

## MEETING RECORD

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# **The Minutes of Meetings**

**The Mission for the Preparatory Survey on The Project for Improvement of  
Agricultural Production and Productivity in Dry Zone Areas in Democratic Socialist  
Republic of Sri Lanka dated on October 10, 2011**

**THE MINUTES OF MEETINGS**  
**ON**  
**THE MISSION FOR THE PREPARATORY SURVEY**  
**ON**  
**THE PROJECT FOR IMPROVEMENT OF AGRICULTURAL PRODUCTION AND**  
**PRODUCTIVITY IN DRY ZONE AREAS**  
**IN**  
**DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**  
**AGREED UPON BETWEEN**  
**THE GOVERNMENT OF DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**  
**AND**  
**THE JAPAN INTERNATIONAL COOPERATION AGENCY**

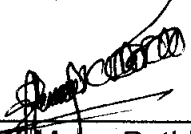
Colombo, Sri Lanka  
10 October, 2011

The Government of Democratic Socialist Republic of Sri Lanka (hereinafter referred to as “the Government of Sri Lanka”) and the Japan International Cooperation Agency (hereinafter referred to as “JICA”) have made several preliminary discussions in order to identify priority projects in the field of agricultural sector, and agreed to make preparation for the Project for Improvement of Agricultural Production and Productivity in Dry Zone Areas (hereinafter referred to as “the Project”).

Accordingly, JICA dispatched a mission on the Project (hereinafter referred to as “the JICA Mission”) to Sri Lanka from 26<sup>th</sup> September to 8<sup>th</sup> October in order to develop scope and implementing arrangements of a further survey which will review the currently available data and conduct supplementary study to facilitate formation of the Project (hereinafter referred to as “the Preparatory Survey”). The scope and implementing arrangements of the Preparatory Survey are described in the Appendix 1. The main points discussed during its visit are described in the Appendix 2.

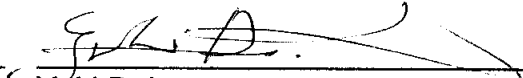
It should be noted that implementation of the Preparatory Survey does not imply any decision or commitment by JICA to extend its loan for the project at this stage.

Appendix 1: Scope and Implementing Arrangements of the Preparatory Survey  
Appendix 2: Main Points Discussed



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M P D U K Mapa Pathirana  
Director General  
Department of External Resources  
Ministry of Finance and Planning  
Government of Sri Lanka



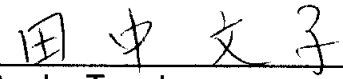
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Yuki Daizumoto  
Country Officer  
South Asia Division 3  
South Asia Department  
Japan International Cooperation Agency



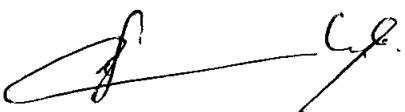
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B. M. S. Batagoda  
Director General  
Department of National Planning  
Ministry of Finance and Planning  
Government of Sri Lanka



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Ayako Tanaka  
Project Formulation Advisor  
JICA Sri Lanka Office  
Japan International Cooperation Agency



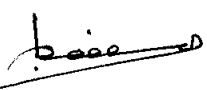
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G. G. A. Godaliyadda  
Director General  
Department of Irrigation  
Ministry of Irrigation and Water Resource  
Management  
Government of Sri Lanka



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K. E. Karunathilake  
Secretary  
Ministry of Agriculture  
Government of Sri Lanka



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Ivan De Silva  
Secretary  
Ministry of Irrigation and Water Resources  
Management  
Government of Sri Lanka

## **Appendix 1**

### **SCOPE AND IMPLEMENTING ARRANGEMENTS OF THE PREPARATORY SURVEY**

#### **I. BACKGROUND AND OBJECTIVES OF THE PREPARATORY SURVEY**

To identify the issues for improving agricultural production and productivity in dry zone areas, the Preparatory Study will collect the necessary information on current situations of agriculture-related infrastructure, such as minor irrigation system and farm roads, product distribution system, market linkage and extension service and its system of agricultural technique and technology in the survey areas.

#### **II. SURVEY AREA**

Eastern Province, Northern Province, North Central Province, North Western Province and Uva Province

#### **III. COUNTERPART AGENCIES**

- Department of National Planning, Ministry of Finance and Planning
- Ministry of Agriculture
- Department of Irrigation, Ministry of Irrigation and Water Resource Management
- Department of Animal Production and Health, Ministry of Livestock and Rural Community Development
- Ministry of Agrarian Services and Wildlife
- Ministry of Cooperatives and Internal Trade
- Provincial Councils in survey areas

#### **IV. SCOPE OF THE PREPARATORY SURVEY**

The Preparatory Survey shall cover the following items

- A. Rationale of Agriculture in development context
  - a. Review of development policy on agriculture and current situation in Sri Lanka
  - b. Administrative structure in agricultural sector
  - c. Government programme and its budget
  - d. Donor support programme
- B. Review of agriculture in Dry Zone areas
  - a. Agro-ecology (topography and geology, meteorology and hydrology, soils and vegetation)

- b. Present land use
  - c. Water resource and irrigation
  - d. Agricultural area and production and productivity (crop- and commodity-wise review and analysis)
  - e. Cost and profit per crops
  - f. National agricultural requirement and contribution to national agriculture
  - g. Development scenario of Dry Zone, bottlenecks and challenges
  - h. Weakness in technology dissemination system (gap between research and extension)
- C. Review of development policy on diversification of agriculture and current situation in target areas (province/district)
- a. Agro-ecology
  - b. Present land use
  - c. Land holding and land tenure
  - d. Agricultural production and productivity
  - e. Animal husbandry
  - f. Irrigation
  - g. Marketing and processing facilities
  - h. Agricultural Mechanization
  - i. Rural infrastructure
  - j. Marketing and prices
  - k. Community and farmers' organization
  - l. Agricultural and social support service
  - m. Farm economic analysis
  - n. Analysis of provincial development plan on agriculture
  - o. Previous and on-going projects (national /provincial/donors')
  - p. Categorization of target areas
- D. Approach and direction of the Project
- a. Formulation of basic development concepts
  - b. Basic development constraints and basic objectives
  - c. Basic approach to Project formulation on the overall goal
  - d. Review of relevant donor support and lesson learned
- E. Proposed Project
- a. Purpose of the Project
  - b. Selection of Project area/Project Site
  - c. Components of the Project (Civil Works, Equipment, Consulting Service)
  - d. Project executing agencies and implementation structure, Coordination Mechanism

- e. Procurement
- f. Impact of the Project
- g. Social development and social impact issues
- h. Cost estimation
- i. Implementation schedule. Proposed indicators for evaluation and baseline
- j. Sustainability of the Project and proposed mechanism

## **V. SCHEDULE OF THE PREPARATORY SURVEY**

The Preparatory Survey will be carried out in accordance with the tentative schedule described below. The schedule may be subject to change during the preparation and the course of the survey.

January 2012	Dispatch the survey team Submit the Inception Report
March 2012	Progress Report I
May 2012	Progress Report II
August 2012	Draft Final Report
October 2012	Final Report

## **VII. REPORTS**

JICA will prepare and submit following reports in English to the Government of Sri Lanka.

### 1. Inception Report:

Ten (10) copies will be submitted at the commencement of the first work period in Sri Lanka. This report will cover the survey framework and schedule.

### 2. Progress Report I and II:

Ten (10) copies will be submitted in third (3) and fifth (5) month respectively after the commencement of the Preparatory Survey.

### 3. Draft Final Report:

Twenty (20) copies will be submitted at the end of the last work period in Sri Lanka. The Government of Sri Lanka shall submit its comments within one month after the receipt of the Draft Final Report.

### 4. Final Report:

Twenty (20) copies will be submitted within one month after the receipt of the comments on the Draft Final Report.

## **IX. UNDERTAKINGS OF THE GOVERNMENT OF SRI LANKA**

1. The organizations mentioned in the above part III. shall act as counterpart agencies to the

survey team and also as a coordinating body with other organizations concerned for the smooth implementation of the Preparatory Survey.

2. The Government of Sri Lanka shall facilitate to provide the survey team with the following items in cooperation with other organizations concerned:

- (1) security-related information as well as measures to ensure the safety of the survey team;
- (2) information as well as support in obtaining medical service;
- (3) data and information related to the Preparatory Survey;
- (4) counterpart personnel as a focal point of the Survey;
- (5) suitable office space(Provincial level) with necessary equipment and secretarial service;
- (6) entry permits necessary for the survey team members to conduct field surveys;
- (7) support in making transportation arrangements;
- (8) support in obtaining other privileges and benefits if necessary;

## **IX. CONSULTATION**

JICA and the Government of Sri Lanka shall consult with each other in respect of any matter that may arise from or in connection with the Preparatory Survey.

## **X. OTHERS**

The Government of Sri Lanka and JICA confirmed that the Government of Sri Lanka expressed the possibility of making an official request to the Government of Japan for financing the Project after scrutinizing outcomes and recommendations of the Preparatory Survey.

The Government of Sri Lanka requested to include the medium scale as well as minor scale irrigation schemes into the scope of the Survey. It also requested the inclusion of Maduru Oya irrigation scheme to be covered by the Survey. JICA suggested that the matters be taken up at the Inception Report stage, and both sides agreed to conduct further discussion on the matters.

END



## **Appendix 2**

### **THE MAIN POINTS DISCUSSED**

Both parties mutually agreed with the points mentioned below.

1. Primary target beneficiaries of the Project shall be small-scale farmers who interested in improving productivity of agricultural products through diversification of agriculture in Dry Zone areas.
2. Target areas (province/district) of the Project shall be decided by JICA and the Government of Sri Lanka based on the recommendation by the Survey Team utilizing the information and analysis of the Survey.
3. Implementation structure of the Project shall be decided by JICA and the Government of Sri Lanka based on the information and analysis of the Survey. The role of each organization will be clarified by the Inception Report of the Survey.
4. The Government of Sri Lanka shall utilize the outcomes and recommendations of the Survey to formulate the Project for improvement of Agricultural production and productivity in Dry Zone areas aligning with the policy of the Government of Sri Lanka.
5. Government of Sri Lanka and JICA shall consider donor coordination to avoid the duplication of the target sector and areas (province/district).



The Preparatory Survey  
on the Project for Improvement of Agricultural  
Production and Productivity in Dry Zone Areas  
in Socialist Republic of Sri Lanka

## INCEPTION MEETING

6<sup>th</sup> February 2012  
JICA Survey Team

国際協力機構 1



## Chronology

Dialogue between GOSL and JICA in August 2011  
mutually acknowledged a great latent potential for  
diversifying agriculture in Dry Zone



ToR Mission in October 2011  
Discussed and agreed with ToR on the Preparatory Survey  
Mission and signed on the Minutes of Meeting



Inception Meeting  
In February 2012

国際協力機構 2

## Policy on Agriculture and Livestock Mahinda Chintana



- Paddy-The national crop
- Other Field Crops-Achieving self sufficiency
- Fruit and vegetables-Explore the full potential
- Crop diversification through multiple cropping and inter-cropping
- Promotion of Dairy Industry
- Links Between producers and consumers



## Overview of Agriculture in Sri Lanka



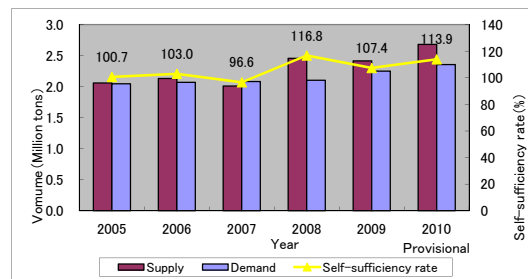
- **Agriculture** : Still key industry

13% of GDP

33% of labour population (82% in rural area)

- **Paddy** :National crops

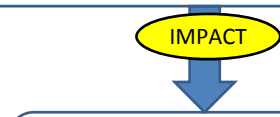
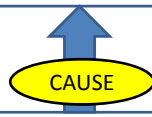
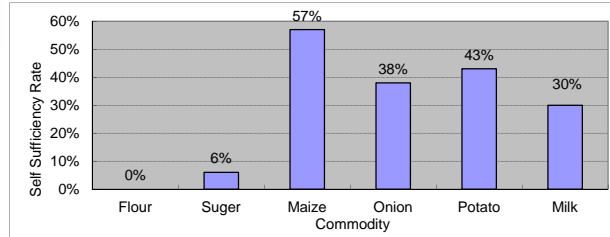
Almost sufficient to meet the national demand recently



# Overview of Agriculture in Sri Lanka



- **OFC, vegetables, daily products:** Low self-sufficiency



- Fall in production due to conflict
- Diversification of consumers' demand on agricultural products by economic growth (Diet diversification, tourism) etc

- **Drain of foreign currency**
- Lack of food security

# Impact of Importing Agricultural Commodity



Composition of Imports(1) : 1997 - 2002

Category	Value in Rs. Million					
	1997	1998	1999	2000	2001	2002
<b>1. Consumer Goods</b>	72,002	69,956	87,660	101,403	110,059	126,181
(a) Food and Drink	45,956	46,543	46,116	52,584	58,466	66,644
Rice	4,331	2,521	3,290	288	969	1,732
Sugar	10,788	8,384	7,448	10,777	10,289	12,634
Wheat	8,329	8,133	7,702	9,925	9,763	12,427
Other	22,749	27,405	27,586	31,804	37,425	39,748
(b) Other (Consumer goods)	36,006	34,413	41,543	52,819	51,593	59,841
<b>2. Intermediate goods</b>	182,754	182,464	210,430	287,190	296,522	334,357
Petroleum	31,828	22,275	30,124	68,381	65,100	75,627
Fertilizer	3,916	3,889	4,890	6,059	6,047	7,259
Chemicals	8,004	9,241	9,590	11,163	12,847	14,292
Textile (Including clothing)	81,816	86,096	93,104	111,538	117,963	124,436
Other	57,179	69,699	72,925	90,215	94,045	110,241
<b>3. Investment goods</b>	78,232	95,322	110,569	130,899	146,189	172,046
Machinery & Equipment	43,853	60,802	47,736	59,538	64,287	61,286
Transport Equipment	12,279	17,088	37,181	39,489	11,469	14,449
Building Materials	16,030	19,500	18,296	23,087	22,145	28,013
Other	8,071	8,942	7,375	8,776	8,295	10,288
<b>4. Unclassified Imports</b>	12,975	11,397	8,129	30,802	30,108	11,907
<b>5. Total</b>	346,029	380,130	416,223	554,290	532,094	584,881

Total amount of import : **Rs. 66.5 billion (\$0.6 bil.)**  
 Total trade deficit (2008-2010) : **\$ 4 - 5 billion / year**

If possible to supply all the commodity through domestic produce...

**13-15% of trade deficit can be reduced**

Improvement of self-sufficiency in food products and reduction of import of agricultural commodity through **diversification of agriculture**

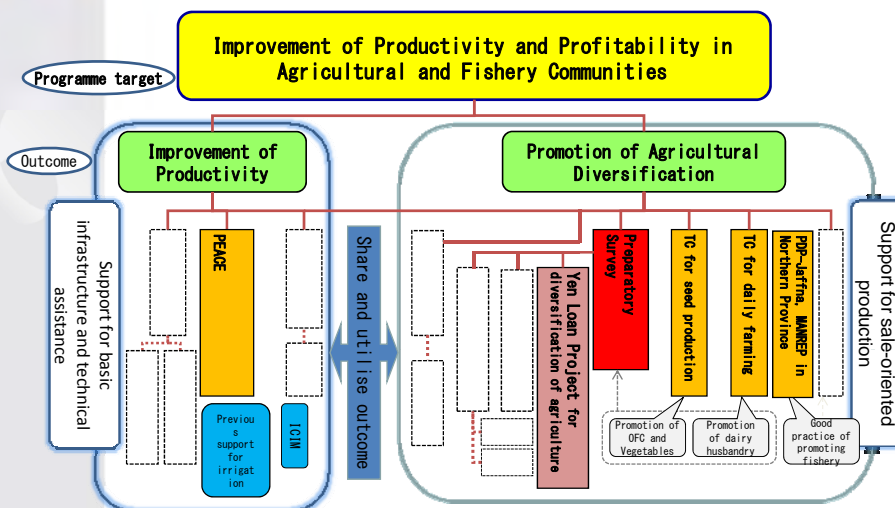
- save foreign currency
- lower trade deficit

# Analysis of Current Situation and Issues on Agricultural Sector



Current Situation		Issues	
Production	<ul style="list-style-type: none"> <li>Most producers are small-scale farmers.</li> <li>Low production volume except for rice (ex: vegetables, OFCs, fruits, and milk)</li> </ul>	Production	<ul style="list-style-type: none"> <li>Capacity Development of farmer's organisations</li> <li>Strengthening of funding abilities of small-scale farmers</li> <li>Improvement of productivity through upgrade of production infrastructure and agricultural technique/technology</li> </ul>
Shipment	<ul style="list-style-type: none"> <li>Large percentage of product loss (after-harvest loss and loss during distribution)</li> </ul>	Shipment	<ul style="list-style-type: none"> <li>Deduction of product loss during shipment and distribution</li> </ul>
Distribution/Market	<ul style="list-style-type: none"> <li>Lack of distribution infrastructure such as roads and warehouses</li> <li>Distribution activity exists independently and no connection with production areas and markets</li> <li>Lack of information on markets in urban areas to provide necessary and stable volume of products</li> </ul>	Distribution/Market	<ul style="list-style-type: none"> <li>Maintenance of distribution infrastructure</li> <li>Construction of the information sharing system between producers, distributors and market to provide stable volume of products</li> </ul>
General Issues	<ul style="list-style-type: none"> <li>Lack of holistic view of governmental policy and process for promoting agricultural sector</li> </ul>	General Issues	<ul style="list-style-type: none"> <li>Formulation of framework for promoting entire agricultural sector and streamline the process for development</li> <li>Building-up of solid institution/system of monitoring and coordination</li> </ul>

# JICA's strategy



## Strategy for project formulation



- **Concept of the future Loan project**

Supporting diversification of agriculture in Dry Zone towards commercially viable agriculture to strengthen food security in Sri Lanka



- To **maximise the impact** of the investment

Focus on potential intervention area

- Agricultural environment, production, market and market linkage, capacity, etc.

Package of investment menu

- Hard component, Soft component, Technical Cooperation etc.

