.7 50	50.18 5	50.18
	Cowpea		-0.56	-0.56	-0.56	-0.56	0.37	1.85	3.25	4.7	6.44	7.32	7.32
	Greengram	1	-0.57	-0.57	-0.57	-0.57	1.7	2.73	3.78	6.4	6.39	7.32	7.32
4 074	Soya bean	•	-0.14	-0.14	-0.14	-0.14	2.37	3.47	4.7	6.11	7.7	ග	හ ග
39						, 4. 							
2 -	Total Economic Benefits	12	-44.02	-44.02	-44.02	-44.02	37.71	81.73	107.9	130.5	155.04 173	173.76 17	179.29
	Economic Cost				, : , :								
	Construction Cost	29.27	54.0	54.0	80.5	72.65	3.25	2.01	1.13				
	Net Increase of Protection Cost		-28.0	-28.0	-28.0	-28.0	19.56	38.82	44.52	47.39	51.33	53.44	53.44
	Net Increase of Operation and Maintenance	tenance -					4.56	4.56	4.56	4.56	4.56	4.56	4.56
	Cost											en ja Light die Light die	
	Total Economic Cost	29.27	26.0	26.0	52.5	44.65	27.37	45.39	50.21	51.95	55.89 58	58.0	58.0
	Net Economic Benefit	-29.27	-29.27 -76.02	-70.02	-96.52	-89.3	10.34	36.34	57.69	78.55	99.15 11	115.76 L	121.29
								7					

8. RECOMMENDATION AND OUTSTANDING ISSUES

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PROMOTION OF INMAS AND PROJECT SUPPORT PROGRAMMES

The Minipe and Nagadeepa Rehabilitation Projects have been proved to be technically feasible and economically sound and to meet the project targets, namely, good water management, appropriate supply of agricultural inputs, application of modern agricultural techniques, strengthening farmer supporting services and motivating farmers towards self-help.

The programme for Integrated Management of Major Irrigation Schemes (INMAS) seek to attain an overall objectives
covering all the aspects mentioned above. Therefore it would
be no exaggeration to say that this Project attributes its
success to the effective implementation of the INMAS Programme
and various supporting programmes under close cooperation of
the line agencies.

In implementations of these programmes, farmer participation in the Project activities would definitely constitute an essential part of it by providing a forum for dialogue and inter-action both among farmers and between farmers and officers working in the Project Area.

There are many officers working in the Project Area with their normal duties being assinged by their respective agencies. In addition of farmer support, strengthening the line agencies such as construction of offices, quarters and provision of vehicles would also be indispensable. Thus, the related agencies are expected to execute mainly the following programmes in the middle and/or after rehabilitation works:

Irrigation Department

- Water Management Manual Programme
- High Percolation Paddies Investigation

Land Commissioner's Department

- Enchroachment Regularisation Programme

Department of Agriculture

- Demonstration Farm
- Farmer Training and Provision of Literature & Extension Materials

The first of the f

- Banana, Sugar Cane Pilot Project

Department of Animal Production & Health

- Cattle and Buffaloes Upgrading Programme
- Strengthening of Veterinary Services
- Curd Project

Department of Agrarian Services

- Provision of Fertilizer Store

Irrigation Management Division

- Project Monitoring and Evaluation Programme
- Strengthening INMAS Programme

These expenditures are estimated in Project Support costs (as stated in the previous chapter).

In order to provide for better co-ordinations and effectiveness, INMAS Stations are proposed for both Schemes; four Stations in the Minipe and two Stations in the Nagadeepa Scheme. (estimated in Project Overhead)

It is expected that discussions will be held between the line agencies regarding the staffing of such stations.

JOB OPPORTUNITIES FOR SECOND AND THIRD GENERATION

Rural Industry (Livestock)

There are no developed rural industries of any significance in either Scheme.

But, there already exists considerable potential for the development of livestock keeping as a rural industry both in Minipe and in Nagadeepa since around 90% of the farmers use either cattle and/or buffaloes for land preparation, and large numbers of both these species are to be found in each of these two schemes.

Livestock development might be promising of the prospective future demand and marketing in the large economic sphere is realized.

The basic policy is to emphasise removal of the present contraints. (para 4.4.12)

In addition of various proposed programmes, it is proposed to reclaim the uncultivated high land along the Mahaweli River for use as pasture land which could lay the foundation for future livestock development in Minipe.

The pasture land is scheduled to be developed at the same time as the rehabilitation works on the irrigation system. (proposed as Work II)

After reclamation, a basic policy on utilization of the pasture land covering the Nagadeepa Scheme as well should be made after discussions between the Ministry of Rural Industries Development and the Ministry of Lands and Land Development.

Livestock development is recommended for step by step implementation according to the regional programmes and the economic development so as to prepare job opportunities for the second and third generation settlers in the Project Areas.

Bridge across the Mahaweli River (Minipe)

Under the Mahaweli Development Programme System C starting from 1980, construction of towns and infrastructures are in progress at the opposite bank side of the Minipe Scheme. For economic development in the Minipe area, especially Stage III and IV, it would be essential to collaborate with System C area which is within the same economic sphere.

Stage III and IV of the Minipe Scheme, which are at present connected to the neighbouring areas only through Hettipola, tend to be isolated and cut-off from the main-stream of economic activity. It is very necessary therefore that these two Stages should be linked to future centres of economic development. Such a link would serve as a stimulus to economic growth in the Scheme Area (para 4.5.4).

In view of this necessity, a bridge crossing the Mahaweli River at Hembarawa is recommended for construction in order to link these two stages with the larger economic sphere.

Follow-up studies regarding the future trend of demands and marketing of agricultural and dairy products, animal power and labour requirement as well should be undertaken in association with related agencies prior to implementation of the Bridge Project: (Economic evaluation shown in Annex 14)

HIGH PERCOLATION PADDY LANDS

High and medium percolation paddy lands have been identified in the Minipe Area (para 3.4.6). Follow-up study for both the Schemes would be undertaken to evolve a plan for sub soil layer improvement and soil dressing measures and identifying their location more clearly.

REGULARISATION OF ENCROACHMENTS

Encroachment is a problem for water management both in Minipe and in Nagadeepa. The encroachers in the Minipe Scheme are generally sons of the settlers themselves and consequently there is a great deal of social cohesion between the settlers and the encroachers. In Nagadeepa, however, our field investigations revealed that the encroachers are predominantly outsiders who have come to work as casual labourers in the Scheme. Consequently there is few social cohesion between the encroachers and the settlers themselves.

Through regularisation of encroachement, encroachers' participation to the farmers' organisations would be secured prior to the rehabilitation works especially in the Nagadeepa Area.

The Register Programme should be executed prior to the rehabilitation works by identifying D & F canal covering areas and specification and encroachment areas in separate sections for the whole project areas. Land Register would be indispensable not only to regularisation but to drawing up water management plan. This Programme is estimated in Project Support costs.

HEEN GANGA GAUGING STATION

Discharge of the Heen Ganga as an important additional water source was surveyed by the Team during the field study period of June and July, 1985. However any other discharge records have not been available.

