Table A9.2-4 ECONOMIC COST FOR REPLACEMENT AND OPERATION AND MAINTENANCE

REPLACEMENT COST

(Unit Rs. 1,000)

Item				2015 and 2035		2016 and 2036		2017 and 2037		2018 and 2038	
	F.C.	L.C.	T.C	F.C	L.C	F.C	L.C	F.C	L.C	F.C	L.C
1. Rehabilitation	7,900	2,540	10,440	1,580	508	3,950	1,270	2,370	1,778	0	0
2. Extension Area	24,114	7,751	31,865	723	233	7,234	2,325	8,922	6,692	7,234	2,325
3. O/M	25,346	0	25,346	12,673	0	12,673	0	0	0	0	0
Total	57,360	10,291	67,651	14,976	740	23,857	3,595	11,292	8,469	7,234	2,325
Annual Total					15,716		27,452		19,761		9,559

(Unit Rs. 1,000)

Item	Economic
1. Salary cost	9,360
2. Facility cost	
1) Equipment cost	2,250
2) Office running cost	750
3. Work cost	2,250
4. Agr. and settlement services	1,560
Total	16,170

Table A9.2-5 ECONOMIC CROP BUDGET WITHOUT PROJECT CONDITION (1/2)

Output	Unit	Paddy Maha Qt.	Paddy Maha Value	Paddy Yala Qt.	Paddy Yala Value	Paddy Maha undre Tank Qt.	Paddy Maha undre Tank Value	Vegetable Qt.	Vegetable Value
Yield	t/h	4.8		3.8		3.3		20	
Price	Rs/t		8,390		8,390		8,390		3,500
Gross Revenue	Rs/h		40,272		31,882		27,687		70,000
INPUTS									
Seed Material	kg	130	1,065	130	1,065	130	1,065	3-6	2,760
Fertilizer									
Am.Sulphate	kg		0		0		0		0
Urea	kg	160	1,616	150	1,515	120	1,212	310	3,131
TSP	kg	150	1,455	150	1,455	120	1,164	380	3,686
MP (K2O)	kg	70	483	70	483	60	414	175	1,208
Organic	kg							4000	4,500
Agrochemicals									
Insecticide	l/kg		375		375		188		1,500
Fungicides	l/kg	3	563	3	563	1	188		2,250
Weedicides	l/kg	4	570	4	570	1	143		600
Machinery									
2W.Tractor	md	3	2,745	3	2,745	2	1,830	2	1,830
Sprayer	md	4	540	4	540	2	540	4	540
Thresher	md	1	353	1	353	1	353		
Miscelaneous									1,500
Labour									
Land Prepn.	md	35	2,268	34	2,203	33	2,138	60	3,888
Planting	md	9	583	9	583	9	583	10	648
Fertilising	md	5	324	3	194	2	130	8	518
P/D Control	md	8	518	6	389	6	389	40	2,592
Weeding	md	14	907	14	907	13	842		
Earthing	md		0		0		0	60	3,888
Irrigation	md	19	1,231	19	1,231	19	1,231	50	3,240
Crop Watching	md	19	1,231	19	1,231	19	1,231	60	3,888
Miscelaneous	md		0		0		0	30	1,944
Harvesting	md	17	1,102	16	1,037	16	1,037	90	5,832
Processing	md	19	1,231	18	1,166	18	1,166	25	1,620
Total	md	145		138		135		433	
Cost of Prodn.	Rs/h		19,160		18,605		15,843		51,563
Net Revenue	Rs/h		21,112		13,277		11,844		18,437
(Rounded)			21,100		13,300		11,800		18,400

Table A9.2-5 ECONOMIC CROP BUDGET WITHOUT PROJECT CONDITION (2/2)