## Focus of a possible Yen Loan project



Current Situation	Production	<ul style="list-style-type: none"> <li>◆ Most producers are small-scale farmers.</li> <li>◆ Low production volume except for rice (ex: vegetables, OFCs, fruits, and milk)</li> </ul>
	Shipment	<ul style="list-style-type: none"> <li>◆ Large percentage of product loss (after-harvest loss and loss during distribution)</li> </ul>
	Distribution/Market	<ul style="list-style-type: none"> <li>◆ Lack of distribution infrastructure such as roads and warehouses</li> <li>◆ Distribution activity exists independently and no connection with production areas and markets</li> <li>◆ Lack of information on markets in urban areas to provide necessary and stable volume of products</li> </ul>
	General Issues	<ul style="list-style-type: none"> <li>◆ Lack of holistic view of governmental policy and process for promoting agricultural sector</li> </ul>



Issues	Production	<ul style="list-style-type: none"> <li>✓ Capacity Development of farmer's organisations</li> <li>✓ Strengthening of funding abilities of small-scale farmers</li> <li>✓ Improvement of productivity through upgrade of production infrastructure and agricultural technique/technology</li> </ul>
	Shipment	<ul style="list-style-type: none"> <li>✓ Deduction of product loss during shipment and distribution</li> </ul>
	Distribution/Market	<ul style="list-style-type: none"> <li>✓ Maintenance of distribution infrastructure</li> <li>✓ Construction of the information sharing system between producers, distributors and market to provide stable volume of products</li> </ul>
	General Issues	<ul style="list-style-type: none"> <li>✓ Formulation of framework for promoting entire agricultural sector and streamline the process for development</li> <li>✓ Building-up of solid institution/system of monitoring and coordination</li> </ul>

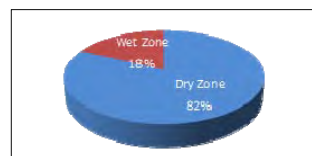
# Possible Project Area



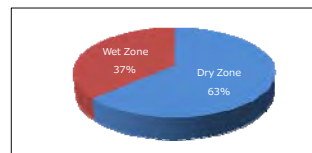
# Survey Area



Dry Zone: Potentially capable of diversifying agriculture



**Ratio of OFC Cultivated Land (Yala 2008 & Maha 2009)**  
Source : Department of Census and Statistics, Sri Lanka



**Ratio of Number of Owned Cattle (2010)**  
Source : Department of Census and Statistics, Sri Lanka

# Plan of Operation of Survey

Plan of Operation

## Plan of Operation

### (1) Presentation and Discussion on Inception Report

### (2) Survey on current situation and issues on overall agriculture and agriculture policy in Sri Lanka

- National and regional situation, perspective of dry zone area in Sri Lanka
- Compatibility of agriculture development policy with national development plan
- Review of current situation of agriculture
- clarification of administrative structure of Agriculture sector
  - (demarcation and cooperation among state and provincial government)
- Government Programs and their budget
- Donor funded program

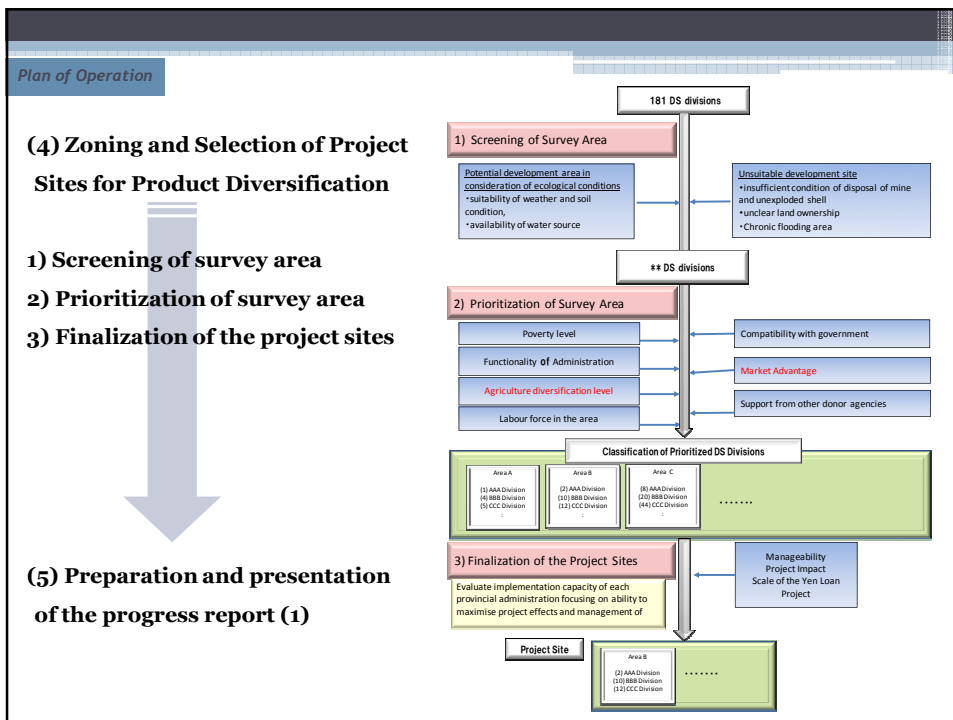


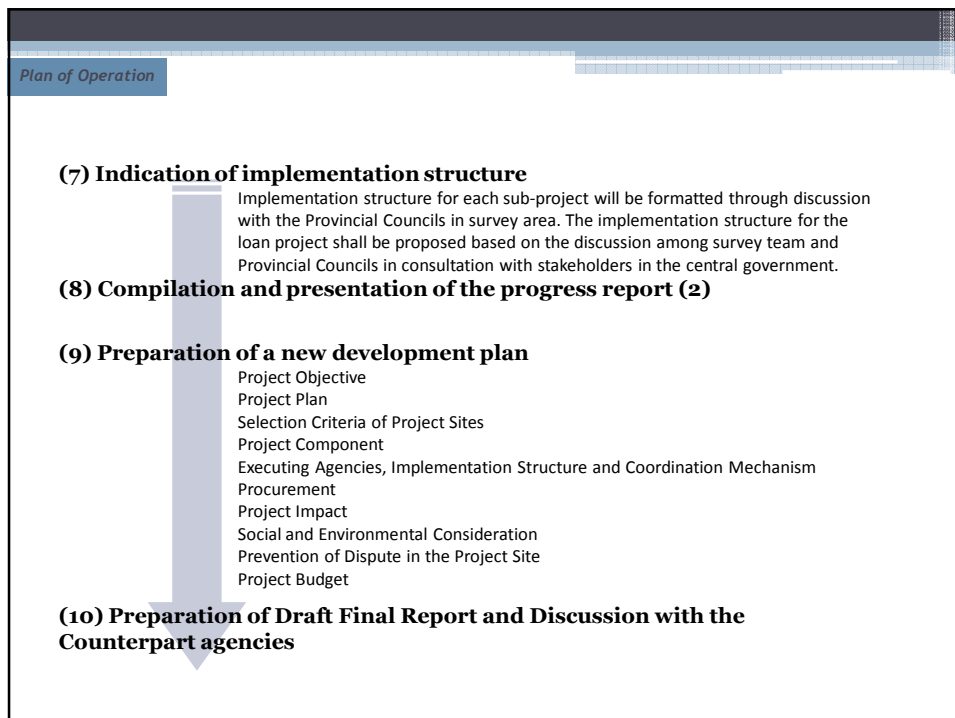
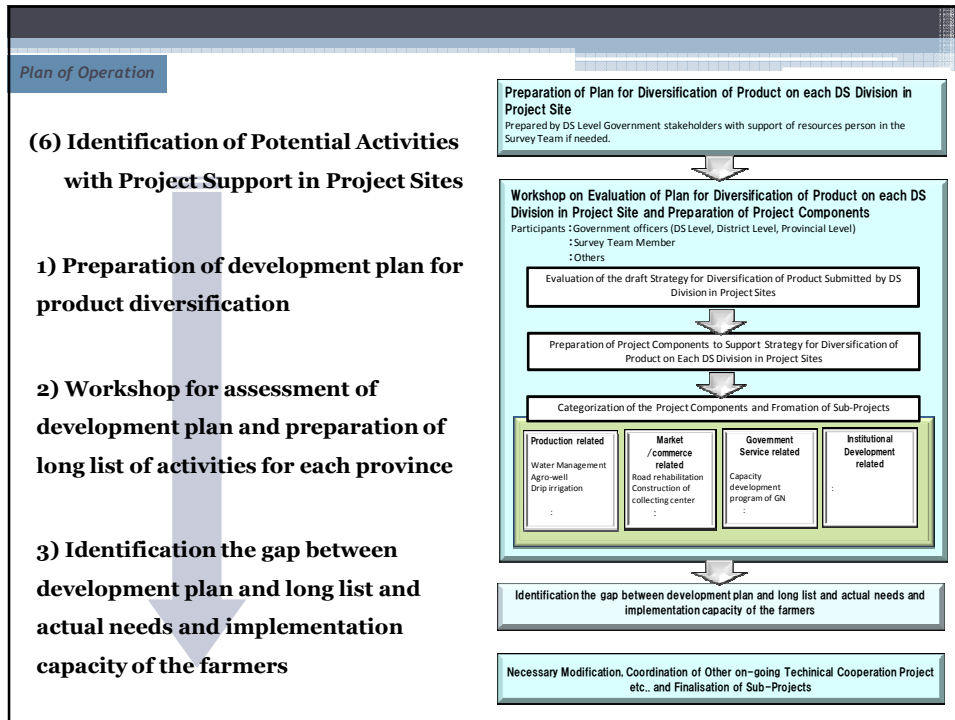


Plan of Operation

### (3) Survey on Agriculture Strategy and Current Situation in Each Province

Components		Survey Item	Information
(1)	Provincial agriculture development plan	- Agriculture development plan - Implementation structure (personnel) - Project budget - Development investment plan	
(2)	Function and staffing of provincial administration	- Past and on-going projects and their scale - The number of staffs and sufficiency - Experiences of donor funded projects - Capacity of project implementation	
(3)	Agro-ecological condition	- Location - Topography - Climate - hydrology - geological feature - soil condition - land use	
(4)	Socio-economic condition	- Population (tribal structure, labor force, occupation caste, non-agriculture population, etc) - Socio-economic situation - Social infrastructure - Relevant project (per country, province, donor) and NGO practice - Excess labor in rural agriculture area - Gender balance (gender roles in agriculture activities)	
(5)	Situation of agriculture and livestock	- Irrigation area - Irrigation system - Water management and Operation and management of the system - Land ownership - Rural community - Farm field management - Agriculture management(including agriculture mechanization), farm economic analysis - Agriculture production and productivity - Production share in domestic agriculture products - Marketing, processing and post-harvest of agriculture products - Location of major markets and their volume of trade - Agriculture support service - Farmers' organization	
(6)	Roles of private sector in agriculture	- The number of registered private company - Examples of cases such as contract growing.	





# Approaches to Project Formulate

## Approach 1

Project Site are selected by DS division with clear and logical criteria



### ■ **Screening Criteria (Tentative)**

Ecological condition : weather condition, soil condition, existence of water sources

Land issue : areas of paddy and upland field, land ownership, situation of disposal of mine and unexploded sell

### ■ **Criteria for prioritization (Tentative)**

Farmers : ratio of land owner and tenant farmer, uniformity of field area, poverty level

Labor force : availability of excess labor force in the area

Society : transportation infrastructure, accessibility to the markets, the number and capacity of intermediary.

Capacity of farmers : diversification skill / diversification level, experiences, willingness

Extension system : ASC function, function of veterinary office, donor funding situation

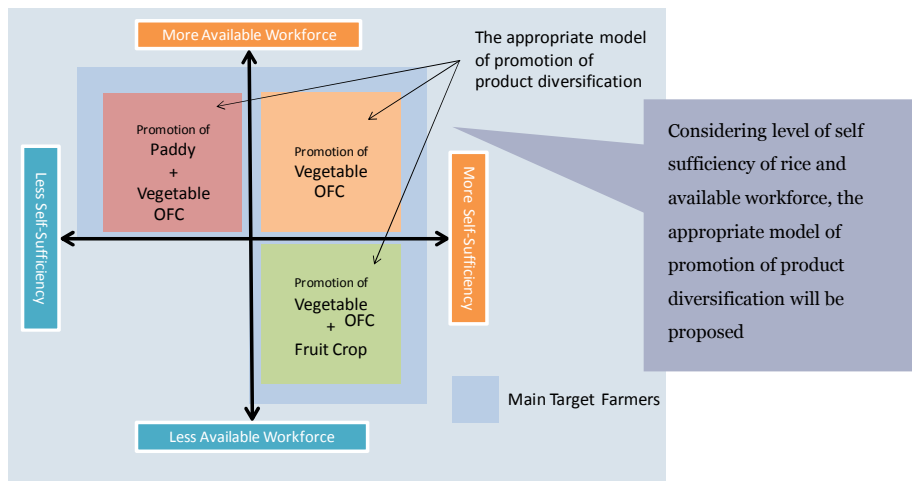
Development plan : compatibility with development plans

Project implementation capacity: staffing and capacity of the administrative officers, clarity of development vision



### Approach 2

The sustainable product diversification scenarios in the selected project site will be proposed based on the area potential and form of the agricultural management in the site



### Approach 3

Project puts priority on the stabilization of marketing channels of diversified products

- (1) Collaboration with marketing- and agriculture-related businesses as development partners
- (2) Promotion of contract farming
- (3) Providing food processing facilities if needed to take out the initial risk of promotion of product diversification



#### Approach 4

## The maximum collaboration with other on-going technical mutual projects is considered

### (1) JICA

- 1) Small-Scale Dairy Farming Improvement through Genetic and Feeding Management Improvement
- 2) Project for Enhancement of Production System of Certified Vegetable Seeds in Sri Lanka; and
- 3) Project for Training on Community Development for Frontline Officers in the Northern and Eastern Provinces

### (2) USAID

Connecting Regional Economies

### (3) GIZ

Performance Improvement Project (PIP)

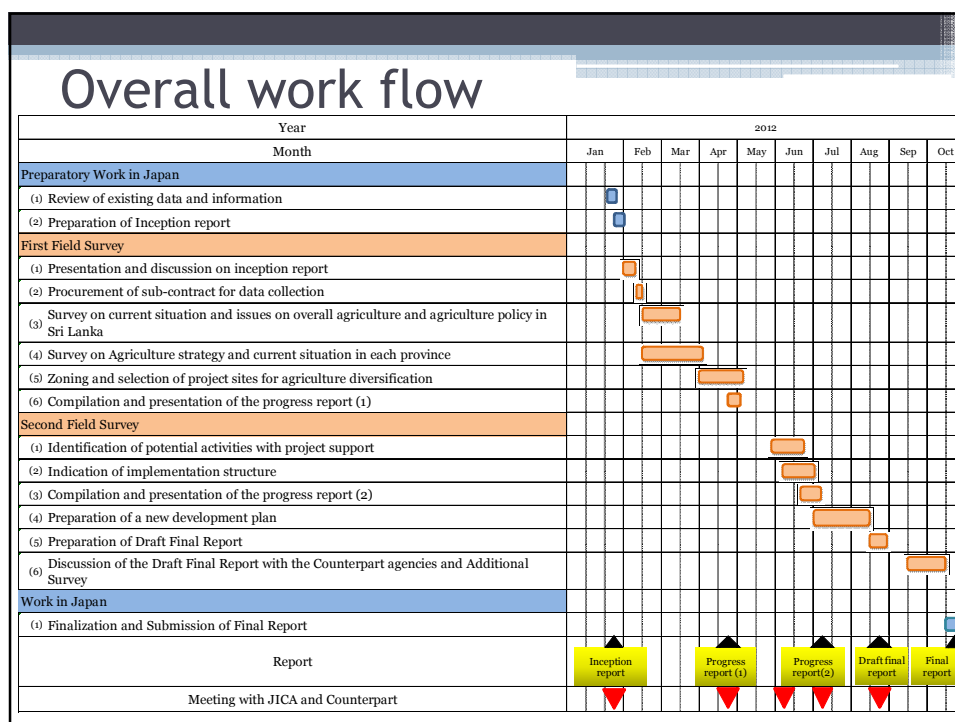


#### Approach 5

## The acceleration of involvement of the vulnerable persons/groups to project activities are considered

Regarding consideration of gender and socially-deprived individuals, it is important to look into the regional diversity in terms of religion (Hindi, Christian, Islam) and ethnicity. In accordance with this current state of the social environment, it is necessary to consider strategies to promote involvement of women and vulnerable individuals in the project. Activities such as **home gardening** and **poultry farming** should be included in the project components.



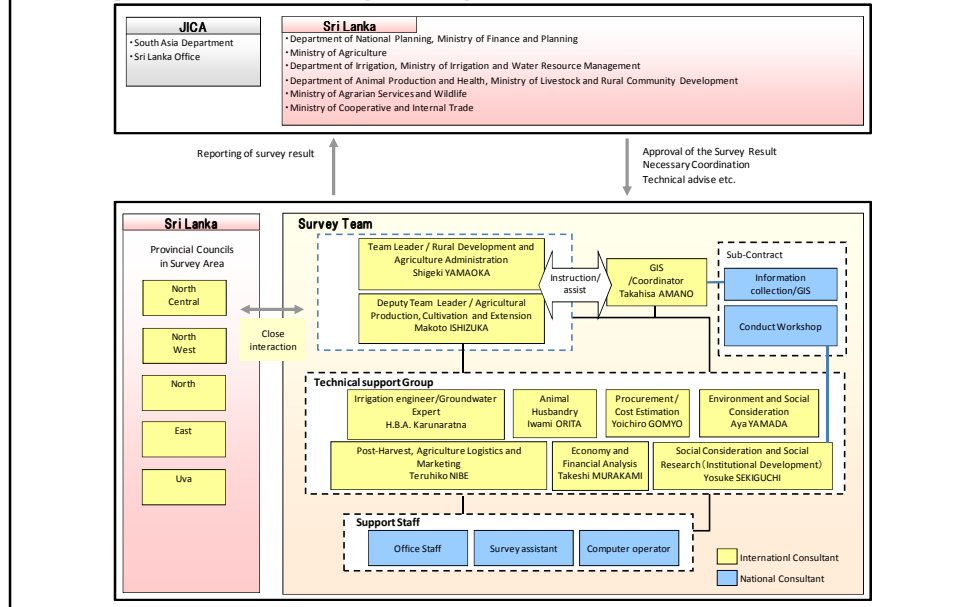


## Staffing of Survey Team

### Survey Team is consisted of 10 experts

(1) Team Leader / Rural Development and Agriculture Administration	: Shigeki YAMAOKA (Nippon Koei)
(2) Deputy Team Leader / Agricultural Production, Cultivation and Extension	: Makoto ISHIZUKA (KRI)
(3) Irrigation Engineer / Groundwater Expert	: H.B.A. KARUNARATNA (Nippon Koei)
(4) Animal Husbandry	: Iwami ORITA (Nippon Koei)
(5) Post-Harvest, Agriculture Logistics and Marketing	: Teruhiko NIBE (Nippon Koei)
(6) Procurement / Cost Estimation	: Yoichiro GOMYO (Nippon Koei)
(7) Economy and Financial Analysis	: Takeshi MURAKAMI(KRI)
(8) Social Consideration and Social Research (Institutional Development)	: Yosuke SEKIGUCHI (KRI)
(9) Environment and Social Consideration	: Aya YAMADA (KRI)
(10) GIS / Project Coordinator	: Takahisa AMANO (Nippon Koei)

## Implementing Organization



## Roles by GOSL

- (1) Provision of security- related information
- (2) Provision of information and support in obtaining medical service
- (3) Provision of data and information related to the Survey
- (4) Assignment of counterpart personnel as a focal point of the Survey
- (5) Issuing entry permits necessary for the survey team members to conduct field Survey.
- (6) Support in making transportation arrangement
- (7) Support in obtaining other privileges and benefits if necessary
- (8) Provision of suitable office space at Colombo and Trincomalee with necessary equipment and secretarial service.