A gauging station near the proposed diversion weir site should be built and commence recording daily discharge as soon as possible.

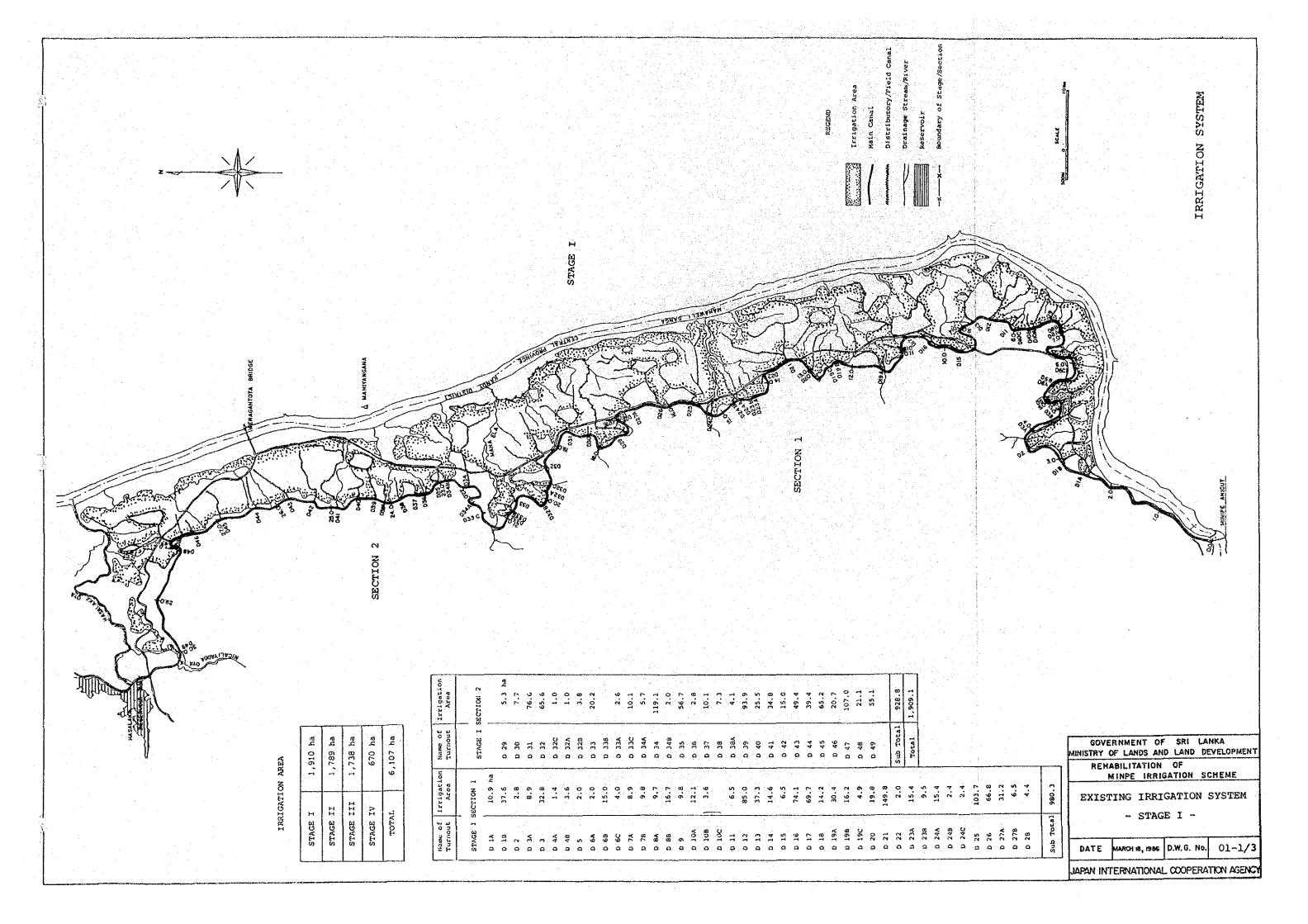
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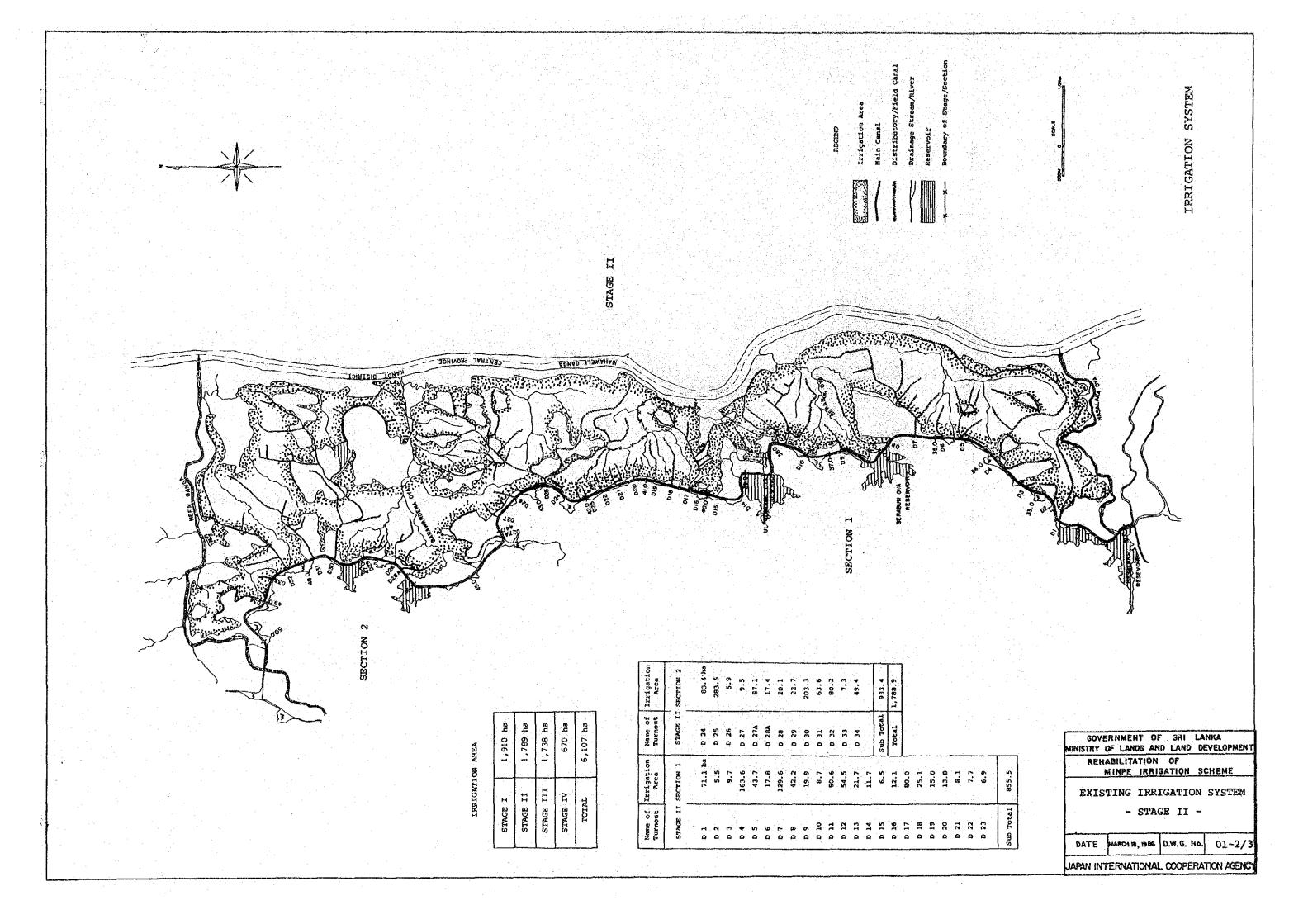
DRAWINGS