Description	Unit	Banana 1st		Banana 2-5	
		Qt.	Value	Qt.	Value
Yield	t/h	3.3		18	
Price	Rs/t		10,000		10,000
Gross Revenue	Rs/h		33,000		180,000
INPUTS					
1. Seed Material	sukr	1000	4,500		
2. Fertilizer					
Am.Sulphate	kg		0		0
Urea	kg	73	737	146	1,475
TSP	kg	73	708	146	1,416
MP	kg	104	718	208	1,435
Organic	kg	2000	2,250	2000	2,250
3. Agrochemicals					
Insecticide	l/kg				
Fungicides	l/kg	2	469		1,125
Weedicides	l/kg	4	495		
4. Machinery					
2W.Tractor	md	3	2,745		
Sprayer	md	2	225	2	225
Thresher	md				
Miscelaneous					
5. Labour					
Land Prepn.	md	80	5,184		
Planting	md	12	778		
Fertilising	md	5	324	20	1,296
P/D Control	md	10	648	15	972
Weeding	md	20	1,296	25	1,620
Earthing	md		0		0
Irrigation	md	20	1,296	30	1,944
Crop Watching	md	60	3,888	365	23,652
Miscelaneous	md		0		0
Harvesting	md	10	648	78	5,054
Processing	md	5	324	26	1,685
Total	md	222		559	
Cost of Prodn.	Rs/h		27,232		44,149
Net Revenue	Rs/h		5,768		135,851
(Rounded)			5,800		135,900
Average					109,880

Table A9.2-6 ECONOMIC CROP BUDGET WITH PROJECT CONDITION (1/2)

Description	Unit	Paddy Qt.	Paddy Value	Big Onion Qt.	Big Onion Value	Vegetable Qt.	Vegetable Value
Yield	t/h	5.5		12.0		25	
Price	Rs/t		8,390		15,000		4,000
Gross Revenue	Rs/h		46,145		180,000		100,000
INPUTS							
1. Seed Material	kg	100	809	8.5	15,000	3-6	2,760
2. Fertilizer							
Am.Sulphate	kg	25	118	200	940		0
Urea	kg	188	1,899	50	505	310	3,131
TSP	kg	122	1,183	100	970	380	3,686
MP	kg	71	490	50	345	175	1,208
Organic	kg			630	709	4000	4,500
3. Agrochemicals							
Insecticide	l/kg		1,875		2,625		1,500
Fungicides	l/kg	6	1,125		150		2,250
Weedicides	l/kg	10	1,425	5.5	3,150		600
4. Machinery							
2W.Tractor	md	3	2,635	3	2,635	2	1,757
Sprayer	md	5	648	4	518	4	518
Thresher	md	1	338				
Miscelaneous							1,500
5. Labour							
Land Prepn.	md	36	2,333	102	6,610	60	3,888
Planting	md	5	324	90	5,832	10	648
Fertilising	md	6	389	34	2,203	8	518
P/D Control	md	10	648	18	1,166	40	2,592
Weeding	md	17	1,102				
Earthing	md			166	10,757	60	3,888
Irrigation	md	20	1,296	50	3,240	50	3,240
Crop Watching	md	20	1,296	80	5,184	60	3,888
Miscelaneous	md					30	1,944
Harvesting	md	18	1,166	40	2,592	90	5,832
Processing	md	20	1,296	25	1,620	25	1,620
Total	md	152		605		433	
Cost of Prodn.	Rs/h		22,395		66,751		51,468
Net Revenue	Rs/h		23,750		113,249		48,532
(Rounded)			23,800		113,200		48,500

Table A9.2-6 ECONOMIC CROP BUDGET WITH PROJECT CONDITION (2/2)