## Date on survey site visit and discussion

8<sup>th</sup> Feb. 9:00 AM : Trincomalee (Eastern Province)

9<sup>th</sup> Feb. 9:00 AM : Badulla (Uva Province)

16<sup>th</sup> Feb. 9:00 AM : Kurunegala (North Western Province)

17<sup>th</sup> Feb. 9:00 AM : Anuradhapura (North Central Province)

20<sup>th</sup> Feb. 9:00 AM : Jaffna (Northern Province)

Directors and Deputy Directors on Department of Agriculture, Irrigation, Animal Production and Health, Cooperative, etc. are expected for discussion

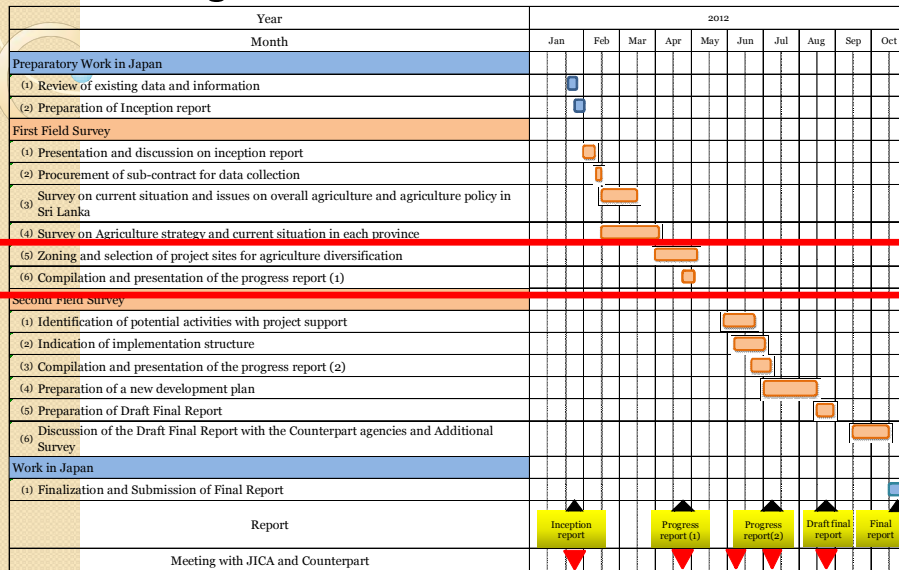


**The Preparatory Survey  
on the Project for Improvement of Agricultural Production and  
Productivity in Dry Zone Areas  
in Socialist Republic of Sri Lanka**

**Progress Meeting  
(Selection of Project Areas for Project Implementation )**

**24<sup>th</sup> April 2012  
JICA SURVEY TEAM**

**Work Progress**

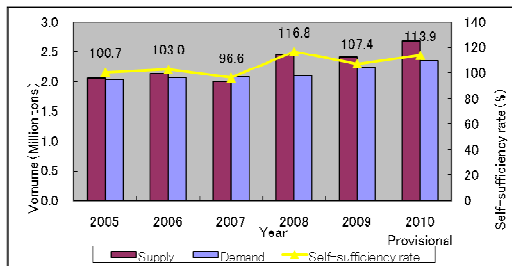


## Present Agriculture Situation

### Present Agriculture Situation: Paddy

**ACHIEVED SELF-SUFFICIENCY**

**SALES PRICE OF RICE PRODUCERS IS DECLINED**



Commodity	2005					2010		
	Unit	Price	Quantity	Value	Unit	Price	Quantity	Value
Rice	kg	12.50	100.0	1250.00	kg	11.50	100.0	1150.00
Wheat	kg	15.00	50.0	750.00	kg	14.00	50.0	700.00
Maize	kg	10.00	80.0	800.00	kg	9.50	80.0	760.00
Barley	kg	12.00	60.0	720.00	kg	11.00	60.0	660.00
Other Cereals	kg	8.00	100.0	800.00	kg	7.50	100.0	750.00
Oilseeds	kg	20.00	40.0	800.00	kg	19.00	40.0	760.00
Vegetables	kg	5.00	200.0	1000.00	kg	4.50	200.0	900.00
Fruits	kg	10.00	100.0	1000.00	kg	9.00	100.0	900.00
Meat	kg	30.00	30.0	900.00	kg	28.00	30.0	840.00
Dairy	kg	15.00	60.0	900.00	kg	14.00	60.0	840.00
Other	kg	10.00	100.0	1000.00	kg	9.50	100.0	950.00
<b>Total</b>				<b>10000.00</b>				<b>9500.00</b>

## Present Agriculture Situation: Importation

FOOD AND BEVERAGES EQUIVALENT TO Rs. 215 BILLION ARE IMPORTED

8.2 Composition of Imports, 2005-2010 (Rs. Bn.)

Item	2005	2006	2007	2008	2009	2010
Food and Beverages	195,781	145,547	193,084	155,471	171,091	148,187
Manufactures	12,724	19,239	12,291	17,191	20,552	24,589
Chemical and Stone	181,449	121,979	149,171	127,385	140,540	190,011
Leather, Wood and Paper	30,771	36,447	34,303	47,020	46,411	51,713
Textiles	186,191	172,949	181,113	186,185	173,020	187,078
Plastics, Rubber	31,159	33,454	31,184	50,082	31,849	42,040
Base metals	31,175	35,022	31,221	37,721	37,391	37,148
Machinery and Equipment	111,144	148,074	173,107	178,001	181,191	188,278
Transport Equipment	55,110	76,848	76,111	84,025	81,087	111,188
Others	24,135	21,618	17,885	34,638	34,878	40,664
Total	848,811	808,702	1,106,887	877,168	1,102,542	1,308,137

Source : Sri Lanka Customs

VEGETABLE CONSUMPTION PER CAPITA IS INCREASED BY 5% PER ANNUM  
30.9 KG(2002) → 40.1 KG (2007)

## Present Agriculture Situation: Employment

2,520,000 PERSONS (33% OF TOTAL EMPLOYMENT) ARE EMPLOYED IN AGRICULTURE, FORESTRY AND FISHERIES SECTOR

4.3 Employed Persons by Industry Group, 2006-2010  
(Based on ISIC (Rev.3))

	2006	2007	2008	2009	2010
Total employed	7,187	7,042	7,648	7,602	7,767
A. Agriculture, Forestry and Fisheries	2,387	2,363	2,489	2,478	2,539
B. Manufacturing	1,783	1,711	1,919	1,888	1,728
C. Construction	127	94	199	182	148
D. Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	101	93	98	113	101
E. Hotels and Restaurants	129	109	110	142	166
F. Transport, Storage and Communications	486	457	447	483	488
G. Financial Intermediation and Real Estate	-	-	-	-	-
H. Information and Communications	174	159	141	177	184
I. Public Administration and Defence, Compulsory social security	481	433	382	374	377
J. Education	277	250	236	248	262
K. Health and Social Work	710	685	711	747	766
L. Other Community, Social and Personal services activities	710	685	711	747	766
M. Private Households with Employed Persons	88	87	87	88	84
N. Miscellaneous Labour work	182	150	171	209	188
O. Involuntary and temporarily unemployed	21	23	14	-	-

Note : Mortuary & Burial Services included since year 2008 and 2009,2010 Mortuary Services excluded.

Source : Sri Lanka Labour Force Survey  
Department of Census and Statistics

## Government Development Plans

## National Development Plan (1)

### INCREASE IN OFC PRODUCTION

Table 2.7.3  
Present Production, Imports and Production Targets of OFC

OFC Items	Present Production (Tons)		Imports (Tons)		Production Targets (Tons)		Target Increase (%)
	2011	2012	2011	2012	2011	2012	
Big onions	10,000	10,000	10,000	10,000	10,000	10,000	0
Red onions	10,000	10,000	10,000	10,000	10,000	10,000	0
Green Onions	10,000	10,000	10,000	10,000	10,000	10,000	0
Shallots	10,000	10,000	10,000	10,000	10,000	10,000	0
Bunching	10,000	10,000	10,000	10,000	10,000	10,000	0
Green garlic	10,000	10,000	10,000	10,000	10,000	10,000	0
Black garlic	10,000	10,000	10,000	10,000	10,000	10,000	0
Coriander	10,000	10,000	10,000	10,000	10,000	10,000	0
Spring onion	10,000	10,000	10,000	10,000	10,000	10,000	0
Garlic root	10,000	10,000	10,000	10,000	10,000	10,000	0
Chives	10,000	10,000	10,000	10,000	10,000	10,000	0

## National Development Plan (2)

### INCREASE IN MILK PRODUCTION

Table 2.3.1  
Milk Targets of the Livestock Sector

Indicator	2001	2009	2015	2020
Self-sufficiency in milk (%)	15	33	50	100
Milk Production (mm.tons)	161	304	400	600
Imports of milk and milk products (mt)	66,100	24,800	20,700	1000
Imports value of milk and milk products (US\$ mn)	133	296		
No. of cattle with high production capacity	1.8 mn	3.8 mn	2.8 mn	2.4 mn
Dairies systems	60	80	150	200
Collecting centres		2542	3000	40000
Processing centres		2500	3000	40000

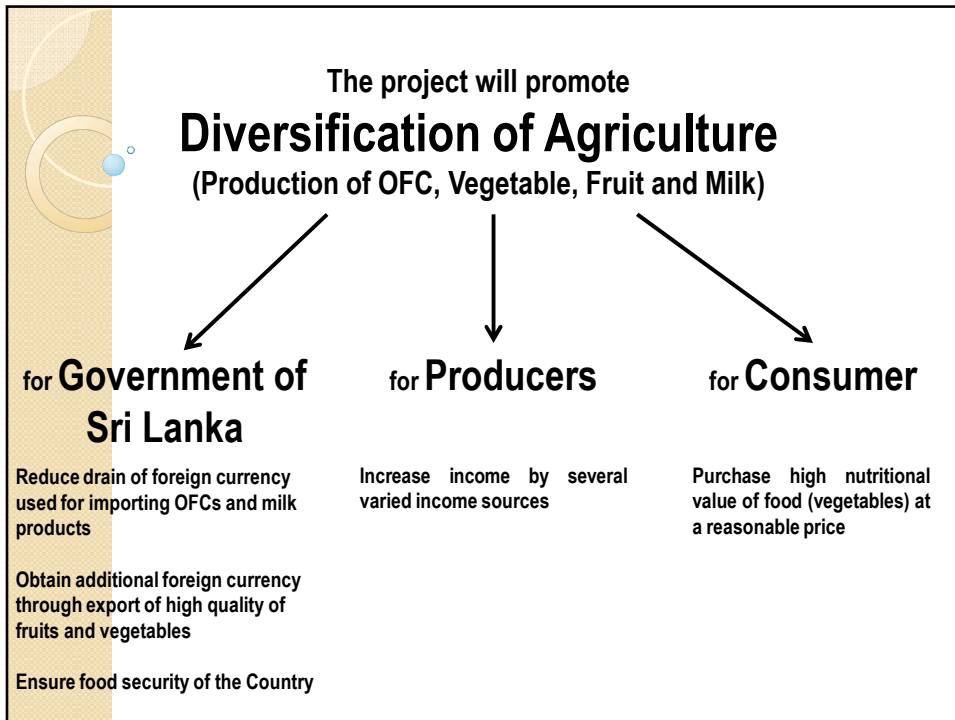
## National Development Plan (3)

### INCREASE IN VEGETABLE AND FRUIT PRODUCTION

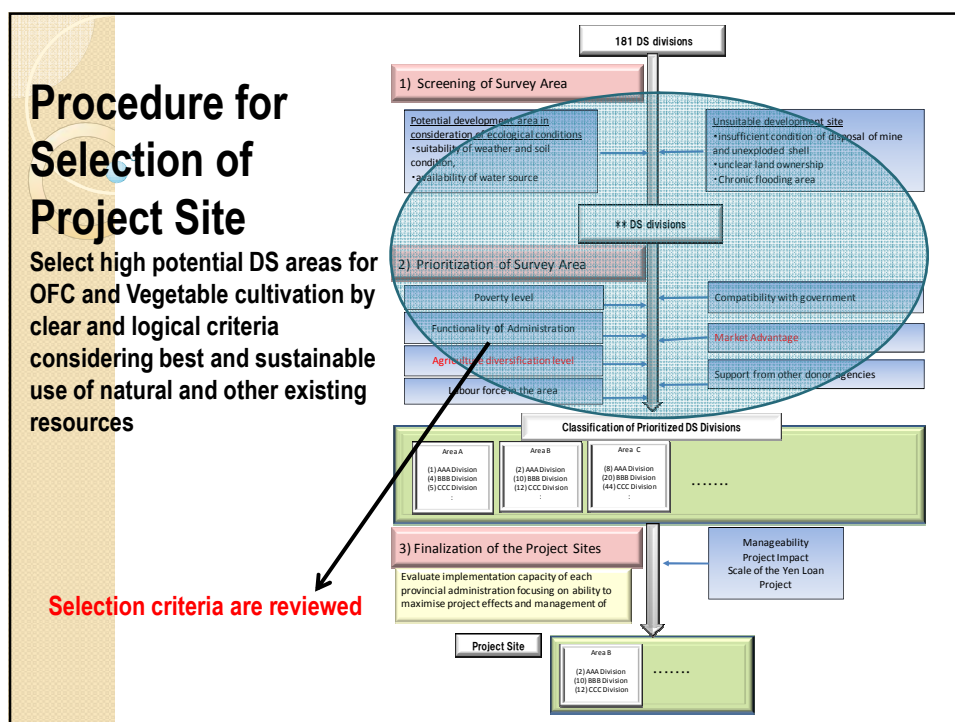
Table 2.3.2  
Present Production, Imports and Production Targets of Potato, Vegetables and Fruits

Commodity	Present (2011)		Target (2015)		Target (2020)	
	Production (mt)	Imports (mm.tons)	Production (mt)	Imports (mm.tons)	Production (mt)	Imports (mm.tons)
Potato	61,700	(95,800)	105,500	(60,000)	150,000	(25,800)
Vegetables	840,418	(268)	1,285,800	(30,000)(30)	1,300,000	(350,800)(3)
Fruits						
Banana	270,126	28			481,800	48,000
Pineapple	88,580	1298	81,800	900	120,000	48,000
Papaya	21,138	323	13,800	8,000	45,000	15,000
Mango	70,458	64	110,000	10,000	150,000	48,000

**THESE PLANS ARE SUPPORTED BY AGRICULTURE AND LIVESTOCK COOPERATE PLANS PREPARED BY THE LINE MINISTRIES**



## Selection of the Project Site



## Selection Criteria (1)

Criteria proposed in the Inception Report	Criteria Actually Used	Major Reasons (in case of rejected)
Soil Condition	→ (1) Soil suitability for OFC and Vegetable cultivation	-
Water Resources	→ (2) Accessibility to ground water (3) Appropriateness of surface water	-
Weather condition (Agro-ecological condition)	→ Not employed	Agro-ecological conditions do not give either an advantage or a disadvantage for site selection
Situation of disposal of mine and unexploded shell	→ Not employed as common selection criteria but situation is confirmed after selection of other criteria	
Transportation infrastructure and accessibility to the market	→ (4) Accessibility to a main road from a farm (5) Accessibility to a major market	
Farmers' diversification skill diversification level, experiences and willingness	→ (6) Present cultivation area of OFCs and vegetables in Yala	
Agriculture extension system	→ (7) Number of farmers covered by one Agriculture Instructor	

## Selection Criteria (2)

Criteria proposed in the Inception Report		Criteria Actually Used	Major Reasons (in case of rejected)
Poverty Level (Food insecurity)	→	Not employed	Poverty level (food insecurity) is covered by a criterion "Present cultivation area of OFC and vegetable in Yala"
Availability of Labor Force	→	Not employed	This criterion can be used for OFC and vegetable zoning in the future
Consistency with development plans	→	Not employed	This criterion does not give either an advantage or a disadvantage on DSs as Provincial Development Plans cover all DS areas.