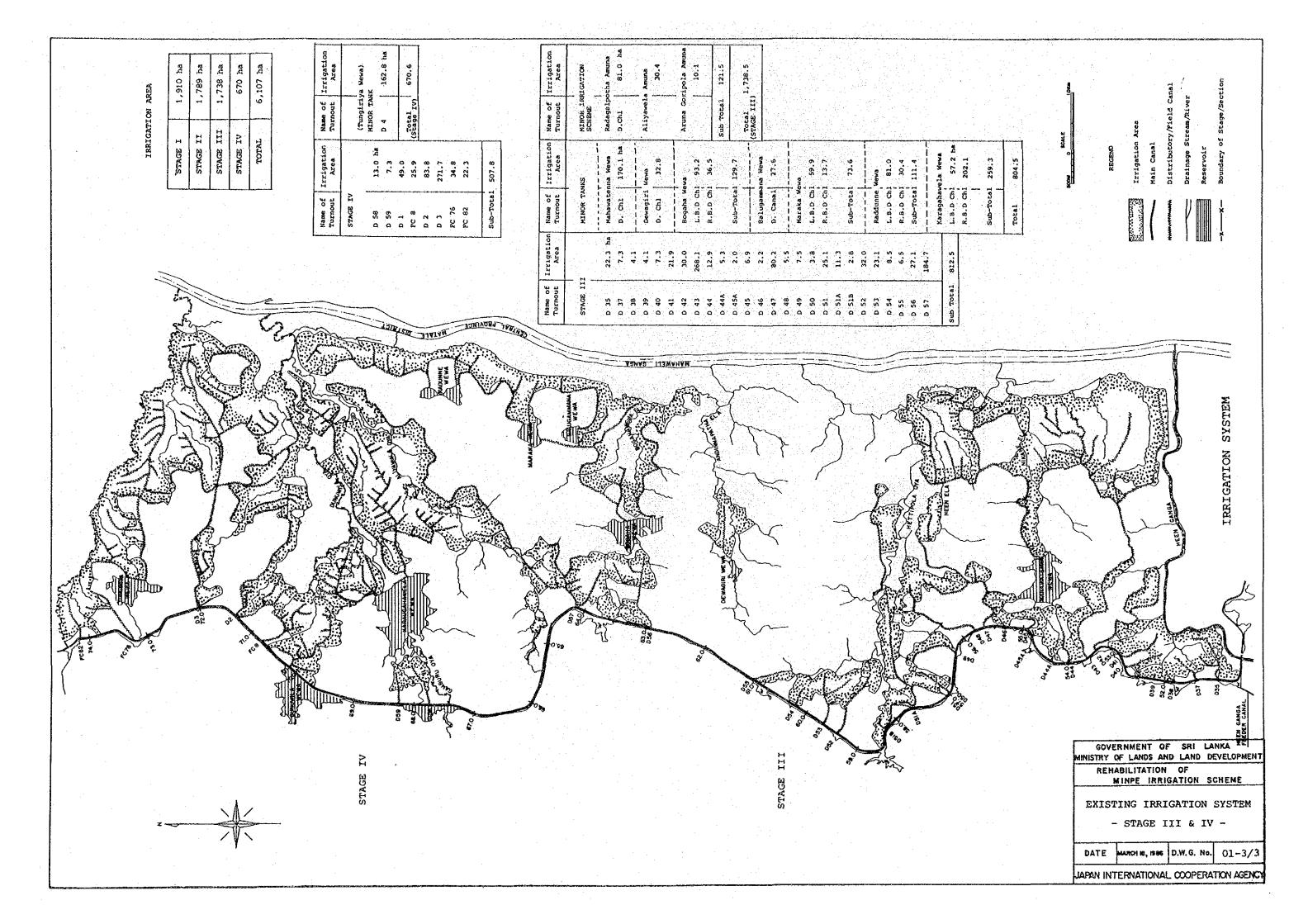
(MINIPE SCHEME)