Description	Unit	Banana 1st		Banana 2-5		Sugarcane 1st		Sugarcane 2-4	
		Qt.	Value	Qt.	Value	Qt.	Value	Qt.	Value
Yield	t/h	5.0		20.0		140		105	
Price	Rs/t		10,000		10,000		1,180		1,180
Gross Revenue	Rs/h		50,000		200,000		165,200		123,900
INPUTS									
1. Seed Material	sukr	1000	4,500			7500	8,075	0.8	861
2. Fertilizer									
Am.Sulphate	kg		0		0		0		0
Urea	kg	73	737	146	1,475	240	2,424	296	2,990
TSP	kg	73	708	146	1,416	95	922	95	922
MP	kg	104	718	208	1,435	100	690	100	690
Organic	kg	2000	2,250	2000	2,250				
3. Agrochemicals									
Insecticide	l/kg								
Fungicides	l/kg	2	469		1,125				
Weedicides	l/kg	4	495				2,100		1875
4. Machinery									
2W.Tractor	md	3	2,745				8,640		
Sprayer	md	2	225	2	225		130		
Thresher	md								
Miscelaneous									
5. Labour									
Land Prepn.	md	80	5,184			4	270		
Planting	md	12	778			16	1,080	8	540
Fertilising	md	5	324	20	1,350	6	405	6	405
P/D Control	md	10	648	15	1,013	4	270	4	270
Weeding	md	20	1,296	25	1,688	105	7,088	105	7,088
Earthing	md		0		0	25	1,688	25	1,688
Irrigation	md	20	1,296	30	2,025	30	2,025	28	1,890
Crop Watching	md	60	3,888	365	24,638		0		0
Miscelaneous	md		0		0		0	12	810
Harvesting	md	10	648	78	5,265	150	10,125	130	8,775
Processing	md	5	324	26	1,755		0		0
Total	md	222		559		340		318	
Cost of Prodn.	Rs/h		27,232		45,659		45,930		28,802
Net Revenue	Rs/h		22,768		154,342		119,270		95,098
(Rounded)			22,800		154,300		119,300		95,100
Average					128,000				101,200

Table A9.2-7 PROJECT BENEFITS

Item	Area (ha)				Net Return (Rs./ha)	Total Value (Rs.1,000)
	Old Area		Extension Area			
	Maha	Yala	Maha	Yala		
Without Project Conditions						
Paddy	2,540				21,100	53,594
		2,540			13,300	33,782
			80		11,800	944
Vegetables	310	310			18,400	11,408
Banana*1	50	50			109,880	5,494
Total	2,900	2,900	80			105,222
With Project Conditions						
Paddy	2,220	2,220	2,320	2,320	23,800	216,104
Big Onion	240	240	390	390	113,200	142,632
Vegetables	260	260	240	240	48,500	48,500
Banana*1	400	400	210	210	128,000	78,080
Sugarcane*1	820	820	2,180	2,180	101,200	303,600
Total	3,940	3,940	5,340	5,340		788,916
Benefit						683,694

Remarks:
*1 Perennial crop

ANNEX 9-3 ECONOMIC EVALUATION

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ANNEX 9-3 ECONOMIC EVALUATION

9.3.1 EIRR, B/C and B-C

In order to compute the EIRR, B/C and B-C, the annual economic costs and benefits flows were firstly prepared as shown in Table A9.3-1. In estimating B/C and B-C, in assumed discount rate 10% was employed. The results of the economic evaluation are tabled below.

EIRR (%)	17.3
B/C	1.72
B-C (Rs. 10^6)	1,771

As shown in the above table, these results indicate that the Project is economically viable.

9.3.2 Sensitivity analysis

Project sensitivity in terms of the EIRR was analyzed in respect of changes in project costs and benefits (see Table A9.3-1). The possible adverse changes in the future are as follows.

1. Cost overrun by 10 or 15%
2. Reduction of irrigation benefit by 10%
3. Combined effect of above cases

The results of analysis are summarized below.

(EIRR: %)

Cost Overrun	Benefit Reduction 0%	Benefit Reduction 10%
0%	17.3	15.6
10%	15.8	14.2
15%	15.1	13.6

As a result of sensitivity analysis, if project costs increase by 10% and project benefits decrease by 10%, the feasibility of the Project is economically marginal.