## Scoring Method (1)

No.	Criteria	Data Used	Points Allocated	Scoring Method
(1)	Suitability of Soil	National Soil Map	15	15 Points are uniformly allocated to each DS based on suitable soil rate. Suitable soil rate = (suitable soil area) / (total DS area)
(2)	Appropriateness of Water Resource	<p>Appropriateness of availability of surface water</p> <p><u>Major scheme :</u> Present crop intensity (CI) collected from Central and Provincial departments of irrigation and Mahaweli</p> <p><u>Minor scheme :</u> Present CI is estimated based on the data collected from DAD</p>	10	Giving the following points based on the present CI. (1) CI < 0.8 : 0 points (2) 0.8 < CI < 1.0 : 2 points (3) 1.0 < CI < 1.4 : 10 points (4) 1.4 < CI < 1.6 : 6 points (5) 1.6 < CI < 1.8 : 2 points (6) 1.8 < CI : 0 points
	Accessibility to ground water	National Ground Water Map	10	10 Points are uniformly allocated to each DS based on shallow aquifer rate. Shallow aquifer rate = (area where shallow aquifer exist) / (total DS area)



## Scoring Method (2)

No.	Criteria	Data Used	Points Allocated	Scoring Method
(3)	Farmer's needs and ability	Data for Yala 2011 Actual data collected from Provincial Director of Agriculture office	30	Giving the following points based on present OFC and vegetable cultivated extent in Yala More than 550 ha : 30 points 550 ~ 450 ha : 24 points 450 ~ 350 ha : 18 points 350 ~ 250 ha : 12 points 250 ~ 150 ha : 6 points Less than 150 ha : 0 points
(4)	Adequateness of Government Extension Services	Staff detailed collected from Department of Agriculture and DAD office in each district	15	Giving the following points based on number of farmers covered by one Agriculture Instructor. Less than 600 farmers : 15 points 600 ~ 900 farmers : 12 points 900 ~ 1200 farmers : 9 points 1200 ~ 1500 farmers : 6 points 1500 ~ 1800 farmers : 3 points More than 1800 farmers : 0 points

## Scoring Method (3)

No.	Criteria	Data Used	Points Allocated	Scoring Method	
(5)	Marketability	Accessibility to main road	Type and length of a road collected from each District Secretariat office	10	Giving the following points based on density of minor roads. Density of minor roads = (length minor road, cart track and foot path) / (farming area) More than 10km/km <sup>2</sup> : 10 points 10 ~ 8 km/km <sup>2</sup> : 8 points 8 ~ 6 km/km <sup>2</sup> : 6 points 6 ~ 4 km/km <sup>2</sup> : 4 points 4 ~ 2 km/km <sup>2</sup> : 2 points Less than 2km/km <sup>2</sup> : 0 points
		Accessibility to major market	National Road Map	10	Giving the following points based on traveling time from center of DS (location of DS office) to a nearest big market (Colombo, Dumbulla or Tabuttegama etc) calculated by the following assumption A,B class road : 40km/h Other road : 20km/h Less than 2 hrs. : 10 points 2 ~ 3 hrs. : 8 points 3 ~ 4 hrs. : 6 points 4 ~ 5 hrs. : 4 points 5 ~ 6 hrs. : 2 points More than 6 hrs. : 0 points

## Suitability of Soil



## Accessibility to Ground Water



## Appropriateness of Availability of Surface Water



## Farmers' Needs and Ability



### Accessibility to Main Road



### Accessibility to Major Market





## Government Extension Services



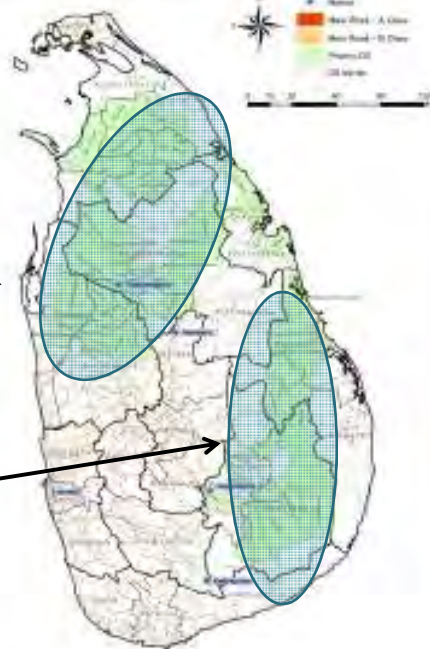
## High Scored DSs Locations

### High Potential Area for OFC and Vegetable Production (Production Belt 1)

Northern part of Kurunegala, Puttaram to Trincomalee to the East and Mullative to the North

### High Potential Area for OFC and Vegetable Production (Production Belt 2)

From southern part of Moneragala, inland of Eastern Province to Batticaloa



## Locations of High Scored DSs

No.	DSs in Survey Area		Project Site DSs
Northern Province	34	⇒	8 (15%)
North Central Province	29	⇒	14 (26%)
North Western Province	47	⇒	12 (22%)
Eastern Province	45	⇒	10 (19%)
Uva Province	26	⇒	10 (19%)
TOTAL	181	⇒	54 (100%)

## Coming Work Schedule

**30<sup>th</sup> April** : Mobilization of National Team for discussion of diversification plan for each selected DS  
(14 places for one month)

**11<sup>th</sup> June ~** : Evaluation of agriculture diversification plan for each DS and identify the project components (Provincial Level Workshop)

**25<sup>th</sup> June~** : Needs assessment of sample villages in selected DSs (Village Level Workshop)

## Strategy for project formulation

- **Concept of the future Loan project**  
Supporting diversification of agriculture in Dry Zone towards commercially viable agriculture to strengthen food security in Sri Lanka



- To promote mixed farming by combination of producing OFCs, vegetables, fruits and livestock in appropriate and suitable areas

## Production Target

Targeting 15% contribution to the national development plan in 2020 for OFC (vegetable) cultivation in target area.  $(136,741 \times 10 \sim 15\% = \text{about } 13,000 \sim 20,000 \text{ (ha)})$

	Target Production in 2020	Present Production 2009	Production additionally required during 2009 – 2020 In Sri Lanka	Estimated cultivation area additionally required during 2009 – 2020 in Sri Lanka	Estimated cultivation area additionally required during 2009 – 2020 in Survey Area
	(tons)	(tons)	(tons)	(ha)	(ha)
Big onion	250,300	81,707	168,593	12,798	12,324
Red onion	60,750	46,234	14,516	565	536
Dried chillies	60,850	10,318	50,532	16,871	12,670
Maize	350,000	129,769	220,231	36,645	35,289
Kurakkan	44,600	6,433	38,167	28,406	19,060
Green gram	66,900	9,258	57,642	36,031	26,411
Black gram	26,760	7,071	19,689	8,868	6,208
Cowpea	35,000	13,485	21,515	6,982	6,319
Soya bean	19,250	6,050	13,200	9,625	8,663
Ground nut	26,760	13,077	13,683	3,162	2,804
Gingerly	26,760	8,525	18,235	6,959	6,458
Total				166,911	136,741

## Points for Discussion: Strategy for Development Plan and Workshop

### 1. Production

- Target small holding sector for large impact

Fact: More than 87% of farm land belonged to small holding sector farmers  
(30,501 ha+817,842 ha) ÷ 972,658 ha=87%

Province/District	Less than or Equal to 0.11 ha	More than 0.11 ha	Estate Sector above 8.0 ha	Total (ha)
North	5,736	64,701	16	70,453
East	9,096	117,620	691	127,407
North-Western	9,962	277,127	71,858	358,947
North Central	2,723	208,236	6,301	217,260
Uva	2,984	150,158	45,449	198,591
5 provinces Total	<b>30,501</b>	<b>817,842</b>	124,315	972,658

## Points for Discussion: Strategy for Development Plan and Workshop

- Maximise productivity in small holding with available labour force

Fact: • 0.6 ha is farm holding size of small holding sector farmers in average

• There is not enough land to expand cultivation in Maha

• Low profit in paddy cultivation

> Promotion of profitable crops and raise of productivity in Yala (the 2<sup>nd</sup> season of farming)

> Utilisation of redundant workers to facilitate diversification of agriculture and creation of employment opportunities in Yala

Major Production Activity	Place	Session
Production of OFCs and Vegetables	Irrigation command area	Yala
Production of feed for animals	Highland	Maha & Yala
Production of fruits	Highland	Maha & Yala

Ex: Rehabilitation of irrigation and drainage facilities (**priority on the rehabilitation**), construction of agro-wells and farm roads, provision of micro irrigation facilities and fences etc



## Points for Discussion: Strategy for Development Plan and Workshop

- **Promote systematic integration in agriculture and livestock**
  - Fact: • Present natural pasture land provides only 40-50% of total requirement of feeds
    - Grazing land will decrease by utilisation of available land for diversification of agriculture
  - Semi-intensive manner of livestock management is needed to increase milk yield
    - Ex: Establishment of animal feed production system with agriculture by-products, construction of feed storage and upgrading cattle and goats, strengthening government supporting services etc.
- **Develop capacity of extension services to facilitate introducing various crops and to provide quick responses for bottlenecks on the ground**
  - Ex: Officer's capacity development, upgrading of research centers

## Points for Discussion: Strategy for Development Plan and Workshop

### 2. Market linkage

- **Strengthen farm management skills of farmers and groups of farmers**
  - Ex: Bridge between ASC and D of Agri. for better market information flow
    - Use ASC as market information centre
    - Trainings of cost/benefit analysis for farmers and groups of farmers
- **Linkage between producers and buyers for win-win business and foster mutual trust for further business**
  - Ex: Encourage collective production, endorse forward contract between producers and buyers, provision of credit to buyers, construction of collecting centers with grading facilities, storage etc. and rehabilitation of rural roads

# Progress Meeting No.2

## Development Plan and Activities in Potential Area

The Preparatory Survey  
on the Project for Improvement of Agricultural Production and  
Productivity in Dry Zone Areas  
in Socialist Republic of Sri Lanka

23<sup>rd</sup> July 2012

JICA Survey Team

## National Agriculture Background in Project

33% of employee are engaged in agriculture sector

3.2 Employed Persons by Industry Group, 2006-2010

[Based on ISIC (Rev.3)]

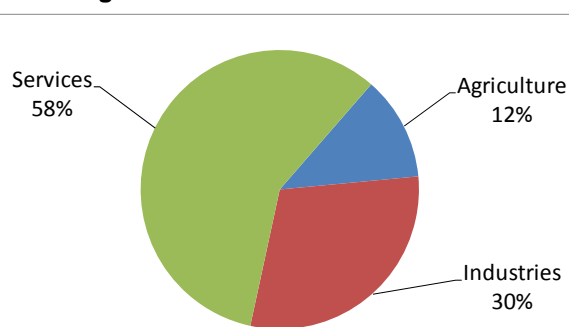
('000 persons)

	2006	2007	2008	2009	2010
Total employed	7,105	7,042	7,648	7,602	7,707
1. Agriculture Forestry and Fishery	2,287	2,202	2,490	2,476	2,520
2. Manufacturing	1,303	1,331	1,414	1,348	1,318
3. Construction	527	542	590	562	548
4. Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	955	932	984	977	1,051
5. Hotels and Restaurants	129	119	110	142	146
6. Transport, Storage and Communication	430	457	447	445	484
7. Financial Intermediation and Real Estate, Renting and Business Activities	221	215	241	227	264
8. Public Administration and Defence, Compulsory social security	401	433	512	524	537
9. Education	277	259	326	336	302
10. Health and Social Work	110	116	121	---	---
11. Other Community, Social and Personal Services Activities	124	105	142	---	---
12. Private Households with Employed Persons	80	87	85	---	---
13. Miscellaneous Labour work	180	220	171	---	---
14. Industries not adequately described	21	23	14	---	---

Note : Northern & Eastern Provinces excluded upto year 2008 and 2009,2010 Northern

Source - Sri Lanka Labour Force Survey  
Department of Census and Statistics

Agriculture Share of GDP is 12%



# National Agriculture Background in Project

Importation : Rs. 215 billion in 2010

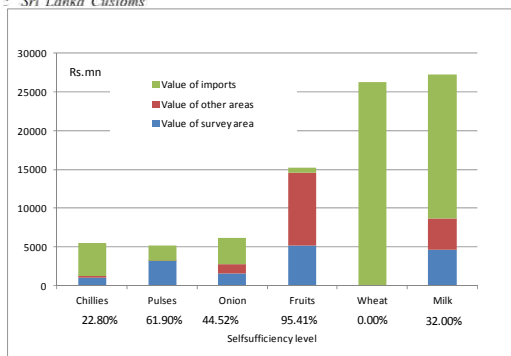
9.2 Composition of Imports, 2005-2010 (Rs.Mn.)

Item	2005	2006	2007	2008	2009	2010
Food and Beverages	105,783	127,327	153,004	205,371	171,003	215,107
Mineral Products	127,908	130,252	122,314	174,747	233,002	201,000
Chemical and Resins	101,498	121,970	148,231	207,305	149,509	190,012
Leather, Wood and Paper	30,772	36,447	43,568	47,029	40,433	51,715
Textiles	166,493	172,045	191,315	194,565	178,020	207,058
Precious Stones	31,259	33,454	31,394	59,082	31,889	42,690
Base metals	71,176	77,822	84,225	97,724	77,661	87,468
Machinery and Equipment	112,834	148,870	174,337	174,811	141,101	168,278
Transport Equipment	59,510	76,640	76,311	84,995	61,007	131,889
Other	28,218	21,819	35,308	34,636	36,878	40,034
<b>Total</b>	<b>835,511</b>	<b>1,006,702</b>	<b>1,260,607</b>	<b>1,477,265</b>	<b>1,122,562</b>	<b>1,395,257</b>

Importation of OFC  
Rs. 30 billion (14% of importation of food and beverages) in 2010

Crop	Qty (mt.)	Value ('000 Rs.)
Chili	37,720	4,997,227
Big Onion	158,086	6,649,347
Red Onion	11,907	641,286
Maize (All)	10,506	581,557
Kurakkan	2,052	59,704
Soybean	1,611	94,548
Green gram	11,515	1,755,909
Cowpea	45	2,568
Groundnut	4,604	459,624
Black gram	1,500	194,097
Chickpeas	8,291	833,815
Lentils-Red	126,816	13,814,218
Lentils-Yellow	6,533	689,070

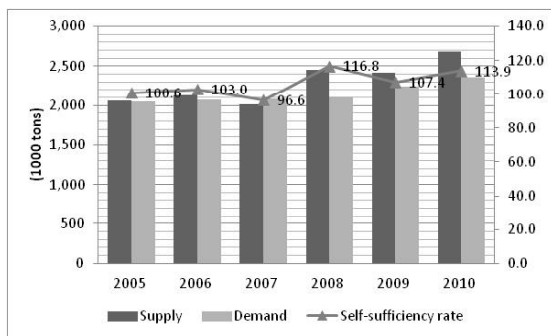
Source : Sri Lanka Customs



Low self sufficiency

\* Lentils (red/yellow) can not be produced locally

# National Agriculture Background in Project



Achieved self sufficiency of paddy

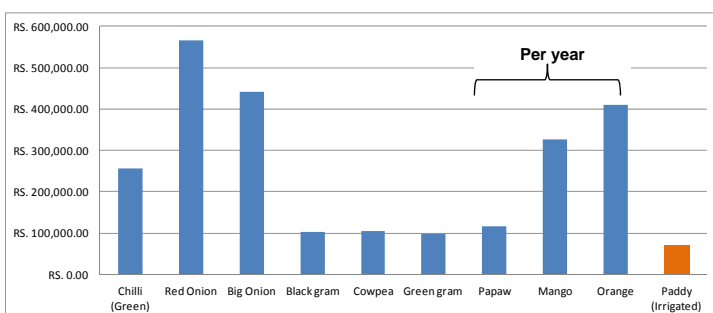
Producers price of paddy is declined

District	2002	2003	2004	2005	2006	2007	2008	2009	2010
Colombo	14.15	11.77	14.67	14.95	12.63	..	..	..	..
Gampaha	14.09	11.37	15.77	15.03	12.08	..	20.28	33.28	32.00
Kalutara	13.75	12.02	14.91	15.66	..	17.58	..	31.11	30.60
Kandy	12.31	11.76	15.40	14.97	14.00	17.68	32.64	39.00	..
Matale	12.90	11.80	14.22	16.82	13.28	17.70	31.64	35.53	29.68
N'Eliya	13.84	11.50	15.07	15.31	..	..	..	..	..
Galle	13.85	12.57	15.35	15.40	..	21.00	..	34.00	..
Matara	13.71	13.86	16.55	14.95	14.00	..	..	..	24.00
Hambantota	14.30	13.13	17.70	15.68	13.40	28.00	..	30.17	34.00
Jaffna	..	11.86	..	13.91	..	..	..	..	..
Mannar	..	..	..	..	..	..	..	..	..
Mullativu	..	16.33	14.95	14.34	15.16	..	..	..	..
Kalmuchchi	..	15.58	15.20	16.69	20.85	22.45	..	..	..
Vavuniya	10.54	11.99	..	14.61	13.46	13.06	..	..	..
Batticaloa	14.59	13.09	15.62	15.07	14.13	17.93	30.24	30.18	25.91
Anapara	14.22	13.00	16.31	15.37	14.40	17.82	32.16	33.60	28.60
Trompsdalee	15.33	12.57	16.31	15.52	13.77	18.89	34.40	35.07	30.34
Koonesgala	14.19	11.06	17.00	15.81	14.11	18.51	34.11	35.11	31.40
Puttalam	14.18	12.69	17.43	16.91	14.51	18.99	34.34	35.81	30.73
Amradalpura	13.03	11.87	14.92	12.80	14.25	19.10	34.21	34.29	30.75
Polonnaruwa	12.97	11.87	15.55	15.71	14.10	19.71	34.32	34.89	27.85
Badulla	13.51	12.75	14.98	19.13	13.06	18.70	33.49	33.14	26.53
Mooneragala	13.56	13.23	16.01	13.43	13.77	21.31	30.60	30.36	24.00
Ratnapura	14.26	13.45	16.06	15.13	13.29	..	..	..	..
Regalle	12.61	12.71	14.54	14.33	12.96	14.53	..	..	..

Source: Department of Census and Statistics

Small holding agriculture farmers are more affected in decline of paddy price

Rs./ha/season



Better net return from OFC and fruit than from paddy

# Overall Target and Objective

## Overall Goal

- (1) Decrease in foreign currency outflow through improvement of self sufficient ratio
- (2) Increase in income of small holding sector



## Project Purpose

Increase in production & productivity of commercially viable agriculture products in potential areas in dry zone through promotion of integrated farming to small holding sector

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# Survey Area

## 5 provinces mainly located in Dry Zone Area

Low population density and vast extent of land

→ More land for agriculture

Province	Estimated 2009 Population			Land Area	
	Total ('000)	Share in Sri Lanka	Density (prns/sq km)	Land Area (sq. km)	Share
Northern	1,187	5.8%	143	8,290	13.2%
Eastern	1,171	5.7%	171	6,832	10.9%
North-Western	2,320	11.3%	309	7,506	12.0%
North Central	1,225	6.0%	126	9,741	15.5%
Uva	1,309	6.4%	157	8,335	13.3%
<b>5 provinces Total</b>	<b>7,212</b>	<b>35.3%</b>	<b>177</b>	<b>40,704</b>	<b>64.9%</b>
<b>Other provinces</b>	<b>13,238</b>	<b>64.7%</b>	<b>680</b>	<b>19,472</b>	<b>31.1%</b>
<b>Sri Lanka Total</b>	<b>20,450</b>	<b>100.0%</b>	<b>326</b>	<b>62,705</b>	<b>100.0%</b>



5

# Why Survey Area?

## Land is available

The survey area covers an area of about 41,000 square kilometers which accounts for 65 % of the country's land area which is occupied by the 35 % of the total population of the country. There is the land for expansion of the cultivation in the future.

## Irrigation system is developed

The irrigation systems have been developed since the ancient period and nearly 500,000 ha of irrigable land are available in the survey area. Only 65% of the water resources are available in the area are utilized at present and there is room to improve the efficiency of water resources utilization.

## Better soil and climatic condition

Soils and climatic conditions in dry zone are favorable for OFC and fruits cultivation. Reddish brown earth soils and non-calcic brown soils are mainly available in dry zone. Those are suitable for other field crop and fruit cultivation

## Possibility in increase in milk production

Dry Zone consists of 82% of the national cattle population and produces 54% of the total national milk production without much financial and infrastructure interventions during the past several decades. However, an impact could be made by appropriate interventions to double the current crossbred population and also by improved management system

## Expect bigger impact through agriculture sector improvement

GDP share of agriculture in the survey area is more than 25% though it is 12 % of that of national economy. The contribution share to national agriculture GDP is more than 50% at present. The agriculture is more important in survey area and worth while to change current agricultural practices and introduce commercial agriculture in the area.