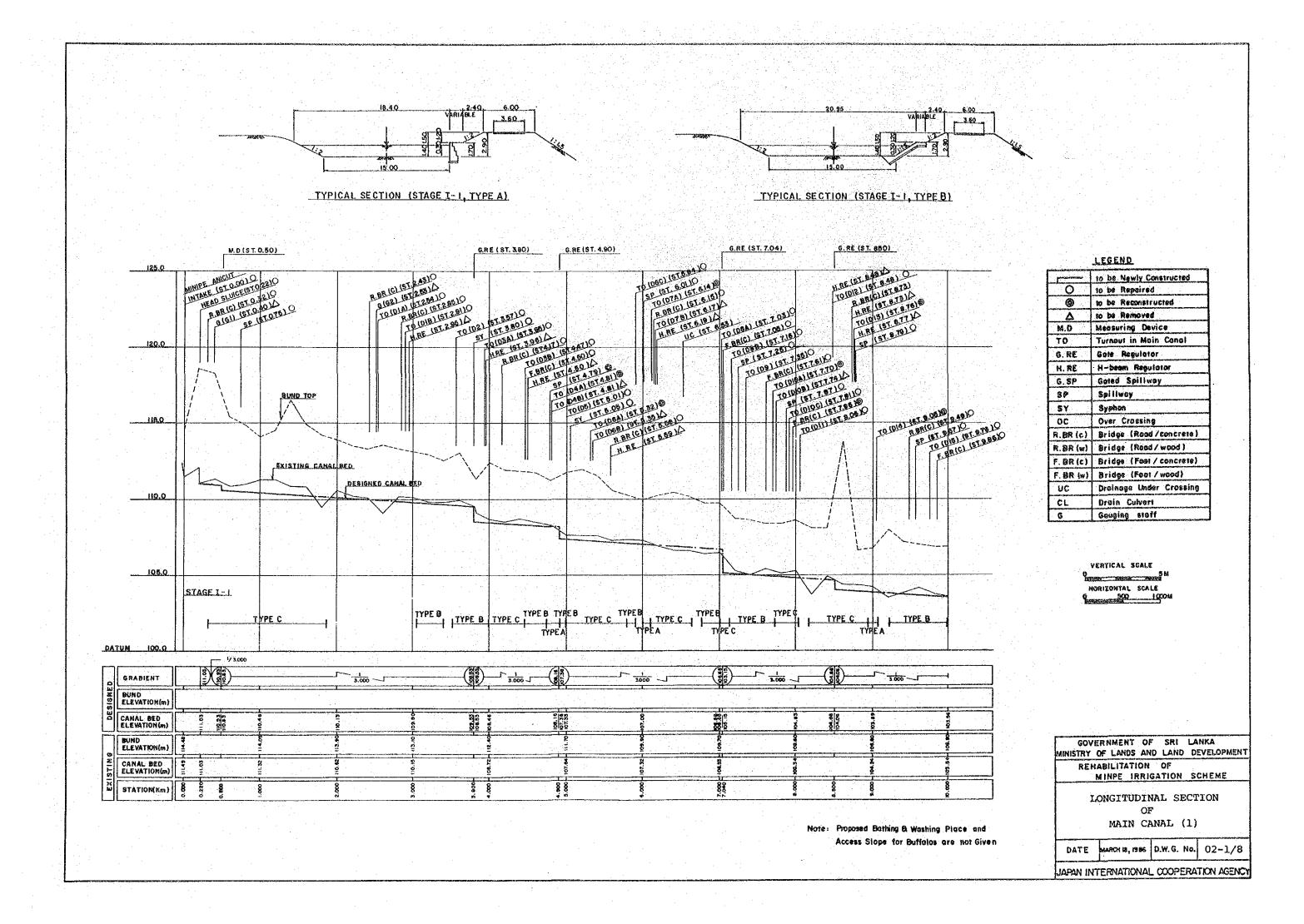
LIST OF DRAWINGS

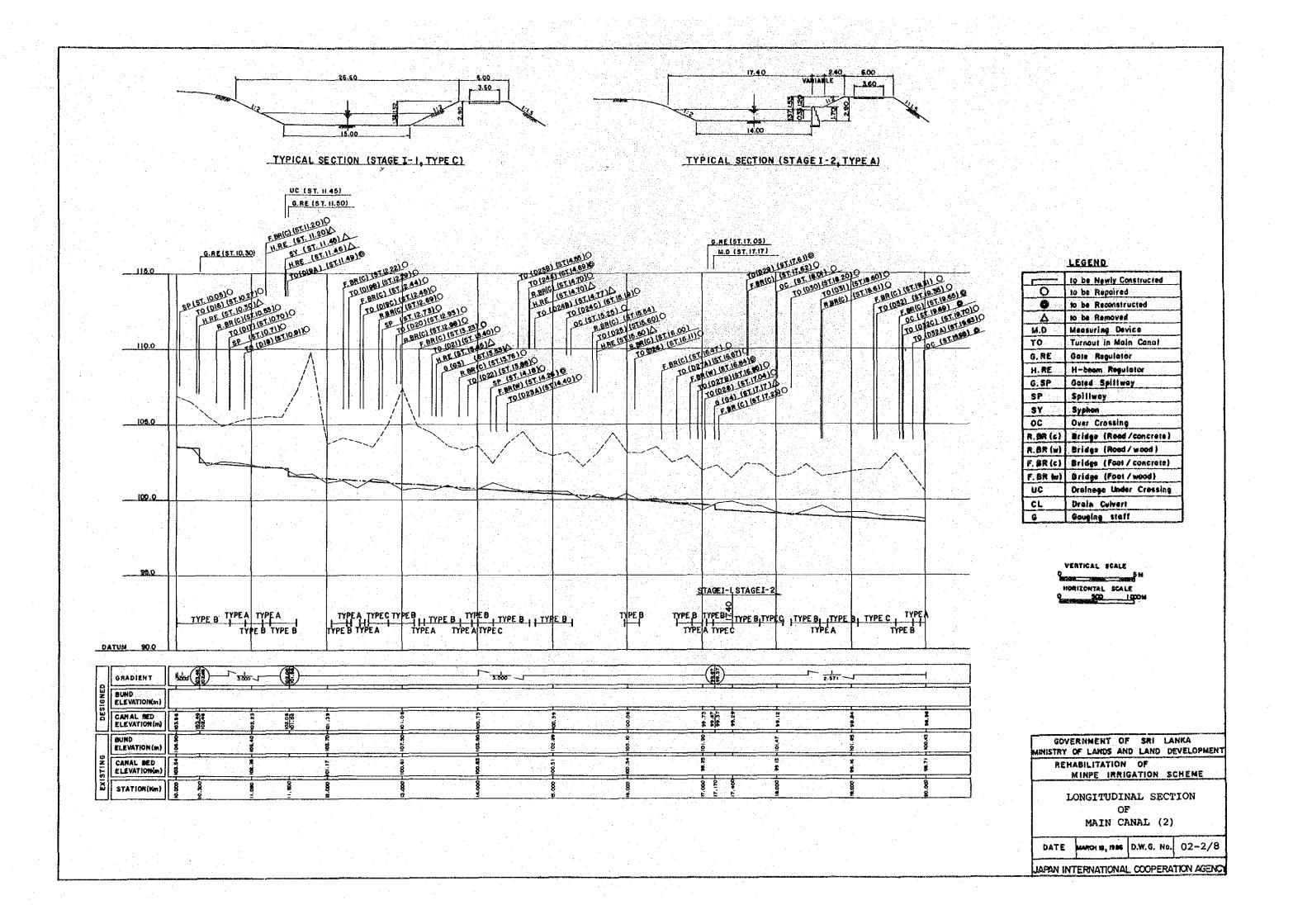
D.W.G. No.	<u>Title</u>
01 - 1/3	Existing Irrigation System - Stage I -
01 - 2/3	Existing Irrigation System - Stage II -
01 - 3/3	Existing Irrigation System - Stage III & IV -
02 - 1/8	
Ψ	Longitudial Section of Main Canal
02 - 8/8	
03	Flow Measuring Device
04	Gated Regulator
05	Turnout
06	Spill cum Causeway with Wasteway
07	Drainage Undercrossing
08	Foot Bridge
09	Bathing & Washing Place
10	Heen Ganga Intake Facilities