TABLES

Table A9.3-1 PROJECT COSTS AND BENEFIT FLOWS

(Unit: Rs.1,000)

No	Year	Costs Capital	O&M	Replacement	Total (C)	Gross Benefit (B)	Balance (B-C)
1	1993	20,904	0		20,904	0	-20,904
2	1994	112,261	0		112,261	0	-112,261
3	1995	404,732	0		404,732	-139,480	-544,212
4	1996	1,058,290	0		1,058,290	116,190	-942,100
5	1997	1,181,486	8,085		1,189,571	325,569	-864,002
6	1998	836,746	12,128		848,874	532,785	-316,088
7	1999		16,170		16,170	607,655	591,485
8	2000		16,170		16,170	651,136	634,966
9	2001		16,170		16,170	674,375	658,205
10	2002		16,170		16,170	683,694	667,524
11	2003		16,170		16,170	683,694	667,524
12	2004		16,170		16,170	683,694	667,524
13	2005		16,170		16,170	683,694	667,524
14	2006		16,170		16,170	683,694	667,524
15	2007		16,170		16,170	683,694	667,524
16	2008		16,170		16,170	683,694	667,524
17	2009		16,170		16,170	683,694	667,524
18	2010		16,170		16,170	683,694	667,524
19	2011		16,170		16,170	683,694	667,524
20	2012		16,170		16,170	683,694	667,524
21	2013		16,170		16,170	683,694	667,524
22	2014		16,170		16,170	683,694	667,524
23	2015		16,170	15,716	31,886	683,694	651,808
24	2016		16,170	27,452	43,622	683,694	640,072
25	2017		16,170	19,761	35,931	683,694	647,763
26	2018		16,170	9,559	25,729	683,694	657,965
27	2019		16,170		16,170	683,694	667,524
28	2020		16,170		16,170	683,694	667,524
29	2021		16,170		16,170	683,694	667,524
30	2022		16,170		16,170	683,694	667,524
31	2023		16,170		16,170	683,694	667,524
32	2024		16,170		16,170	683,694	667,524
33	2025		16,170		16,170	683,694	667,524
34	2026		16,170		16,170	683,694	667,524
35	2027		16,170		16,170	683,694	667,524
36	2028		16,170		16,170	683,694	667,524
37	2029		16,170		16,170	683,694	667,524
38	2030		16,170		16,170	683,694	667,524
39	2031		16,170		16,170	683,694	667,524
40	2032		16,170		16,170	683,694	667,524
41	2033		16,170		16,170	683,694	667,524
42	2034		16,170		16,170	683,694	667,524
43	2035		16,170	15,716	31,886	683,694	651,808
44	2036		16,170	27,452	43,622	683,694	640,072
45	2037		16,170	19,761	35,931	683,694	647,763
46	2038		16,170	9,559	25,729	683,694	657,965
47	2039		16,170		16,170	683,694	667,524
48	2040		16,170		16,170	683,694	667,524
49	2041		16,170		16,170	683,694	667,524
50	2042		16,170		16,170	683,694	667,524
				NPV(10%) =	2,454,617	4,220,334	1,765,717

Sensitivity data:

ITEM	(%)
Cost UP	0
Benefit DOWN	0
EIRR	17.3%

Cost up (%)	Benefit Down (%) -10	0	10
-10	20.9%	19.1%	17.3%
-5	19.9%	18.1%	16.4%
0	18.9%	17.3%	15.6%
5	18.1%	16.5%	14.9%
10	17.3%	15.8%	14.2%
15	16.6%	15.1%	13.6%

B-C = 1,765,717

B/C = 1.72

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ANNEX 9-4 FINANCIAL EVALUATION

9.4.1 Basic assumptions

The financial analysis of the projects is made by the analysis of the typical farm budgets for an average farmer and the assessment for repayment of the fund requirement. Current prices at 1992 level are used in the financial evaluation.

Farm budget analysis is conducted to assess whether the project will have sufficient incentive to the farmers in the project area and will bring about enough income in the farmer's economy.

In succession, repayment analysis was made on the basis of the estimated fund requirement with the assumed terms of the finance.

9.4.2 Farm budget analysis

In order to evaluate the project from a financial point of view of farmers, the farmers' economic analysis on typical farmers were made under both with and without project conditions.

After implementation of the project , the project will provide bases for introduction of improved irrigation farming through year and improve the quality and quantity of farm inputs and farming practices. As a result, increase of unit yield of crops and cropping intensity will be much expected under the with project condition. Drastic increase on farm income under the with project condition should be expected in the farmers specially in the extension area. On the other hand, substantial increase on farm income will not be expected under the without project condition.