6

# High Potential Area for Project Implementation in Survey Area

## Progress Meeting No.1 (April 2012)

54 candidate DS divisions were selected.

### Selection Criteria

- (1) Soil suitability
- (2) Appropriateness of water resources
- (3) Farmer's needs and experience
- (4) Marketability
- (5) Adequacy of extension services

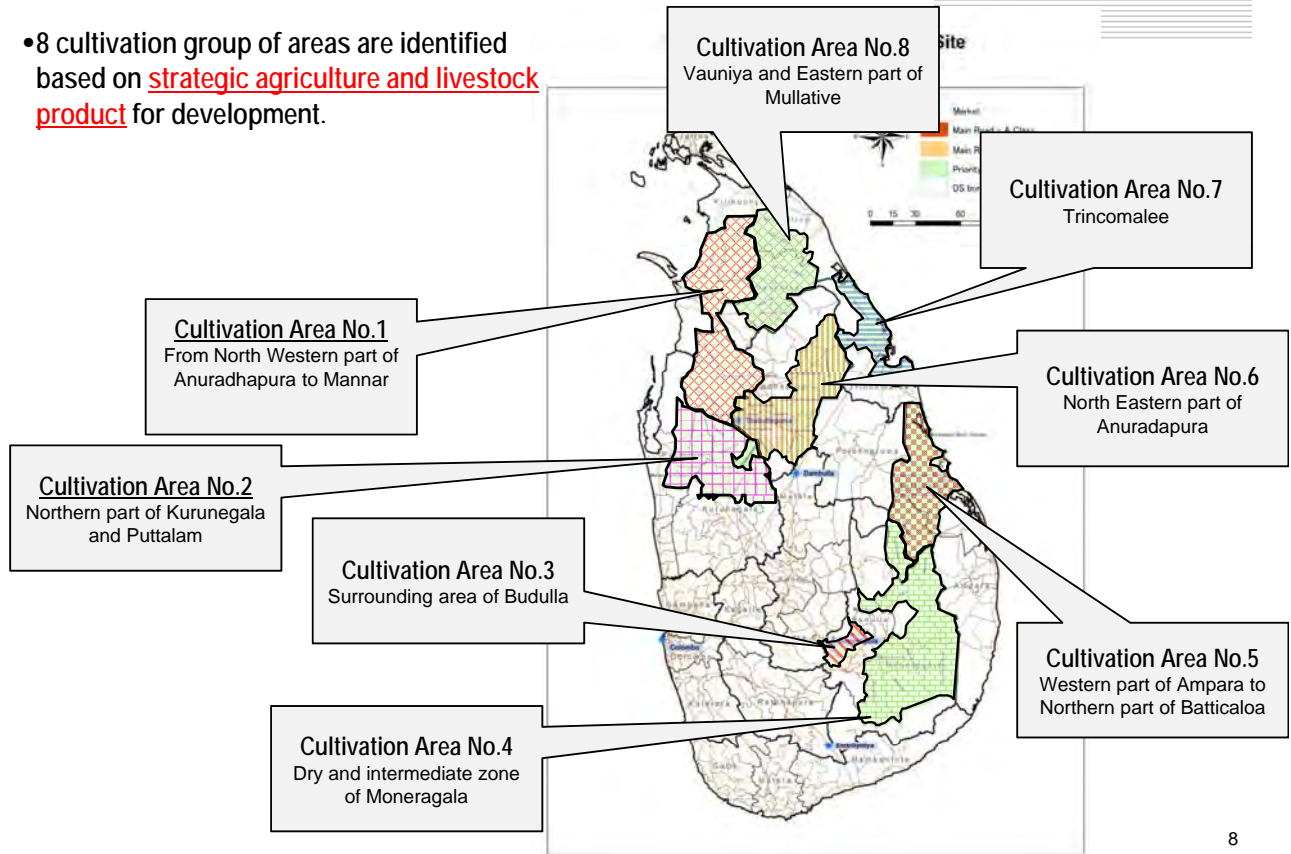
Name of Province	Candidate Project Site DSs	Share
Northern Province	8	12%
Eastern Province	10	20%
North Central Province	14	27%
North Western Province	12	21%
Uva Province	10	20%
TOTAL	54	100%



7

# Development Plan for Each Cultivation Area

• 8 cultivation group of areas are identified based on **strategic agriculture and livestock product** for development.



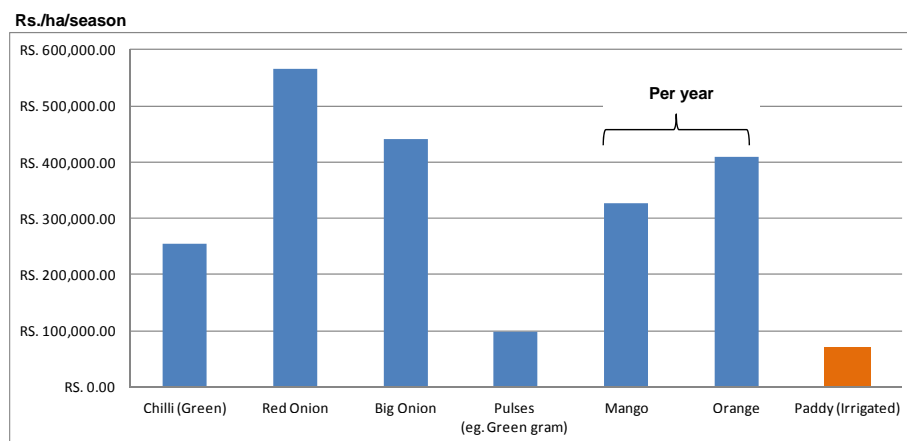
# Strategic Agriculture and Livestock Product

Strategic Agriculture and Livestock Product

(1) Onion (2) Chilli (3) Pulses (4) Fruit (5) Milk

Feature of Strategic Agriculture and Livestock Product

- (1) High Importation
- (2) Conform to the development plan (*Mahinda Chintana* / Agriculture Cooperative Plan / Lvestock Master Plan)
- (3) Technically feasible to produce
- (4) Meet ground level needs (farmer and frontline officer's needs) for production
- (5) Expect high net return compared to paddy



Net Return Excluding Family Labor by Crop (Rs/ha)



## Development Plan for Each Cultivation Area

Cultivation Area (CA)	Main Strategic Agriculture and Livestock Product	Major Features of Cultivation Area
CA -1	(1) Chilli (Yala) (2) Pulses (Yala) (3) Fruit (4) Milk (Maha)	<p><b>Soil:</b> Reddish Brown Earth Soil/Red Yellow Latasols suitable for chilli, pulses and fruits</p> <p><b>Water:</b> Irrigation schemes designed for OFC cultivation (Periyamadu and Welimathuramadu schemes) are available</p> <p><b>Advantage:</b></p> <ul style="list-style-type: none"> <li>• Sufficient farmers' knowledge and experiences of cultivating OFCs (black gram, cow pea and chillies)</li> <li>• Emphasis on green chillies production (eg: Green Chilli Export Programme by provincial council from 2011)</li> <li>• Availability of crossbred cattle in Nochiyagama is more than average (DAPH Farm Registration 2008)</li> </ul>
CA-2	(1) Chilli (Yala) (2) Fruit (3) Milk (Maha)	<p><b>Soil:</b> Non Calcic brown and Reddish Brown Earth Soil suitable for chilli and fruits</p> <p><b>Water:</b> Irrigation scheme designed for fruit cultivation (Neelabemma) is available</p> <p><b>Advantage:</b></p> <ul style="list-style-type: none"> <li>• More than 40 plant nurseries producers are available and they have enough capacity to supply them</li> <li>• Currently farmers are trading fruits with supermarkets and there is the possibility to expand the production and trading channels</li> <li>• Availability of crossbred cattle in Ambanpola, Mahakumbukkadawala, Nawagaththegama, Anamduwa, Nikaweratiya and Polpithigama are more than average (DAPH Farm Registration 2008)</li> <li>• The livestock cooperative in this area is active</li> </ul>

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## Development Plan for Each Cultivation Area

Cultivation Area (CA)	Main Strategic Agriculture and Livestock Product	Major Features of Cultivation Area
CA -3	(1) Onion (Maha) (2) Milk (Maha)	<p><b>Soil:</b> Red yellow podsolic soils suitable for onion</p> <p><b>Water :</b> Less rainfall in Maha suitable for big onion production</p> <p><b>Advantage :</b></p> <ul style="list-style-type: none"> <li>• Central DoA and provincial DoA started the B-onion production in this area</li> <li>• Farmer has basic knowledge and motivation for cultivation</li> <li>• Availability of crossbred cattle in Hali Ela and Welimada are more than average (DAPH Farm Registration 2008)</li> </ul>
CA -4	(1) Chilli (Yala) (2) Fruit (3) Milk (Maha)	<p><b>Soil:</b> Reddish Brown Earth suitable for chilli and fruits</p> <p><b>Advantage :</b></p> <ul style="list-style-type: none"> <li>• Major fruit cultivation area traditionally with strong market channels including exporters</li> <li>• Production of Chilli and maize is being promoted by the Provincial DoA</li> <li>• Availability of crossbred cattle in Moneragala, Badalkumbura and Wellawaya are more than average (DAPH Farm Registration 2008)</li> </ul>
CA -5	(1) Pulses (Yala) (2) Milk (Maha)	<p><b>Soil:</b> Alluvial soils suitable for pulses with proper drainage facilities</p> <p><b>Water :</b> Irrigation development of Maduru Oya Right Bank Scheme is being planned</p> <p><b>Advantage :</b></p> <ul style="list-style-type: none"> <li>• One of the biggest pulse production areas since 1990s and farmers has basic knowledge for cultivation</li> <li>• Enough highland including river side is available for expansion for pulse production</li> <li>• Availability of crossbred cattle in Eravur Pathithu and Padiyatalawa are more than average (DAPH Farm Registration 2008)</li> </ul>

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## Development Plan for Each Cultivation Area

Cultivation Area (CA)	Main Strategic Agriculture and Livestock Product	Major Features of Cultivation Area
CA -6	(1) Onion (Maha) (2) Pulses (Yala) (3) Fruit (4) Milk (Maha)	<b>Soil:</b> Reddish brown soils suitable for big and red onion and fruits <b>Advantage :</b> <ul style="list-style-type: none"> <li>• MASL is promoting onion, soya been, and fruits in System H</li> <li>• B-onion seed production program is being carried out by DoA province</li> <li>• High potential of promoting orchard-style production in MASL area</li> <li>• Availability of crossbred cattle in Galnewa, Kekirawa, Rajanganya, Talawa and Thambuthhegama are more than average</li> </ul>
CA -7	(1) Onion (Maha) (2) Pulses (Yala) (3) Milk (Maha)	<b>Soils:</b> Reddish brown Earth and Alluvial soils suitable for onion and pulse <b>Water :</b> Large number of existing agro-wells <b>Advantage :</b> <ul style="list-style-type: none"> <li>• This area is major red onion production area and farmer has enough cultivation skills and market channel</li> <li>• Enough land in the north and south for expansion of the cultivation for pulse and onion</li> <li>• Availability of crossbred cattle in Kuchchiweli and Town and Gravets are more than average</li> </ul>

12

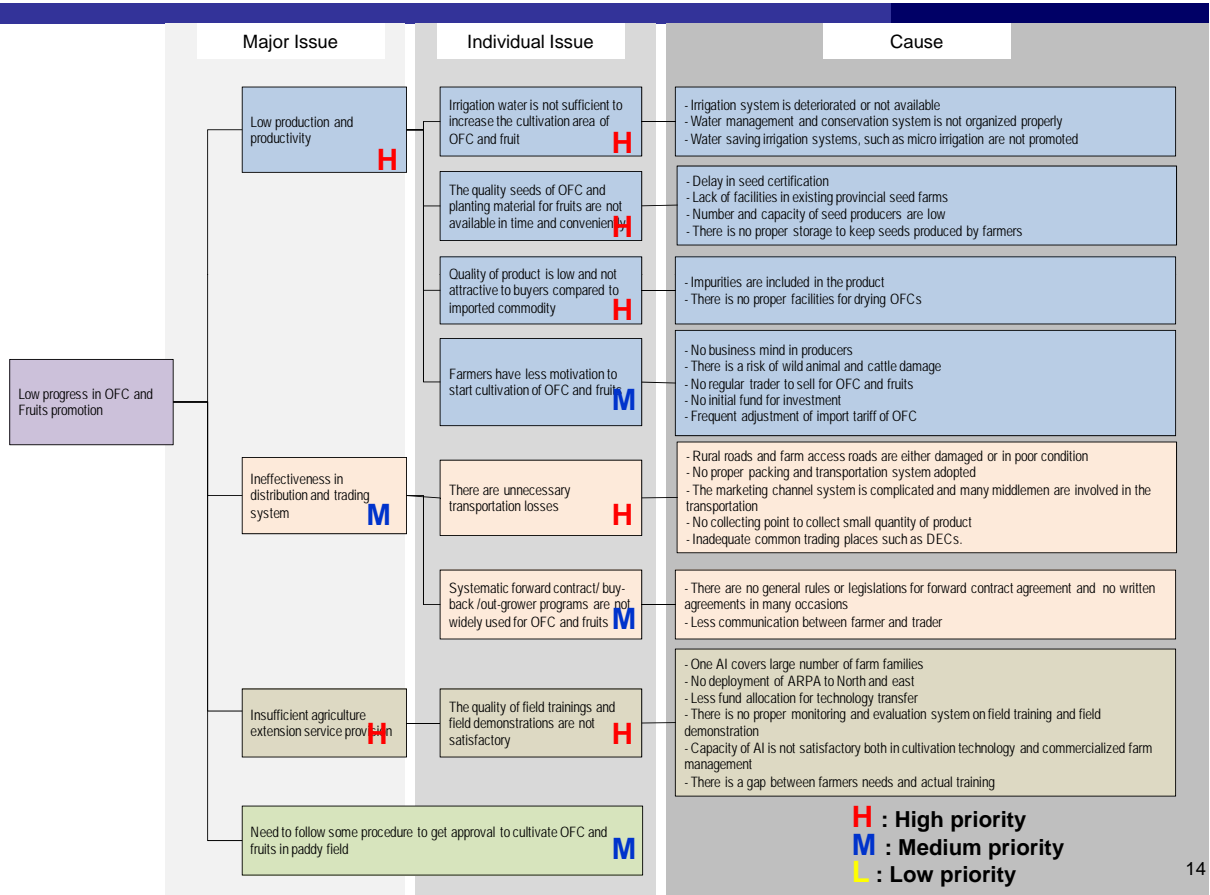
## Development Plan for Each Cultivation Area

Cultivation Area (CA)	Main Strategic Agriculture and Livestock Product	Major Features of Cultivation Area
CA -8	(1) Onion (Maha) (2) Chilli (Yala) (3) Milk (Maha)	<b>Soil:</b> Reddish Brown Earth Soils and Red Yellow Latasols suitable for chilli, pulses and fruits with irrigation <b>Water:</b> Irrigation scheme designed for OFC cultivation (Muthiankattu and Vaunikulam ) are available <b>Advantage :</b> <ul style="list-style-type: none"> <li>• Major producer of chillies before conflict and high motivation for cultivation is observed</li> <li>• Chilli and onion production is being promoted by Provincial Council</li> <li>• High motivation for milk production in this area</li> </ul>

13



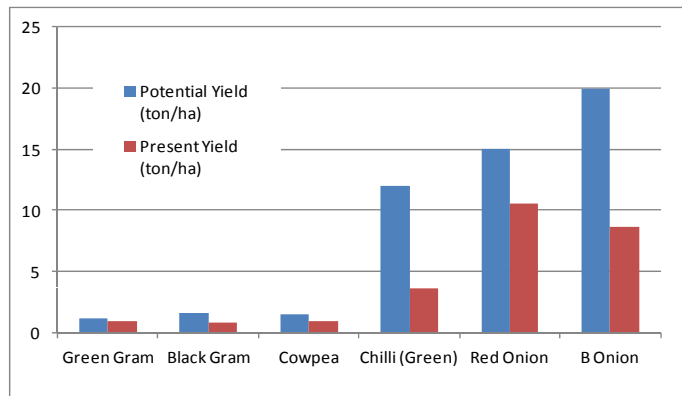
# Issue Analysis to Achieve Development Plan (Agriculture Crops)



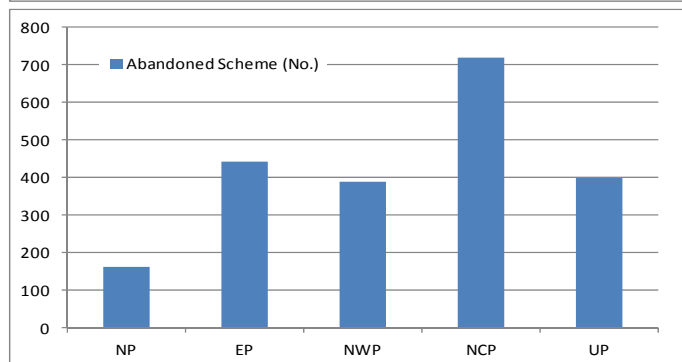
## Major Issues for Promotion of OFC & Fruits Production

### Low production and productivity

- Green Gram (76% of potential yield at present)
- Black Gram (54% of potential yield at present)
- Cowpea (63% of potential yield at present)
- Chilli (30% of potential yield at present)
- Red Onion (70% of potential yield at present)
- B. Onion (43% of potential yield at present)



Insufficient irrigation water (more than 2000 irrigation schemes are abandoned)