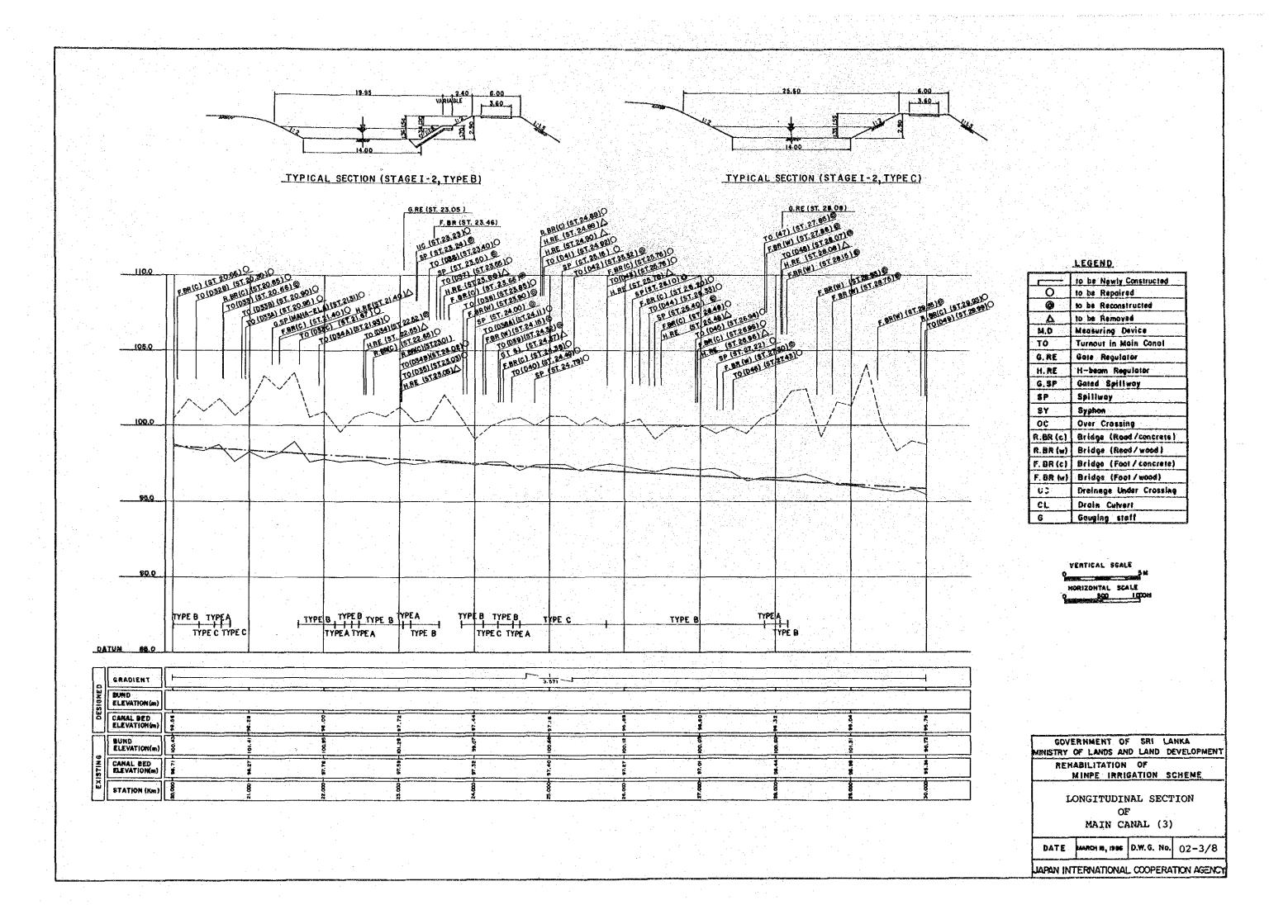


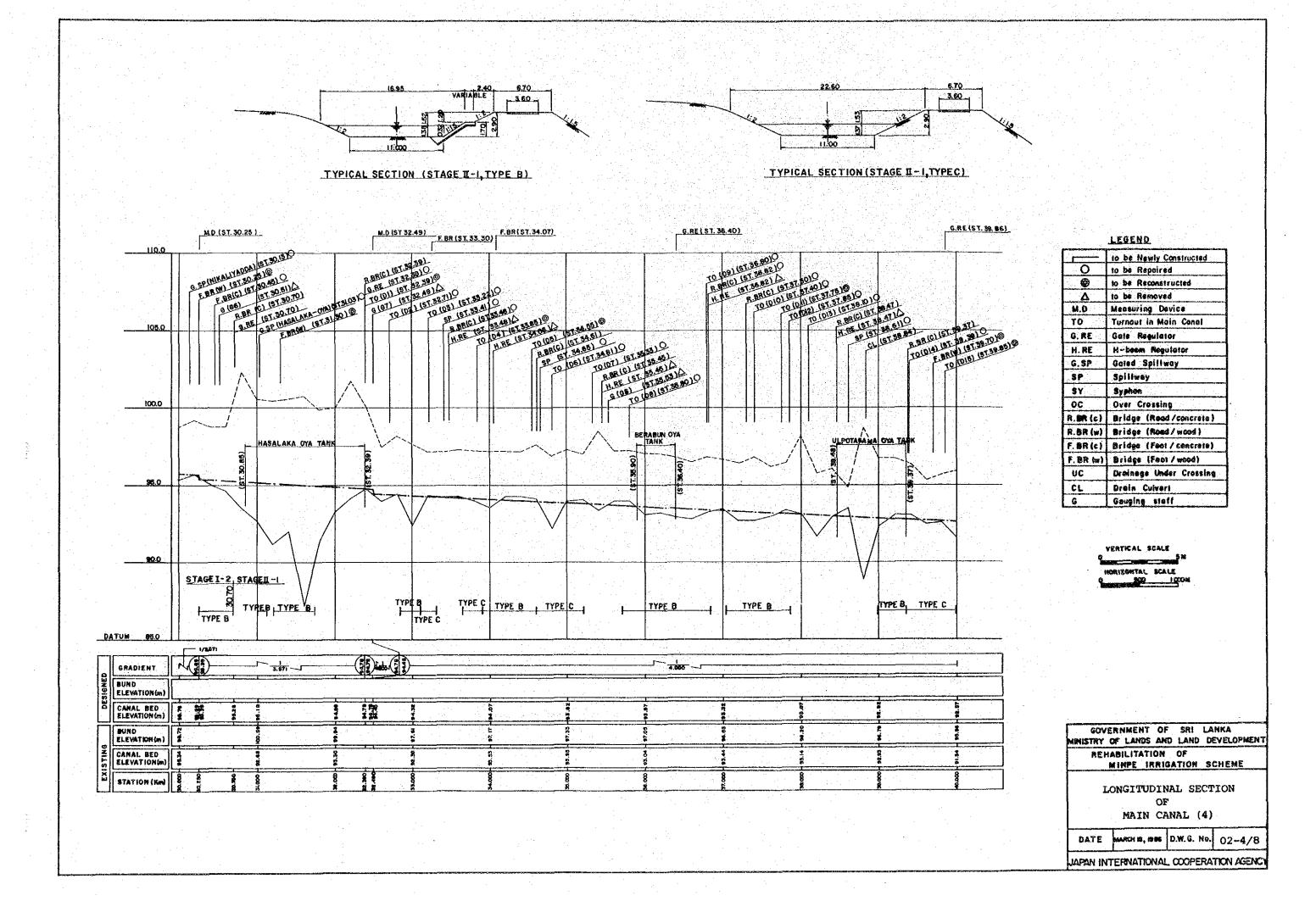


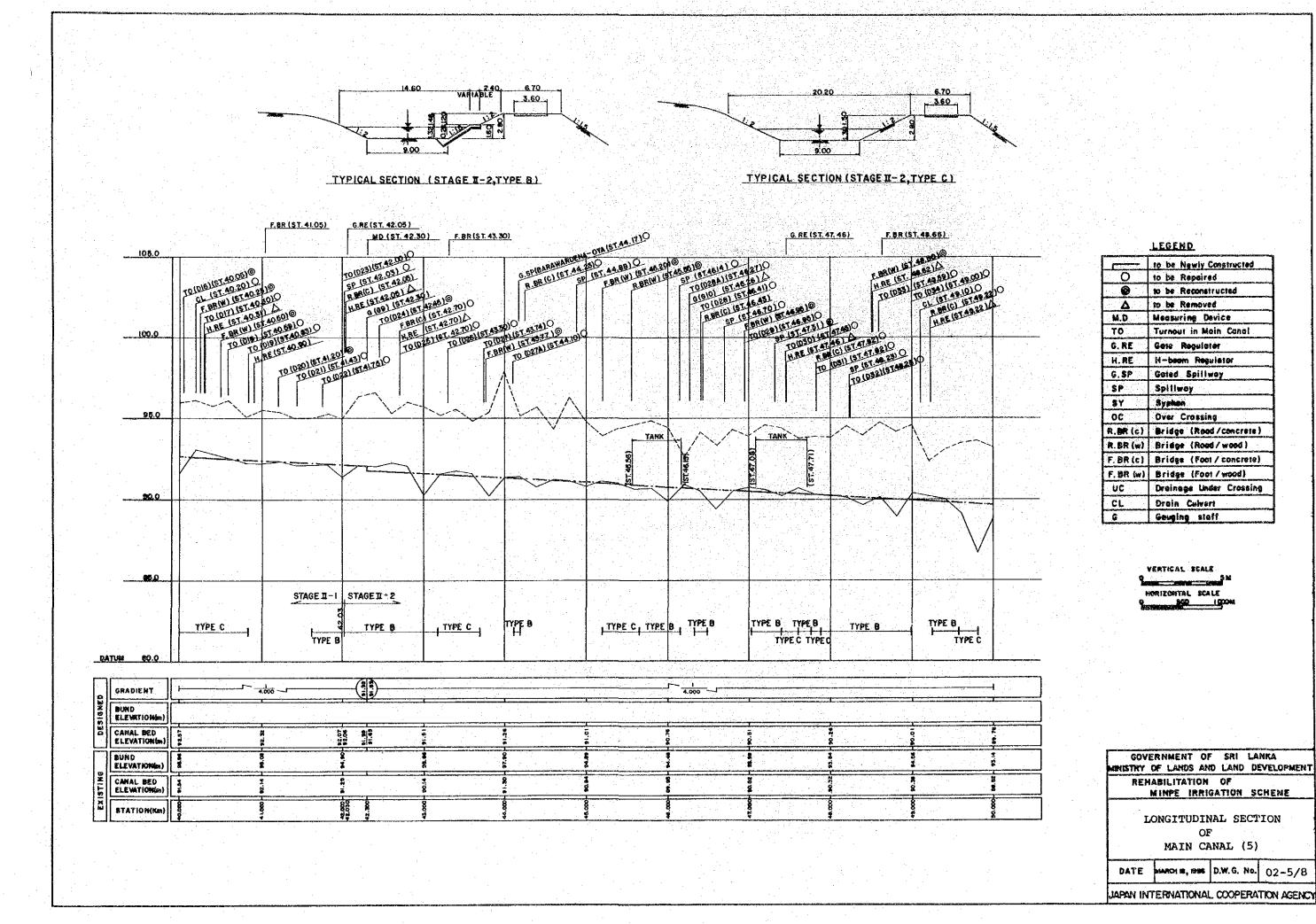


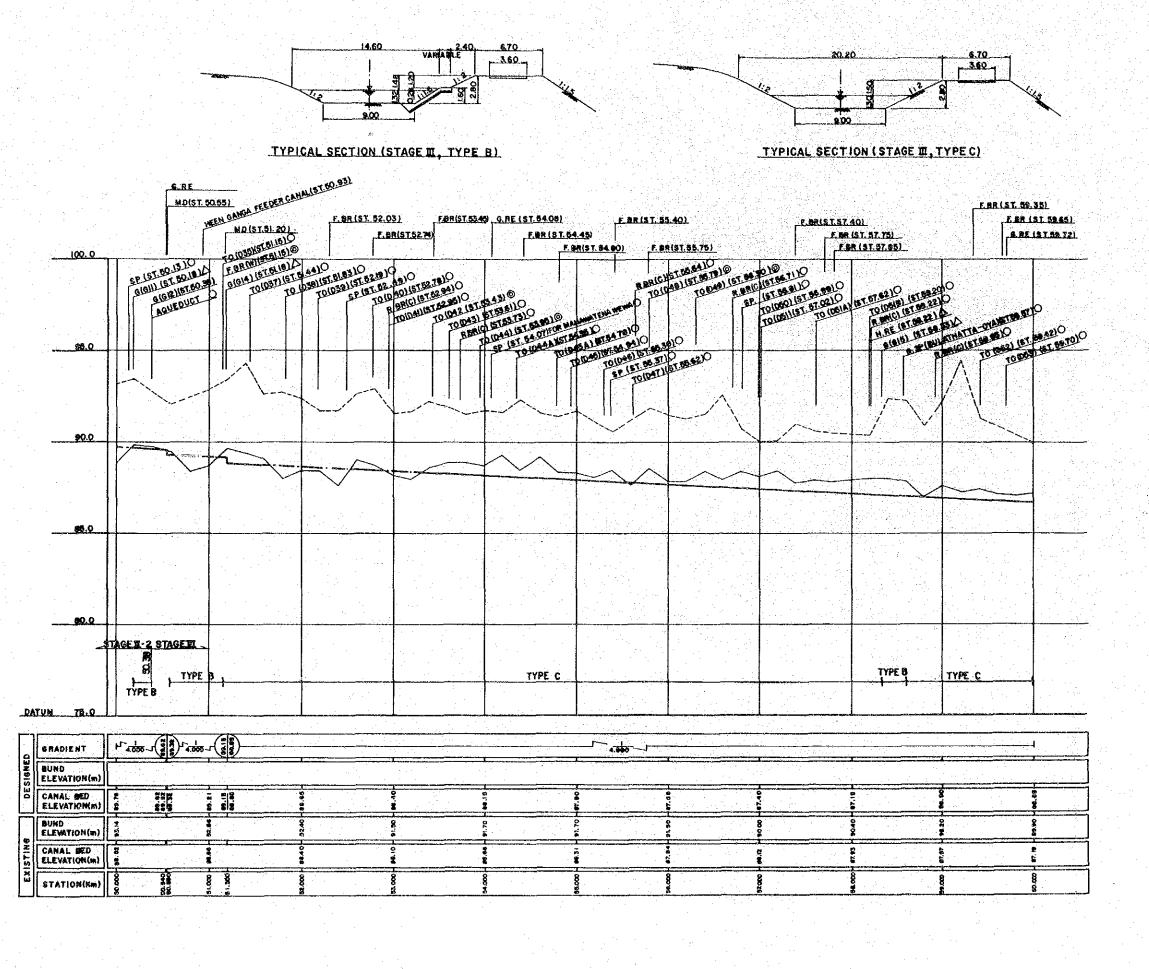












LEGEND

Company of the Compan	The state of the s
	to be Newly Constructed
0	to be Repaired
0	to be Reconstructed
Δ	to be Removed
M.D	Measuring Device
10	Turnout in Main Canal
G. RE	Gate Regulator
H. RE	H-besm Regulator
G.SP	Gated Spillway
SP	Spillwey
ŞΥ	Syphon
OC	Over Crossing
R.BR (c)	Bridge (Road/concrete)
R. BR (w)	Bridge (Read/wood)
F. BR (c)	Bridge (Foot / concrete)
F. BR (w)	Bridge (feet / wood)
υC	Drainage Under Crossing
CL	Drain Culvert
G	Gauging staff