Farm budget of the beneficiary farmers was estimated under the with project condition as shown Table A9.4-1 and Summarized as follows:

(Unit: Rs./year)

Item	Old Area	Extension Area
Gross Income		
Agricultural Income	123,300	122,000
(Net Agricultural Income)	(79,100)	(78,800)
Gross Outgo		
Production Cost	44,200	43,200
Living Expences	40,000	40,000
Net Reserve	39,100	38,800

As mentioned in detail in A6, farm income of the beneficiary farmer in the extension area is expected to increase to about 7.8 times of the present ones. Thus, living standard of the tenants in the extension area would be enhanced remarkably by implementation of the project. In old area, farm income is expected to increase to about two times of the present ones by implementation of the crop diversification program. The project is thus justified from the vier point of farmers' economy.

9.4.3 Repayment capability of project

The repayment capability of the Project was studied by preparing cash flow statements on the basis of an annual disbursement schedule of the construction cost, fund requirement. The total project cost including price contingency is summarized below. The price contingency was estimated on the basis of the world manufacturing unit value index forecast by the World Bank and recent tends of consumer price index in Sri Lanka.

(Unit: Rs. million)

	Item	F.C.	L.C.	Total
1)	Direct construction cost	1,278	2,139	3,417
2)	Associated cost	230	345	575
3)	Price contingency	1,022	470	1,492
Total		2,529	2,954	5,483

It is assumed that the capital cost required for the implementation of the project will be arranged under the following conditions:

(1) Foreign currency portion of the capital cost is financed by a loan of international organization.

(2) Interest rate of the loan is 2.6% per annum and repayment period is 30 years including 10 years grace period.

(3) Local currency portion of the capital cost is financed by the Government budget without repayment.

According to the above assumptions, the total fund requirements for construction of the Project was estimated with its yearly breakdown as shown below.

(Unit: Rs. million)

Year	International Fund	Government Budget	Total
'93	15	10	25
'94	95	40	135
'95	316	228	544
'96	858	663	1,521
'97	968	876	1,844
'98	702	713	1,415
Total	2,954	2,529	5,483

As seen in above table, the estimated fund requirement is Rs.5,483 million divided between foreign currency portion of Rs.2,954 million equivalent and local currency portion of Rs.2,529 million.

The financial inflow and outflow of the project executing agency shown in Table A9.4-2. The statement indicates that repayment of the fund will have to made by subsidy from the Government which is estimated at Rs. 161 million on average during the repayment period.

TABLES

Table A9.4-1 SUMMARY OF FUTURE FARM BUDGET IN THE OLD AND EXTENSION AREA

Block	Value (Rs./year)	Block	Value (Rs./year)
Old Area		Extension Area	
Gross Income		Gross Income	
1 Agricultural Income	123,300	1 Agricultural Income	122,000
2 Others (labour wage etc.)	-	2 Others (labour wage etc.)	-
Total	123,300	Total	122,000
(Net Agricultural Income)	79,100)	(Net Agricultural Income)	78,800)
Gross Outgo		Gross Outgo	
1 Production Costs	44,200	1 Production Costs	43,200
2 Living Expences *1	40,000	2 Living Expences *1	40,000
Total	84,200	Total	83,200
Net Reserve	39,100	Net Reserve	38,800

*1: a 50% raise in present condition

Table A9.4-2 CASH FLOW STATEMENT

(Unit: Rs. million)