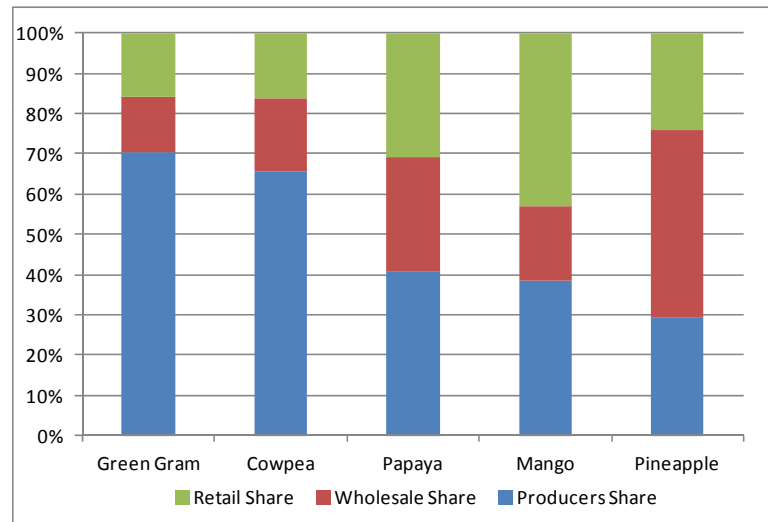


# Major Issues for Promotion of OFC & Fruits Production

## Ineffectiveness in distribution system of Agriculture Product

High whole sale share in retailing price especially for fruits

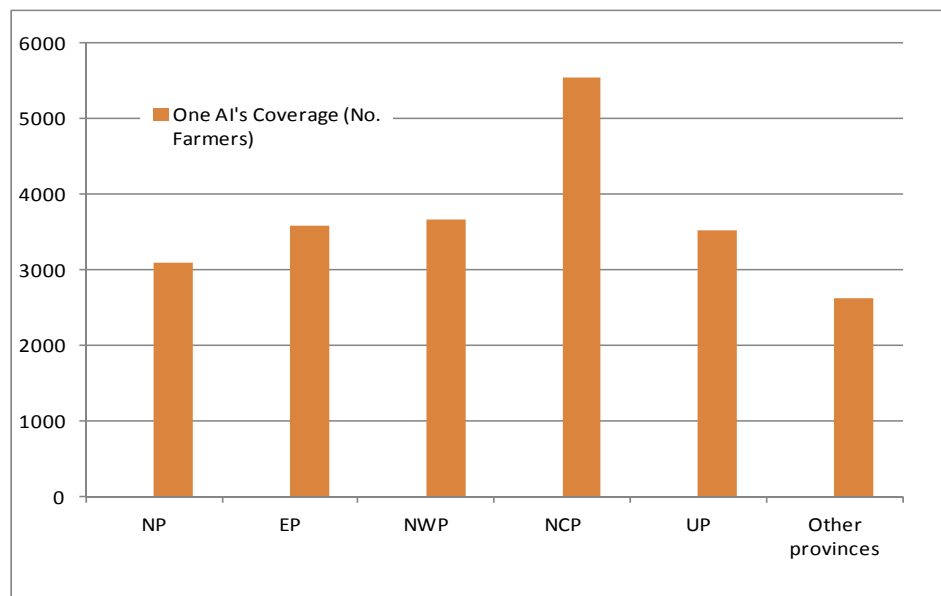
- Poor quality of rural road
- Less small scale collecting point



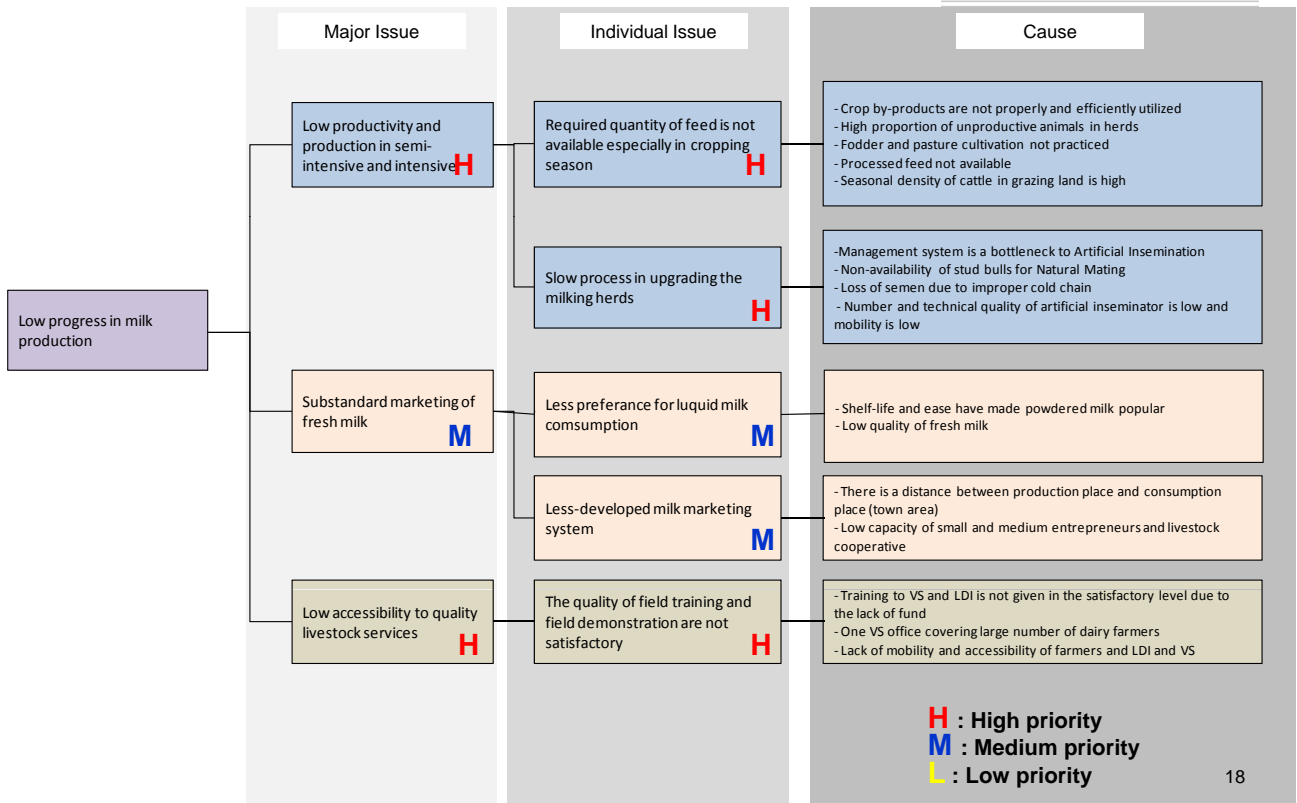
# Major Issues for Promotion of OFC & Fruits Production

## Insufficient government extension services

- Agriculture Instructor (AI) is covering large number of farmers and no ARPA is deployed for North & Eastern Province
- Training Budget for each province is nearly Rs.1 million per year



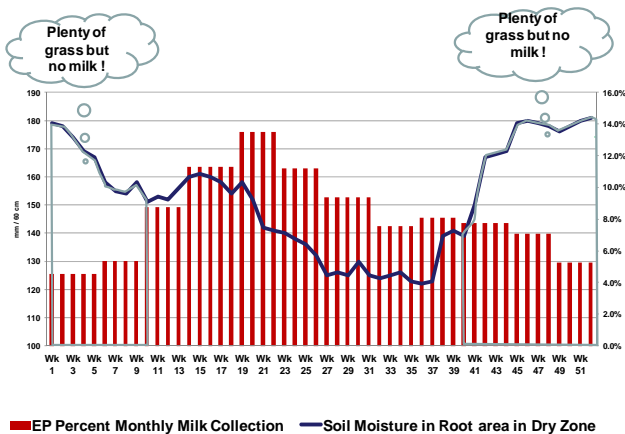
# Issue Analysis to Achieve Development Plan (Milk)



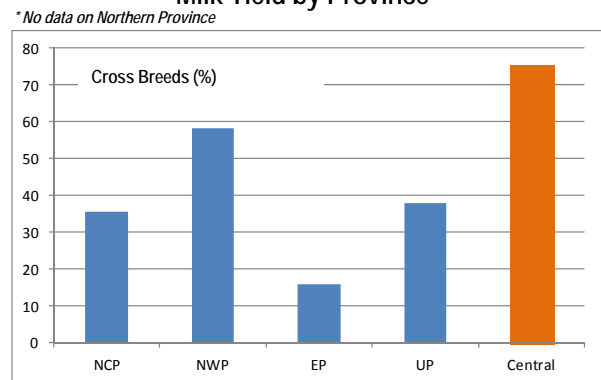
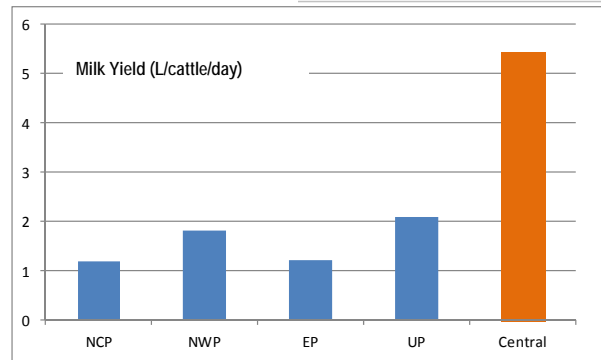
## Major Issues for Promotion of Milk Production

Low production and productivity of Milk in Intensive and semi-intensive farmers

- Low Milk Yield
- Slow process of upgrading of cattle
- Animal feed is not available in cropping season



Relationship of Milk Collection and Soil Moisture

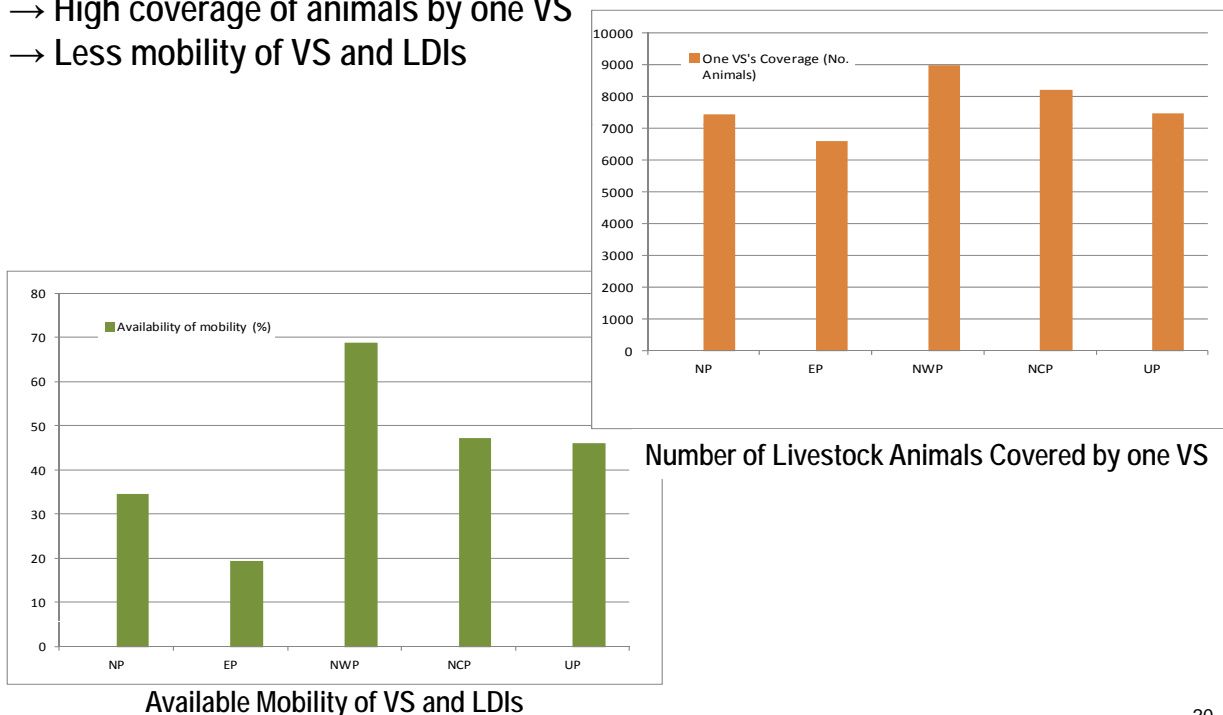


\* No data on Northern Province

# Major Issues for Promotion of Milk Production

## Low accessibility of quality livestock services

- High coverage of animals by one VS
- Less mobility of VS and LDIs



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# Major Activities and their Priority and Responsibility (Tentative)

## For Agriculture Crops

Major Issue	Issues	Major Activities	Priority	Implemented by	Beneficiary	Type of Scheme for Implementation			
						Yen Loan	TCP	GOSL	Others
Low production and productivity	Irrigation water is not sufficient to increase the cultivation area of OFC and fruit	(1) Rehabilitation of irrigation and drainage facilities	High	➢ Mol&WRM ➢ PC ➢ MoAS&W	➢ Farmer	○	-	-	-
	The quality seeds of OFC and planting material for fruits are not available in time and conveniently	(2) Establishment of provincial seed certification system (3) Improvement of existing provincial seed farms	High	➢ PC ➢ MoA (Central)	➢ PC ➢ Seed Producer	○	○	-	-
	Quality of product is low and not attractive to buyers compared to imported commodity	(4) Provision of proper post harvest machinery and O&M training	High	➢ PC ➢ MoA (Central)	➢ Farmer	○	-	-	-
	Farmers have less motivation to start cultivation of OFC and fruits.	(5) Farm management and business training (6) Mitigate crop damage from wild animal and flood	Medium	➢ PC ➢ MoA (Central)	➢ Farmer	○	-	-	○
Ineffectiveness in distribution and trading system	There are unnecessary transportation and post harvest losses	(7) Rural road and farm access road improvement (8) Construction of collecting point (9) Improvement of DEC	High	➢ PC ➢ MoC&IT ➢ Mol&WRM	➢ Farmer ➢ Private Sector	○	-	○	-
	Systematic forward contract/ buy-back /out-grower programs are not widely used for OFC and fruits	(10) Establishment of g for forward contract agreement	Medium	➢ PC	➢ Farmer ➢ Private Sector	-	-	○	-
Insufficient agriculture extension service provision	The quality of field training and field demonstration are not satisfactory	(11) Training to AI on cultivation and farm management (12) Establishment of monitoring & evaluation system of field training and demonstration in DATC	High	➢ PC ➢ MoA (Central)	➢ AI ➢ DATC ➢ Farmer	○	○	-	-
Needs to follow some procedure to get approval to cultivate OFC and fruits in paddy field (Agrarian Service Act)		(13) Simplify the procedure	Medium	➢ MoAS&W	➢ Farmer	-	-	○	-

Note : PC: Provincial Council , MoA (Central): Ministry of Agriculture Central, Mol&WRM: Ministry of Irrigation and Water Resources Management, MoC&IT : Ministry of Cooperative and Internal Trade, MoL&RCD : Ministry of Livestock and Rural Community Development, MoAS&W : Ministry of agrarian services and wildlife

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# Major Activities and their Priority and Responsibility (Tentative)

## For Milk Production

Major Issue	Issues	Major Activities to solve	Priority	Implemented by	Beneficiary	Type of Scheme for Implementation			
						Yen Loan	TCP	GOSL	Others
Low productivity and production in semi-intensive and intensive farmer	Required amount of feed is not available especially in cropping season	(1) Establishment of supply chain of feed concentrate made of agriculture by-product (2) Promotion of productive fodders	High	➤PC	➤Farmer	○	-	-	-
	Slow process in upgrading the milking herds	(3) Increase the number and technical quality of artificial inseminator	High	➤MoL&RCD	➤VS & LDI ➤Farmer	○	-	-	-
Substandard marketing of fresh milk	Less preference for liquid milk consumption	(4) Enhancement of quality control system of fresh milk	Medium	➤PC	➤Farmer ➤Private Sector	-	-	○	-
	Under-developed milk marketing system	(5) Promotion of mobile sale for fresh milk	Medium	➤PC	➤Farmer	-	-	○	-
Low accessibility to qualified livestock services	The quality of field training and field demonstration are not satisfactory	(6) Construction of livestock service centre in remote area (7) Provision of mobility to VS and LDIs	High	➤PC	➤VS & LDI ➤Farmer	○	-	-	-

Note :

PC: Provincial Council , MoA (Central): Ministry of Agriculture Central, MoL&WRM: Ministry of Irrigation and Water Resources Management, MoC&IT : Ministry of Cooperative and Internal Trade, MoL&RCD : Ministry of Livestock and Rural Community Development, MoAS&W : Ministry of agrarian services and wildlife

22

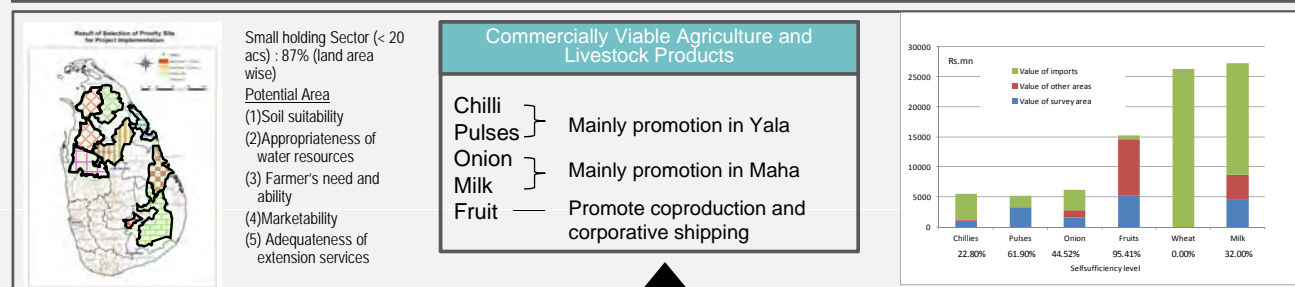
## Concept Summary

### Overall Goal

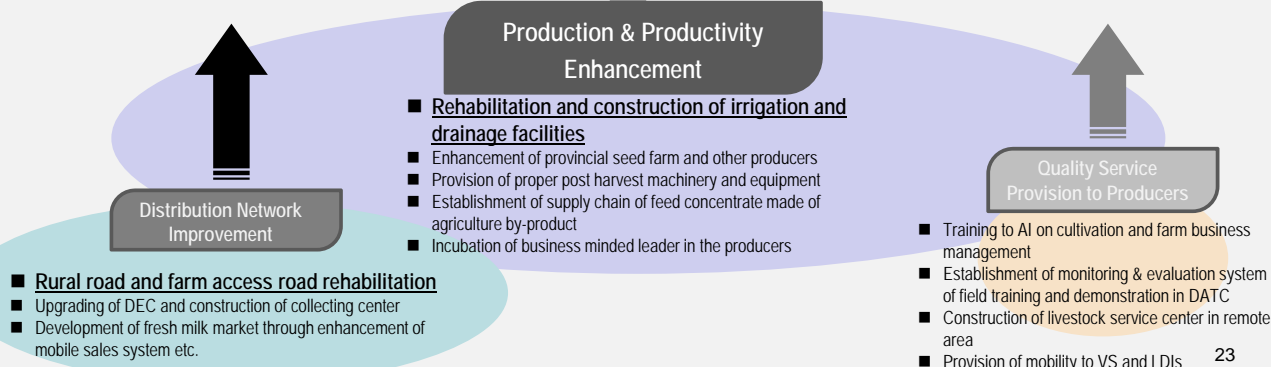
- (1) Decrease in foreign currency outflow through improvement of self sufficient ratio
- (2) Increase in income of small holding sector

### Project Purpose

Increase in production & productivity of commercially viable agriculture products in potential areas in dry zone through promotion of integrated farming to small holding sector



### Activities



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## Future Schedule



27 August – 7 September : Fact Finding Mission from JICA HQ

*Development plan for each province prepared by provincial level workshop will be discussed further with above mission.*