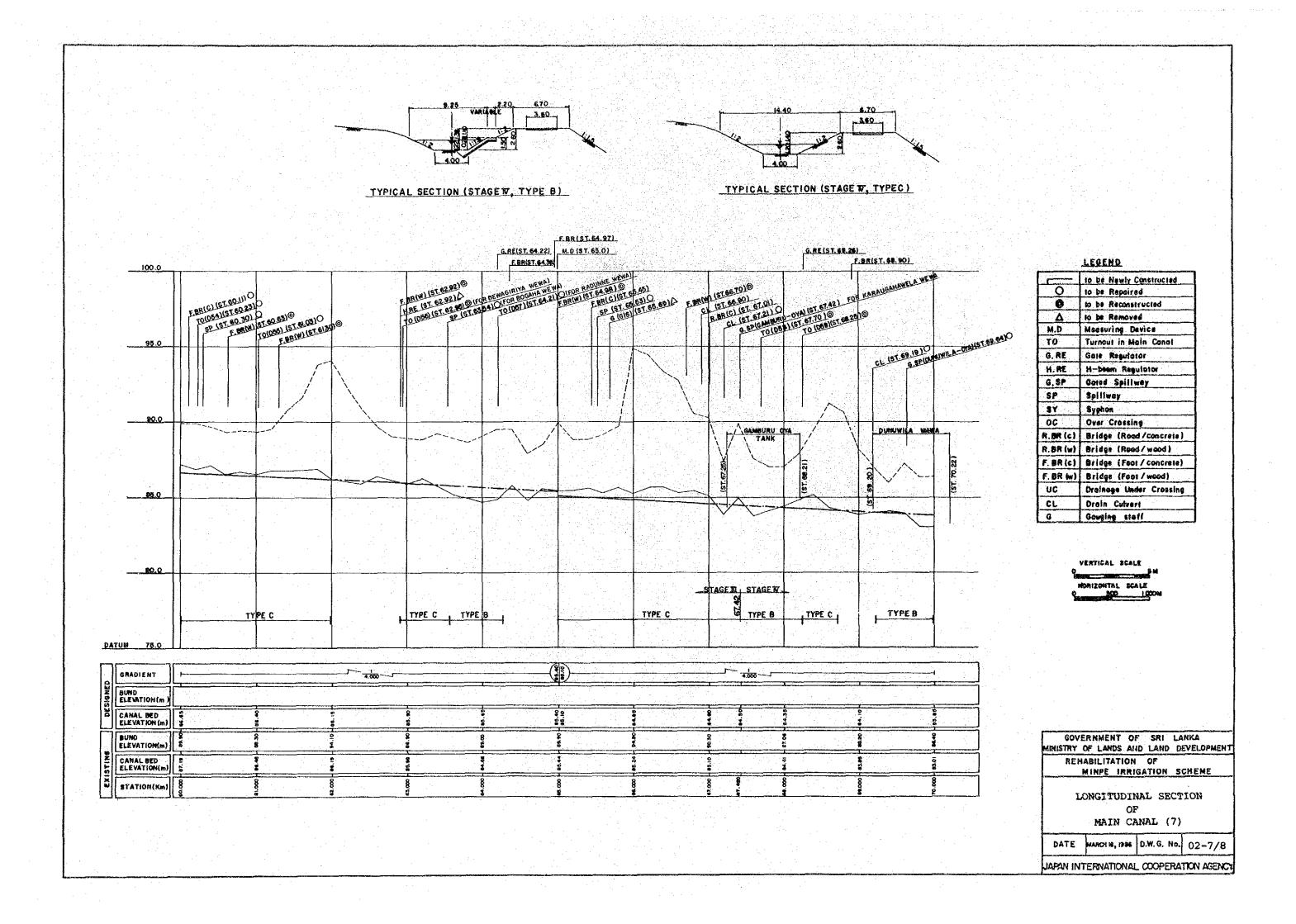
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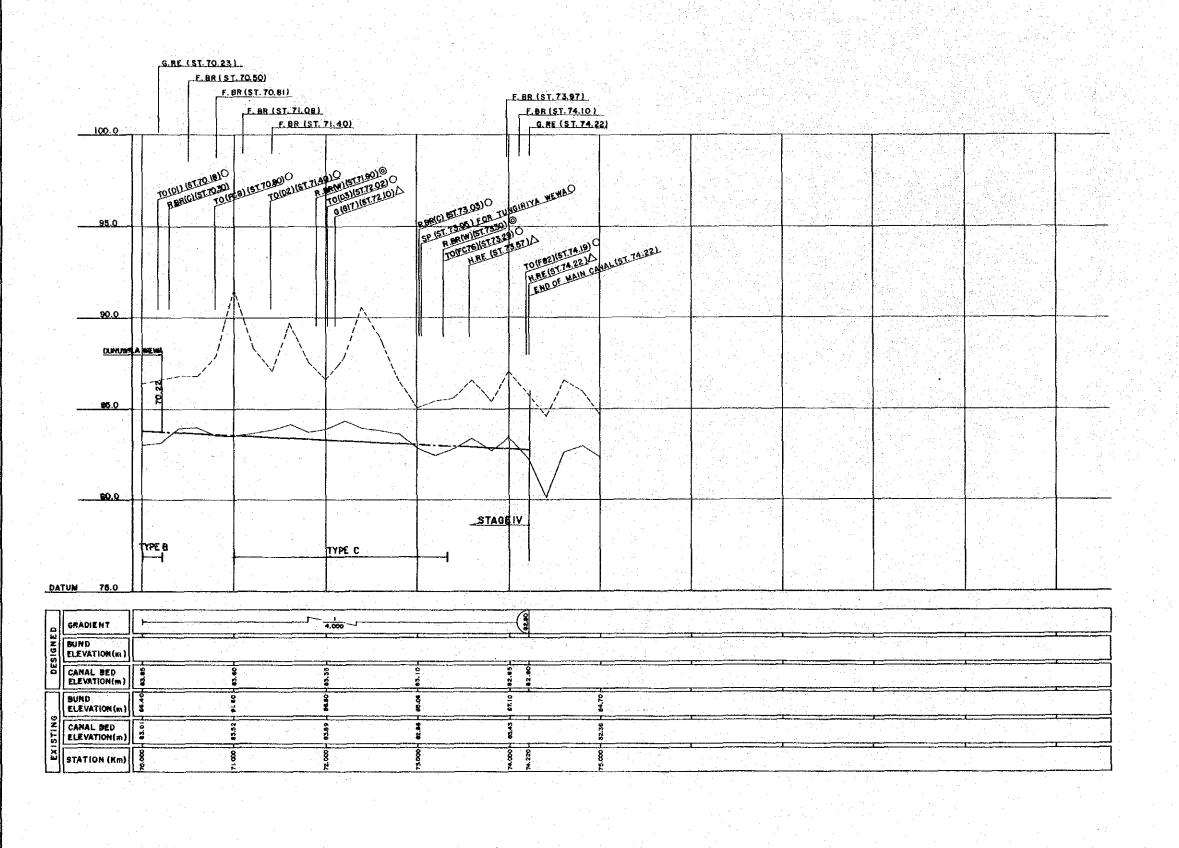
GOVERNMENT OF SRI LANKA
MINISTRY OF LANDS AND LAND DEVELOPMENT
REHABILITATION OF
MINPE IRRIGATION SCHENE