Year in Order	Year	Capital Cost		Cash Outflow					Cash Inflow			Balance
				Loan Repayment		O & M Cost	Replacement Cost	Total	Fund		Total	
		FC	LC	Interest	Principal				FC	LC		
1	1993	15	10	0	0	0	0	25	15	10	25	0
2	1994	95	40	3	0	0	0	138	95	40	135	-3
3	1995	316	228	11	0	0	0	555	316	228	544	-11
4	1996	858	663	33	0	0	0	1,554	858	663	1,521	-33
5	1997	968	876	56	0	11	0	1,911	968	876	1,844	-67
6	1998	702	713	77	0	16	0	1,508	702	713	1,415	-93
7	1999	0	0	77	0	22	0	99	0	0	0	-99
8	2000	0	0	77	0	22	0	99	0	0	0	-99
9	2001	0	0	77	0	22	0	99	0	0	0	-99
10	2002	0	0	77	0	22	0	99	0	0	0	-99
11	2003	0	0	73	148	22	0	243	0	0	0	-243
12	2004	0	0	69	148	22	0	239	0	0	0	-239
13	2005	0	0	65	148	22	0	235	0	0	0	-235
14	2006	0	0	61	148	22	0	231	0	0	0	-231
15	2007	0	0	58	148	22	0	227	0	0	0	-227
16	2008	0	0	54	148	22	0	223	0	0	0	-223
17	2009	0	0	50	148	22	0	220	0	0	0	-220
18	2010	0	0	46	148	22	0	216	0	0	0	-216
19	2011	0	0	42	148	22	0	212	0	0	0	-212
20	2012	0	0	38	148	22	0	208	0	0	0	-208
21	2013	0	0	35	148	22	0	204	0	0	0	-204
22	2014	0	0	31	148	22	0	200	0	0	0	-200
23	2015	0	0	27	148	22	21	218	0	0	0	-218
24	2016	0	0	23	148	22	37	230	0	0	0	-230
25	2017	0	0	19	148	22	26	215	0	0	0	-215
26	2018	0	0	15	148	22	13	198	0	0	0	-198
27	2019	0	0	12	148	22	0	181	0	0	0	-181
28	2020	0	0	8	148	22	0	177	0	0	0	-177
29	2021	0	0	4	148	22	0	174	0	0	0	-174
30	2022	0	0	0	148	22	0	170	0	0	0	-170

Remarks: FC = Foreign Currency, LC = Local Currency
Condition of Loan Repayment of Foreign Currency;
Interrest (%) : 2.6
Grace Period : 10 years
Repayment Period : 30 years (including grace period)

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ANNEX 9-5 INCREASE OF EMPLOYMENT OPPORTUNITY

After implementation of the project, the employment opportunities for jobless peoples in and around project area will greatly expand. Farm work will provide employment to the majority of the population in the project area. The number of the new beneficiary farmers under with project condition will amount to 6,380. As a result, increase of full-time farm labours is estimated 12,760. For the non-farm families in and around the project area, they will be basically involved in the service sector as part time farm-labour or labour for other job. The demand of labour for farm work is estimated 3,850 based on the labour balance study. Furthermore, expanding capacity of Sevanagala Sugar Factory will employ more workers.

In a commercial center in the extension area such as village center and area center, commercial and business activities will promote the employment opportunities drastically. Implementation of public corporation and office, banks, schools, hospitals etc. will offer employment opportunity for educated jobless people. Thus, drastic increase on employment opportunity will be produced in the project area. Expected employment opportunity under with project conditions are shown in Table A9.5-1 and summarized as shown below.

(Unit: person)

Item	Employment	Family	Population
Farm Labour	16,610	8,400	45,360
Sugar Factory	460	300	1,620
Village Center	2,010	1,100	5,940
Offices	1,270	1,200	6,480
Total	20,350	11,000	59,400

Thus, employment opportunity for the jobless people in and around project area will be enhanced remarkably and the number of new worker will be reached 20,350. The estimate is done on the assumption under the early stage of the project. After the year have mellowed the project, employment opportunity will increase gradually. Thus, the project will generate considerable employment opportunity and have an great impact on the economic activity in Sri Lanka.