Mid September : Draft Final Report

End of October : Final Report ( End of the Survey )

**END**

The Preparatory Survey on

# Project for Improvement of Agricultural Production and Productivity in Dry Zone Areas

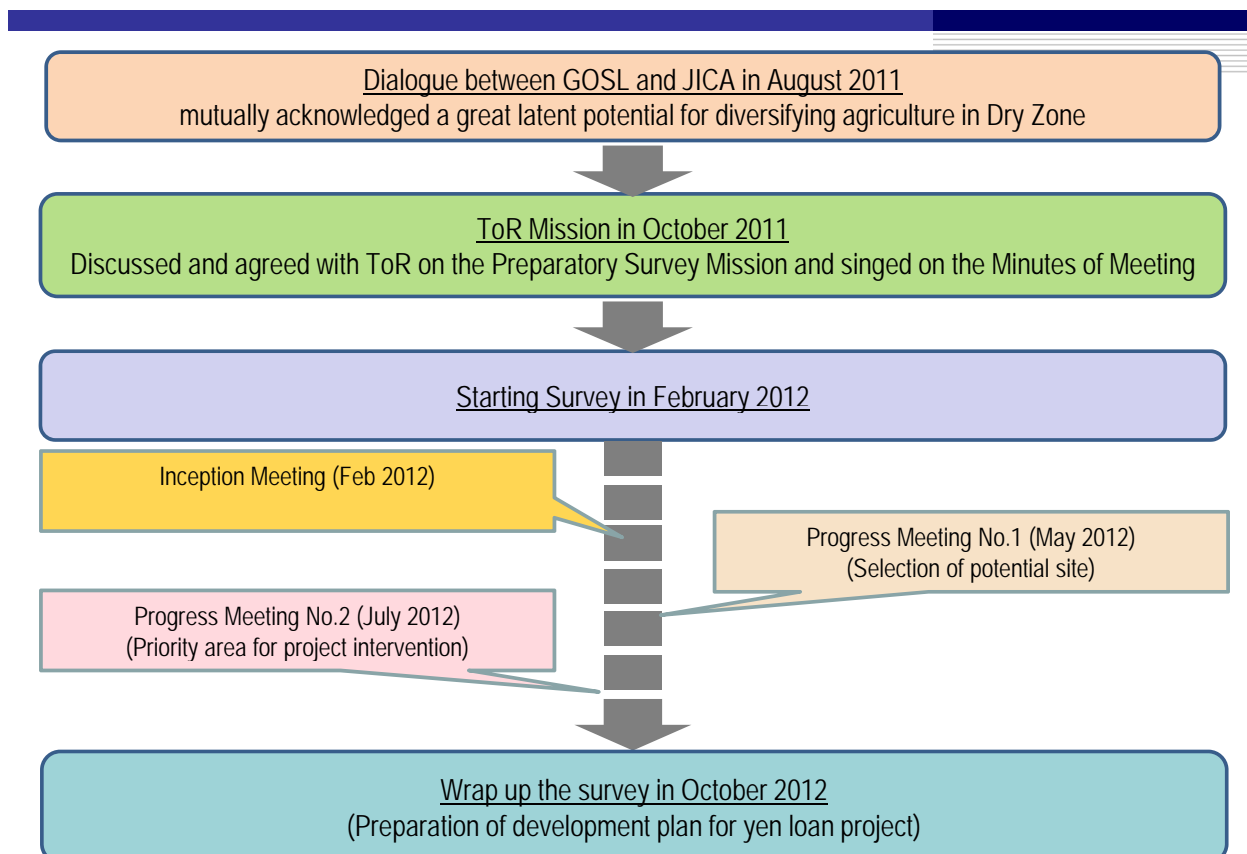
in Socialist Republic of Sri Lanka

## Draft Final Report Meeting

17<sup>th</sup> October 2012

JICA Survey Team

### Chronology



## National Agriculture Background in Project (1/3)

33% of employee are engaged in agriculture sector

### 3.2 Employed Persons by Industry Group, 2006-2010

[Based on ISIC (Rev.3)]

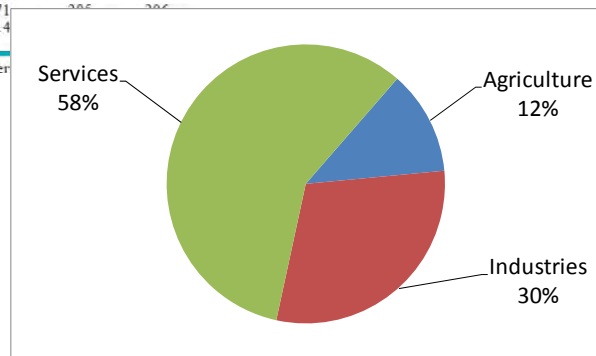
('000 persons)

	2006	2007	2008	2009	2010
<b>Total employed</b>	<b>7,105</b>	<b>7,042</b>	<b>7,648</b>	<b>7,602</b>	<b>7,707</b>
1. Agriculture Forestry and Fishery	2,287	2,202	2,490	2,476	2,520
2. Manufacturing	1,363	1,331	1,414	1,348	1,318
3. Construction	527	542	590	562	548
4. Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	955	932	984	977	1,051
5. Hotels and Restaurants	129	119	110	142	146
6. Transport, Storage and Communication	430	457	447	445	484
7. Financial Intermediation and Real Estate, Renting and Business Activities	221	215	241	227	264
8. Public Administration and Defence, Compulsory social security	401	433	512	524	537
9. Education	277	259	326	---	---
10. Health and Social Work	110	116	121	---	---
11. Other Community, Social and Personal Services Activities	124	105	142	---	---
12. Private Households with Employed Persons	80	87	85	---	---
13. Miscellaneous Labour work	180	220	171	---	---
14. Industries not adequately described	21	23	14	---	---

Note : Northern & Eastern Provinces excluded upto year 2008 and 2009,2010 Northern

Source - Sri Lanka Labour Force Survey  
Department of Census and Statistics

Agriculture Share of GDP is 12%



2

## National Agriculture Background in Project (2/3)

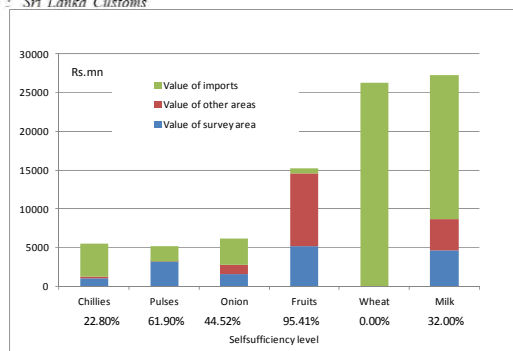
Importation : Rs. 215 billion in 2010

### 9.2 Composition of Imports, 2005-2010

(Rs.Mn.)

Item	2005	2006	2007	2008	2009	2010
<b>Food and Beverages</b>	<b>105,783</b>	<b>127,327</b>	<b>153,004</b>	<b>205,371</b>	<b>171,003</b>	<b>215,107</b>
Mineral Products	12,730	13,233	22,344	37,140	23,002	20,000
Chemical and Resins	101,498	121,970	148,231	207,305	149,509	190,012
Leather, Wood and Paper	30,772	36,447	43,568	47,029	40,433	51,715
Textiles	166,493	172,045	191,315	194,565	178,029	207,058
Precious Stones	31,259	33,454	31,394	59,082	31,889	42,690
Base metals	71,176	77,822	84,225	97,724	77,661	87,468
Machinery and Equipment	112,834	148,870	174,537	174,811	141,151	168,278
Transport Equipment	59,510	76,649	76,311	84,095	61,007	131,889
Other	28,218	21,819	35,308	34,636	36,878	40,034
<b>Total</b>	<b>835,511</b>	<b>1,006,702</b>	<b>1,260,607</b>	<b>1,477,265</b>	<b>1,122,562</b>	<b>1,395,257</b>

Source - Sri Lanka Customs



Low self sufficiency

Importation of OFC  
Rs. 30 billion (14% of importation of food and beverages) in 2010

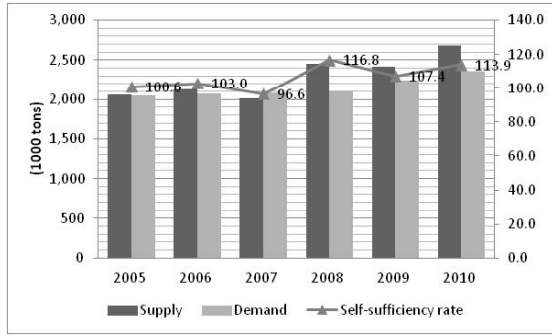
Crop	Qty (mt.)	Value ('000 Rs.)
Chili	37,720	4,997,227
Big Onion	158,086	6,649,347
Red Onion	11,907	641,286
Maize (All)	10,506	581,557
Kurakkan	2,052	59,704
Soybean	1,611	94,548
Green gram	11,515	1,755,909
Cowpea	45	2,568
Groundnut	4,604	459,624
Black gram	1,500	194,097
Chickpeas	8,291	833,815
Lentils-Red	126,816	13,814,218
Lentils-Yellow	6,533	689,070

\* Lentils (red/yellow) can not be produced locally

3



# National Agriculture Background in Project (3/3)



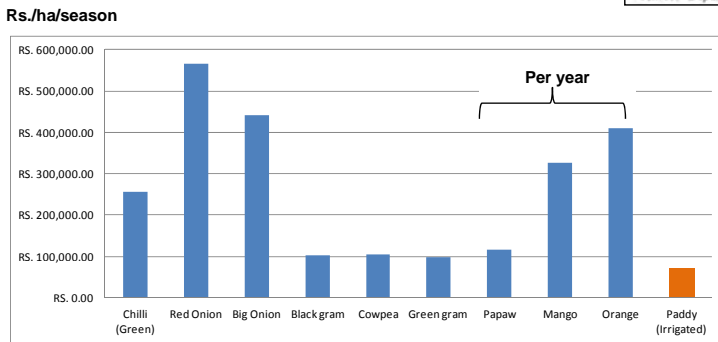
Achieved self sufficiency of paddy

Producers price of paddy is declined

5.3 Producers' Prices for Paddy, 2002-2010 (Rs/1 Kg)

District	2002	2003	2004	2005	2006	2007	2008	2009	2010
Colombo	14.15	11.77	14.67	14.95	12.63	..	..	..	..
Gampaha	14.09	11.37	16.77	15.03	12.08	..	20.28	33.28	32.00
Kalutara	13.74	12.02	14.91	15.66	..	17.58	..	31.11	30.60
Raigam	12.31	11.76	15.40	14.97	14.00	17.68	..	32.64	39.00
Matale	12.90	11.80	14.23	16.82	13.28	17.70	..	31.64	35.53
N'Eliya	13.84	11.50	15.07	15.31	..	..	..	..	..
Galle	15.85	12.57	15.38	15.40	..	21.00	..	34.00	..
Matara	13.71	13.86	16.65	14.95	14.00	..	..	..	24.00
Hambantota	14.30	13.13	17.70	15.68	13.40	28.00	..	30.17	34.00
Jaffna	..	11.86	..	13.91	..	..	..	..	..
Mannar	..	..	..	..	..	..	..	..	..
Mullattiva	..	16.33	14.95	14.34	15.16	..	..	..	..
Kalmucchi	..	15.58	15.20	10.99	20.85	22.45	..	..	..
Vavuniya	10.54	11.99	..	14.61	13.46	13.06	..	..	..
Batticaloa	14.59	13.06	15.62	15.07	14.13	17.93	..	30.24	30.18
Ampara	14.22	13.00	16.31	15.37	14.40	17.82	..	32.16	33.60
Trincomalee	15.33	12.57	16.31	15.52	13.77	18.89	..	34.40	35.07
Konnegala	13.19	11.06	17.00	15.81	14.11	19.51	..	34.11	35.11
Puttalam	14.18	12.09	17.43	16.91	14.51	18.99	..	34.34	35.81
Ammalappura	13.03	11.87	14.92	13.80	14.25	19.10	..	34.21	34.29
Polonnaruwa	12.97	11.87	15.55	15.71	14.10	19.71	..	34.32	34.89
Badulla	13.51	12.75	14.98	10.13	13.06	18.70	..	33.49	33.13
Mossoraga	13.56	13.23	16.01	13.42	13.77	21.31	..	30.60	30.36
Ratnapura	14.26	13.45	16.06	15.13	13.29	..	..	36.73	37.30
Ragalige	12.61	12.71	14.54	14.33	12.96	14.53	..	..	..

Source: Department of Census and Statistics



Small holding agriculture farmers are more affected in decline of paddy price

Better net return from OFC and fruit than from paddy  
(Required to diversify to profitable agriculture)

## Concept Summary (1/3)

Agriculture Diversification => Private Sector Business in principal

Government Role.... (1) Providing basic / critical infrastructure and (2) giving the chance and kick start to subsistence farmer to uplift himself to commercial level

This project targets....

Motivated small holding sector farmer (0.1~20acs) in potential area

Intervention by Government

Fundamental infrastructure  
Various support to kick start transition and minimize the risks

Decrease foreign currency outflow  
Increase in food security

Commercial level farmer

## Concept Summary (2/3)

### Overall Target

- (1) Decrease in foreign currency outflow through improvement of self sufficient ratio
- (2) Increase in income of small holding sector

### Project Objective

Increase in production & productivity of **commercially viable strategic agriculture products** in **potential areas in dry zone** through the promotion of integrated farming to small holding sector

#### Commercially viable strategic agriculture products

- (1) Red and Big Onion
- (2) Chili
- (3) Legumes
- (4) Fruit  
(Papaya, Mango, Orange, Passion Fruits etc.)

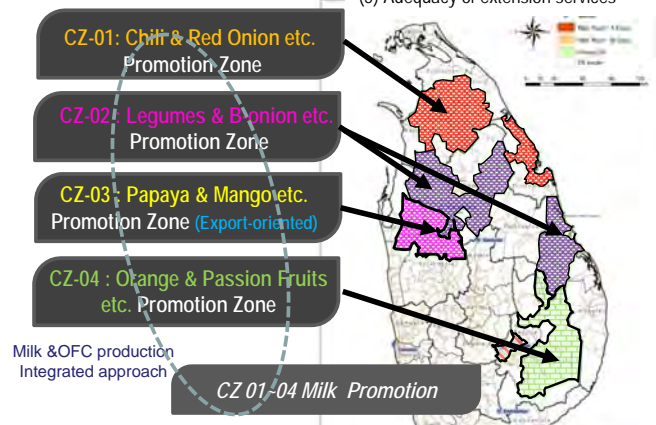
#### Feature of Strategic Agriculture and Livestock Product

- (1) High production for effective import substitution
- (2) Consistent with the development plan (*Mahinda Chintana* / Agriculture Cooperative Plan / Livestock Master Plan)
- (3) Technically feasible to produce
- (4) Meet ground level needs (farmer and frontline officer's needs) for production
- (5) Expect high net return

#### Potential areas in dry zone

Selected 54 DS divisions as **high potential area** with some criterias

- (1) Soil suitability
- (2) Appropriateness of water resources
- (3) Farmer's needs and experience
- (4) Marketability
- (5) Adequacy of extension services



## Concept Summary (3/3)

### Overall Target

- (1) Decrease in foreign currency outflow through improvement of self sufficient ratio
- (2) Increase in income of small holding sector

### Project Objective

Increase in production & productivity of **commercially viable strategic agriculture products** in **potential areas in dry zone** through the promotion of integrated farming to small holding sector

### Major Activities

#### Chili, Onion, Legume and Fruits

##### 1 Productivity Improvement Program

1. Irrigation and drainage facilities improvement
2. Establishment of supply chains of quality seeds and planting materials
3. Provision of farm management and cultivation training
4. Provision of credit and equipment

##### 2 Logistic System Improvement and Entrepreneurship Development Program

1. Establishment of proper interface for trading and micro entrepreneurship development in the village
2. Rural road and market access road rehabilitation
3. Conducting study tours for exporters/processors and government official to major export countries

##### 3 Program on Enhancement of Extension Services and Ground Adaptive Trials

1. Training of AI & SMO on farm management and cultivation
2. Enhancement of DATC/ISTC facilities to carry out the ground level on farm trials
3. Overseas training for advanced commercial farming and extension method.

#### Milk

##### 1 Productivity Improvement Program of Semi-intensive and Intensive Farmer

1. Establishment of supply chain of feed
2. Breeding improvement through rapid increase AI
3. Introduction of milking goat.

##### 2 Program on Clean Milk Production and Market Network Development of Fresh Milk

1. Provision of necessary equipments and training on clean milk production;
2. Establishment of effective milk collecting network and promotion of mobile sale

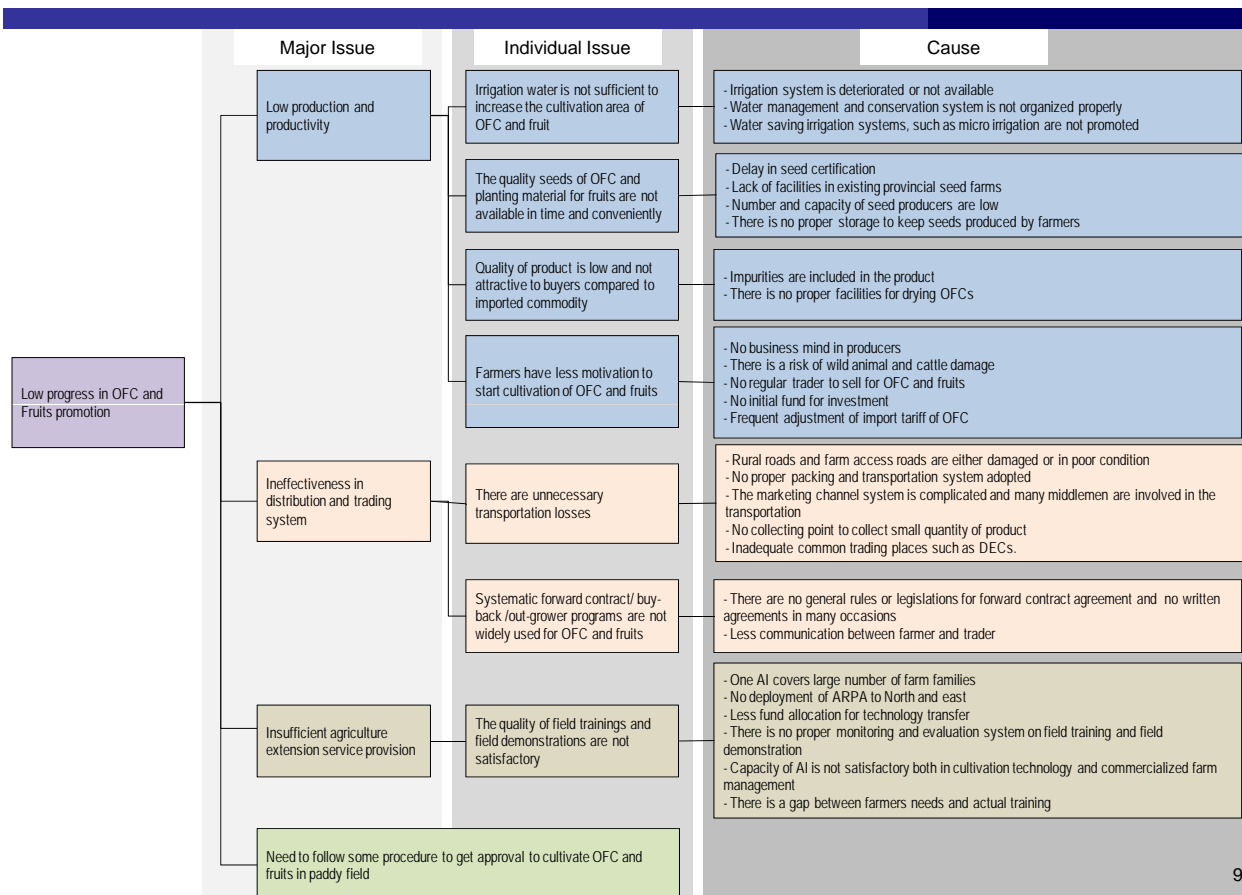
##### 3 Livestock Service Quality and Accessibility Improvement Program

1. Construction of livestock service center to be a focal point for livestock extension services and milk collection;
2. Training of VS and LDI on AI and synchronization; and
3. Provision of the mobility to LDI and VS.