OF
MAIN CANAL (6)

DATE MARCH 18, 1986 D.W.G. No. 02-6/8

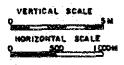
JAPAN INTERNATIONAL COOPERATION AGENCY





LEGEND

	to be Newly Constructed
0	to be Rescired
•	to be Reconstructed
Δ	to be Removed
M.D	Measuring Device
ΤO	Turnout in Main Canal
G.RE	Gate Regulator
H.RE	H-beam Regulator
G.SP	Goted Spillway
SP	Spillway
SY	Syption
oc	Over Crossing
R. BR (c)	Bridge (Rood/concrete)
R.BR (w)	Bridge (Road/wood)
F. BR (c)	Bridge (Foot / concrete)
F. &R (w)	Bridge (Foot/wood)
UC	Breinege Under Crossing
CL	Drain Culvert
G	Gauging stoff

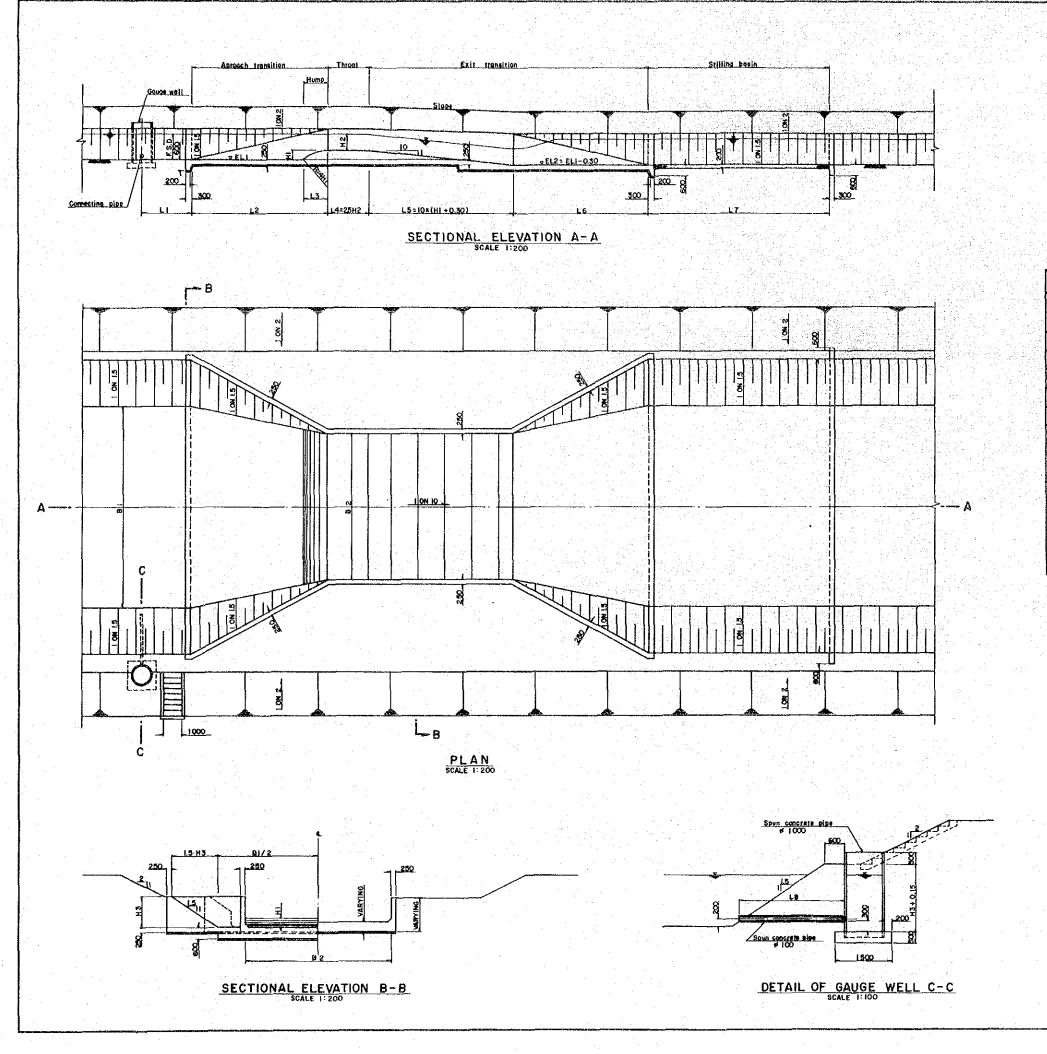


GOVERNMENT OF SRI LANKA
MIMISTRY OF LANDS AND LAND DEVELOPMENT
REHABILITATION OF
MINPE IRRIGATION SCHEME

LONGITUDINAL SECTION OF

MAIN CANAL (8)

JAPAN INTERNATIONAL COOPERATION AGENCY



DIMENSIONS

The state of the		Nisher Linu Elferi			
STAGE	I1	1 - 2	II - 1	11 - 2	111
F.S.D	1.40	1.37	1.38	1.32	1.32
Q(m3/s)	19.70	16.20	12.60	9.60	9.60
B1	15.00	14.00	11.00	9.00	9.00
B2	14.00	11.50	9.00	7.00	7.00
н	0.52	0.49	0.50	0.45	0.45
Н5	0.88	0.88	0.88	0.87	0.87
н3	1.70	1.70	1.70	1.60	1.60
Ll	2.50	2.50	2.50	2.50	2.50
L2	5.00	6.50	7.50	5.00	5.00
L3	1.38	1.30	1.32	1.19	1.19
IA	2.20	2.20	2.20	2.20	2.20
L5	8.20	7.90	8.00	7.50	7.50
1.6	5.00	6.50	7.50	5.00	5.00
1.7	12.00	11.00	9.00	7.00	7.00
L8	2.90	2.90	2.90	2.70	2.70