TABLES

Table A9.5-1 GENERATION OF NEW EMPLOYMENT

Item	Employment (persons)	No. of Family	Population (persons)
1. Farm Labour			
1) Full- Time	12,760	6,380	34,452
2) 2Part Time	3,850	2,020	10,908
2. Sevanagala Sugar Corporation			
1) Factory worker	280	200	1,080
2) Miscellaneous	180	100	540
3. Hamlet Village Center and Area Center (town)			
1) Marchant etc.			
2) Processing and	1,720	900	4,860
Cooperation	290	200	1,080
4. Publick and PrivateOffice			
1) MEA	60	60	324
2) Post, Bank and other offices	160	140	756
5. School, Hospital and other publick centers	1,050	1,000	5,400
Total	20,350	11,000	59,400
Old Area	3,300	1,800	9,700
Ext. Area	17,050	9,200	49,700

ANNEX 9-6 INDIRECT BENEFITS AND SOCIO-ECONOMIC IMPACTS

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ANNEX 9-6 INDIRECT BENEFITS AND SOCIO-ECONOMIC IMPACTS

In addition to the direct benefits counted in the economic evaluation, various secondary and intangible benefits and/or favorable socio-economic impacts are expected from the implementation of the project. Principal socio-economic impacts are described hereunder.

(1) Securing a stable food supply and acquisition of foreign money

The Project will contribute to sacrament of self-sufficiency in rice, which has been one of the main object of the national development plan. Sufficient supply of food will also make an important contribution to attainment of economic independence of Sri Lanka. As the result, the surplus would decrease the annual amount of imports and thereby save the foreign exchange.

(2) Expansion of the willingness to work

In contrast with low productivity of the current agricultural husbandry, the farmers would find the satisfaction due to the improvement of the living standard through the increment of the crop production in future condition. In result, they will desire to gain more agricultural products and improve the living standard through the expansion of the willingness to work.

(3) Enlargement of the employment opportunity

Employment opportunity to the local people will be increased by the implementation of the Project, and a favorable impacts to the regional economy will be expected through the increased monetary movement. The employee will gain more experience, technical know-how, skillfulness in various working fields. These accumulations of working techniques would be applied to the future development in Sri Lanka.

(4) Enhancement of economic and social activities

The local transportation will be improved much by the construction and rehabilitation of the road and the bridge. The expanded road system will not enhance the economic activity in and around the project area but also contribute to inter-regional accessibility and communication.

(5) Enhancement of the social supporting services

Social supporting services will be enhanced according to the rural development center. Furthermore, in accordance with the creation of the close connection between the farmers and the agencies concerning the supporting services, current agricultural activities would be innovated under the future condition.

(6) Development of the regional economy

After implementation of the Project, income of farmers estimated at 78,000 Rs./year is expected to increase considerably as a direct result of the increase in crop production and crop diversification. Such increase in income would contribute to improving farmers' living standards. Moreover, it is expected that farmers' purchasing power would increase along with improvement of their living standards, and this increased purchasing power would benefit the development of the regional economy.

Future marketing in the area is likely expand as compared with the present condition. With anticipated higher agricultural production, more farm products could be marketed by the farmers and the proportion of sales would also increase relative to consumption. The merchants would have a larger turnover which could increase their incomes.

(7) Improvement of the sanitary condition

According to the establishment of the drinking water supply system, the quality of drinking water will be improved and the occurrence of water-borne disease will be depressed.

(8) Women's in Development (WID)

In Sri Lanka, the entry of women into the social community as public servant and employee of private sectors has been realized. At the public officers, schools and other private offices in Walawe area, many women play an active role as agricultural extension workers, engineers, teachers and officers.

In the Walawe right bank area, CEDA initiated a loan scheme the socio-economic status of women. Under this scheme 20 women formed Mahaweli farm women's association and started banana cultivation in each 0.5 acres of land. The loan amounting Rs. 3,000 has been used for the land preparation, nursery planting and fertilizer.

Employment opportunity of the women will be increased by the implementation of the project and that will contribute to the women's entry to social. Through construction and upgrading of the drinking water supply system, road, firewood forest and the Development Center, women's heavy work load will be reduced and the living standard of rural people shall enhanced.

The rural banks for women have been established under the Janasaviya programme in the Extension area and providing low interest loans up to Rs. 2,000 for rainfed cultivation. This programme should be further promoted to expand the women's access to the rural credits. Furthermore, it is recommended that settlers to the project area should be selected without any distinction against women's headed households. That will contribute to the relief to the poor women's headed households and promote women's participation in the Project.

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