# Major Activities Related to Chili, Onion, Legumes and Fruits

## Production

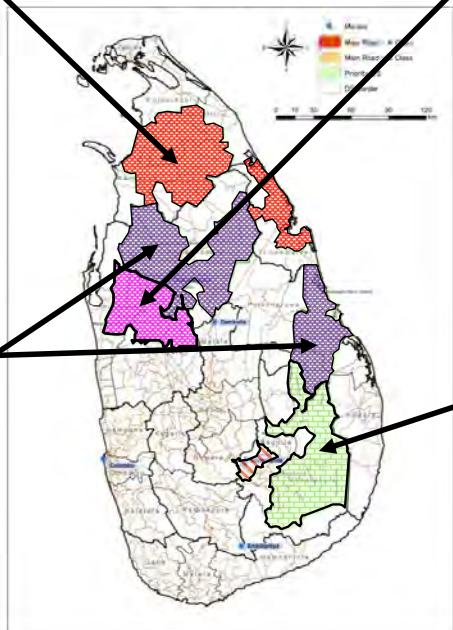
### Issue Analysis to Achieve Development Plan (Agriculture Crops)



# Productivity Improvement Program

## CZ-01: Chili & Red Onion etc. Promotion Zone

- Upgrading and rehabilitation of irrigation scheme and construction of agro-wells with micro irrigation facilities
- Enhancement of [Vavunia & Kantale seed farm](#) and self seed production for enhancement of seed supply chain of chili & onion
- Proper cultivation and post harvest technologies training on chili & R-onion



## CZ-03 : Papaya & Mango etc. Promotion Zone (Export-oriented)

- Upgrading and rehabilitation of irrigation scheme and construction of agro-wells with micro irrigation facilities
- Enhancement of [Wariyapola seed farm](#) for quality planting material production
- Conduct [study tours](#) for government staff to initiate [verification study on adaptive trials](#) for comparative advantage variety of mango and other fruits



## CZ-02 : Legumes & B-onion etc. Promotion Zone

- Upgrading and rehabilitation of irrigation scheme and construction of agro-wells with micro irrigation facilities
- Enhancement of [Galgamua seed farm](#) and self seed production for enhancement of seed supply chain of legumes & B-onion
- Promotion of appropriate [farm mechanization](#) for OFC cultivation with Farm Mechanization Research Centre in Maha Illuppallama
- Provision of appropriate [post harvest and value addition training and equipment](#)



## CZ-04 : Orange & Passion Fruits etc. Promotion Zone

- Upgrading and rehabilitation of irrigation scheme and construction of agro-wells with micro irrigation facilities
- Enhancement of [Okkampitiya farm](#) for enhancement of supply chain of planting material of fruits
- Training on appropriate farm management for improvement of productivity on fruits cultivation
- Enhancement of [DATC Bibile and ISTC Bindunuwewa](#) for production of planting material and field training



# Outline of Upgrading and Rehabilitation of Irrigation & Drainage Scheme Components

## CZ-01: Chilli & Red Onion etc. Promotion Zone

- Major Scheme**
- Yan oya anicut (689 ha)
  - Mahadivulwewa (563 ha)
  - Welimaruthamadu (304 ha)
  - Muthu Iyan kaddu (2,468 ha)
  - Kurai (304 ha)
  - Vaunikulam (338 ha) etc.....
- Others**
- Agro-well (1,394 nos.) with micro irrigation



## CZ-02 : Pulses & B-onion etc. Promotion Zone

- Major Scheme**
- Mahaweli System H (39,000 ha)
  - Manankatiya Tank (427 ha)
  - Kokebe wewa (92 ha)
  - Vahaneri Tank (3,441 ha)
  - Tampitiya (174 ha)
  - Borapola Tank (81 ha)
- Minor Scheme**
- Diganhalmillawa Pahala olugolawa (63 ha)
  - Koon wewa (69 ha)
  - Divul wewa (57 ha)
  - Debunnawa wewa etc.....
- Others**
- Agro-well (1,519 nos.) with micro irrigation



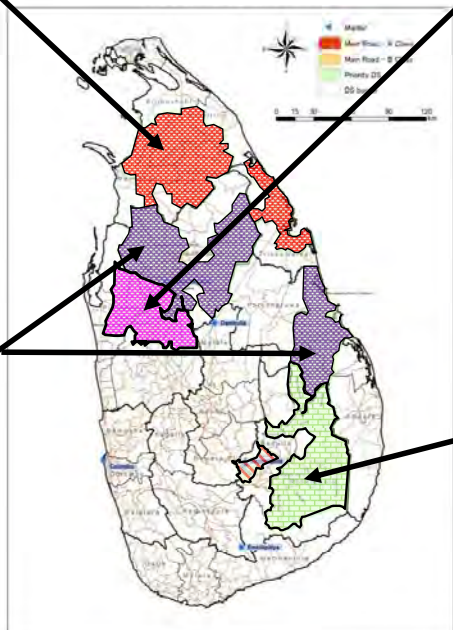
## CZ-03 : Papaya & Mango etc. Promotion Zone (Export-oriented)

- Major Scheme**
- Ingnimitiya (1,080 ha)
  - Neelabemma (746 ha)
  - Tabbowa (847 ha)
  - Maha Andarawewa (151 ha)
- Minor Scheme**
- Thambuttawewa (57 ha)
  - Devanuwera (79 ha)
  - Thambapanniya (60 ha) etc.....
- Others**
- Agro-well (1,142 nos.) with micro irrigation



## CZ-04 : Orange & Passion Fruits etc. Promotion Zone

- Major Scheme**
- Ankada Maha (52 ha)
  - Hingurukandura (41 ha)
  - Dambewewa (20 ha) etc.....
- Others**
- Agro-well (1,616 nos.) with micro irrigation



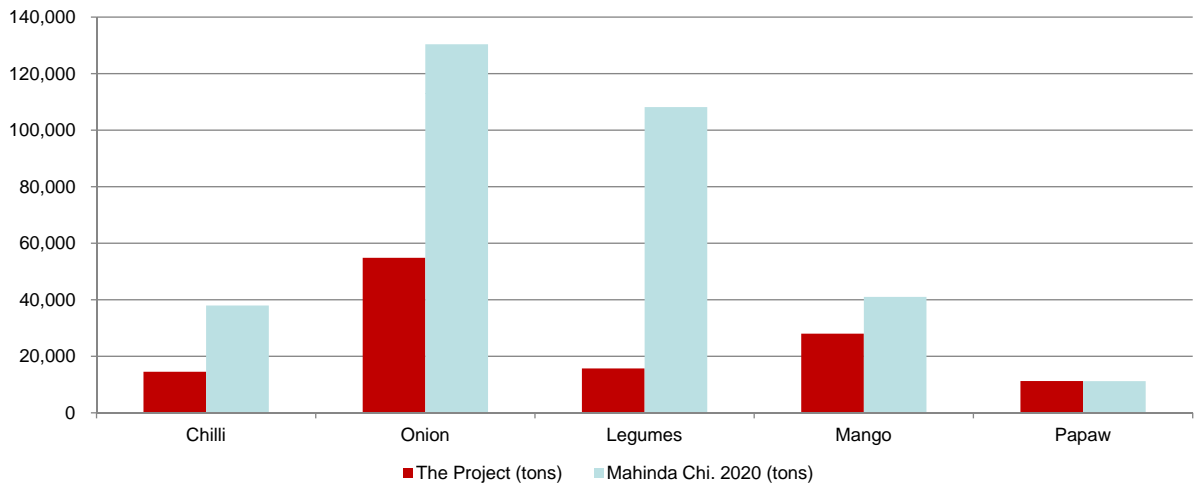
Improving the irrigation efficiency and drainage capacity of the scheme



# Production Target and Contribution to Mahinda Chintana Target in Dry Zone

Target Farmers : 39,000 HH

Production Target :



	Chilli	Onion	Legumes	Mango	Papaw
The Project (tons)	14,520	54,835	15,701	28,000	11,250
Mahinda Chi. 2020 (tons)	37,950	130,375	108,131	40,985	11,191
Share of the Project	38.3%	42.1%	14.5%	68.3%	100.5%

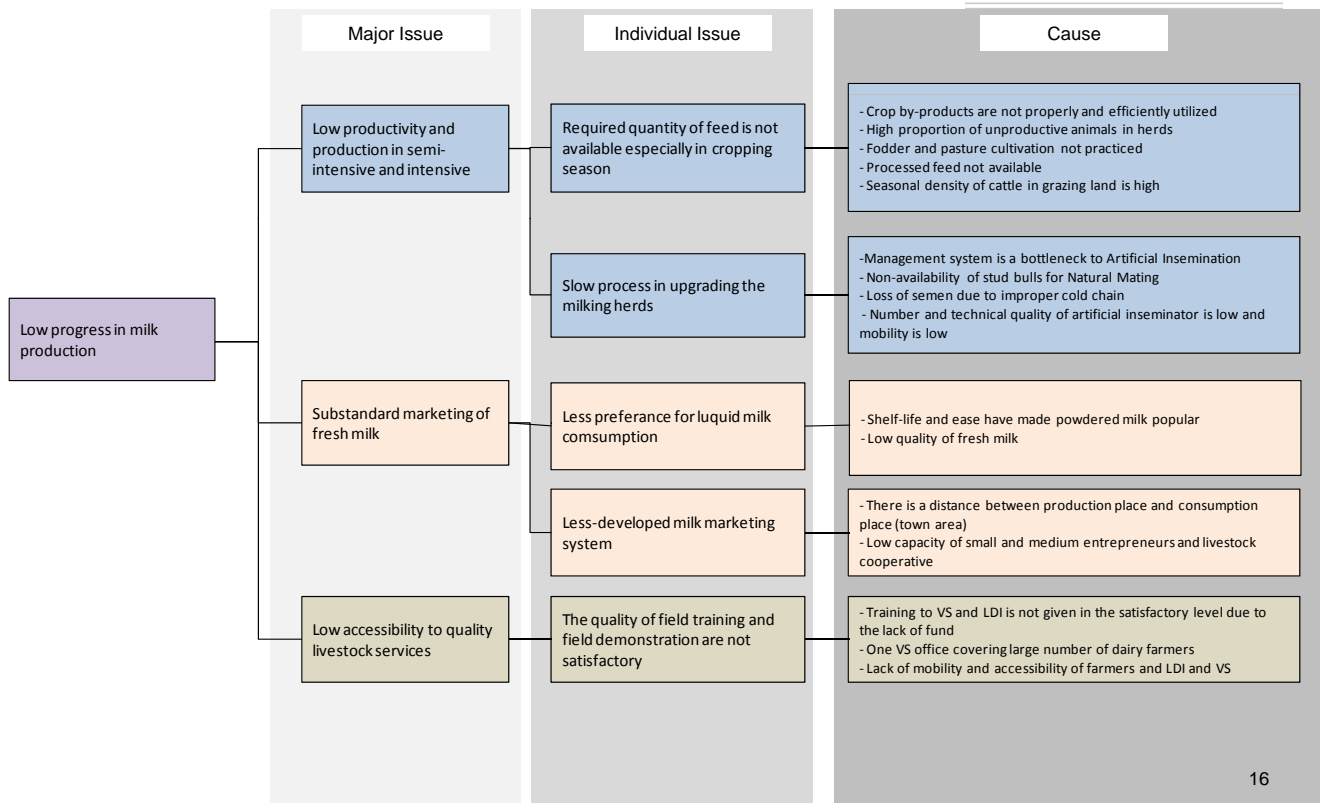
14

Major Activities  
Related to

**Milk** Production



# Issue Analysis to Achieve Development Plan (Milk)

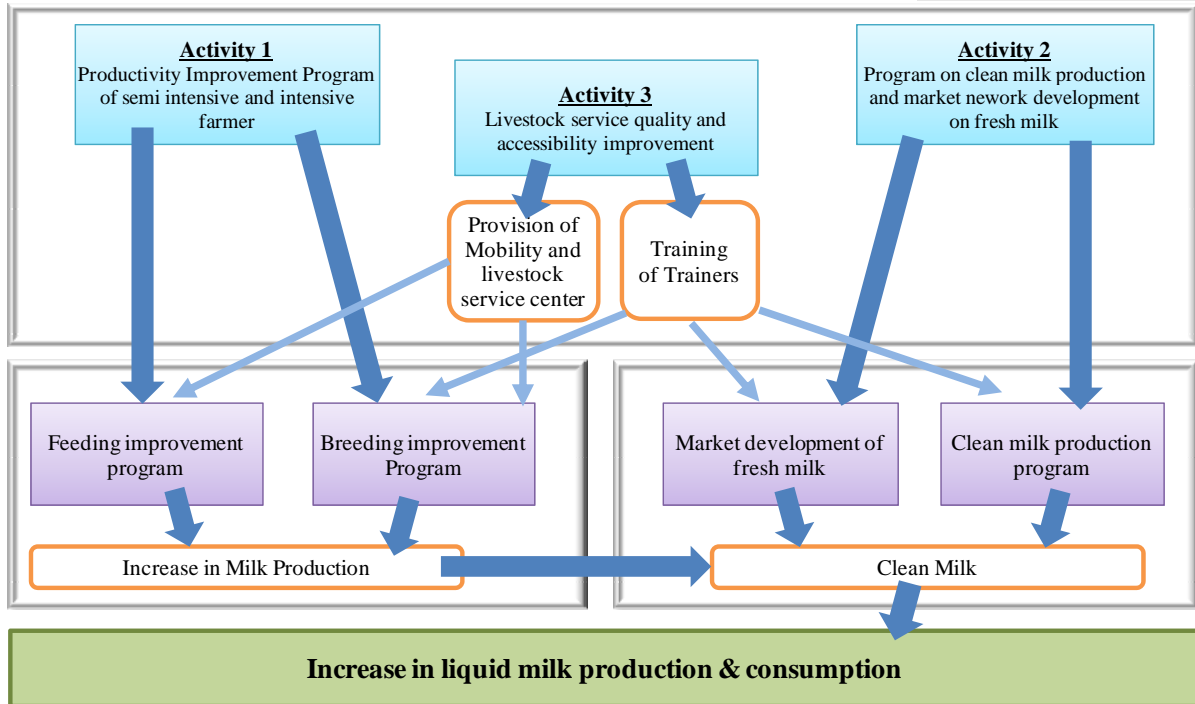


## Overall Strategic Livestock Product (Milk) Promotion Program (1/2)



Objective	
Increase	→ Availability of liquid milk at an affordable price
	→ Consumption of liquid milk
	→ Farmer income

## Overall Strategic Livestock Product (Milk) Promotion Program (2/2)



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## Productivity Improvement Program of Semi-intensive and Intensive Farmer

### Maximize Utilization of crop residue

- Selection of FO as producer group
- Training to FO
  - Awareness and utilization of crop residue
  - Production and sales planning
- Provision of Equipment
  - Straw balers
  - Bio-mass pelleting units
  - Grass and Straw choppers

### Breeding improvement through AI and Synchronization

- Rapid increase in crossbred cattle



- Introduction of dual purpose goat with cooperation of Telahera Goat Farm

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# Program on Clean Milk Production and Market Network Development of Fresh Milk

## Attitudinal, Knowledge and Skill changes

- Training Program
  - Clean milk Production – VS & LDIs
  - Clean Milk Production for farmers
  - Operation & Maintenance of UHT plant
  - Market planning and entrepreneurship development



## Development of Fresh Milk Marketing

- Equipment
  - UHT milk processing unit
  - Chilling Tanks -1500 liters
  - Mobile Sales Unit
  - Milk cans – 20 – 40 liters



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## Summary of Livestock Promotion Program

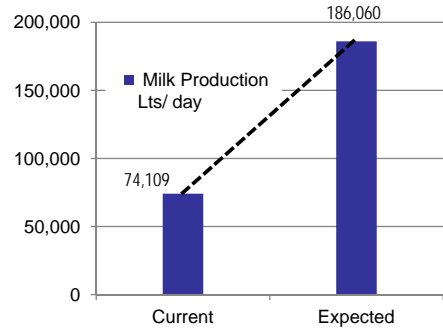
Zones	CZ - 1	CZ - 2	CZ - 3	CZ - 4	Total
<b>Breeding Improvement</b>					
Estrus Synchronization (head)	6,000	16,000	16,000	10,000	48,000
Artificial Insemination (head)	25,600	66,000	66,800	41,600	200,000
<b>Nutrition Improvement</b>					
Straw Balers (nos.)	27	28	25	20	100
Pelleting Machine (nos.)	2	4	2	2	10
Choppers (nos.)	14	22	12	12	60
<b>Clean Milk Production and Marketing</b>					
UHT Processors (nos.)	4	3	1	0	8
Chilling tanks (nos.)	2	4	2	2	10
Mobile sales (nos.)	5	5	6	4	20
<b>Service quality Improvement and accessibility Improvement</b>					
Livestock Service Centers (nos.)	19	21	10	10	60
Extension Staff Mobility (nos.)					
Pick – up 4 X 4	3	3	2	2	10
Motor Bicycles	15	12	8	7	42
<b>Training – Farmers, Service Provider, Input Suppliers and Marketing Agents</b>					
Feed Improvement (head)	760	1,340	1,440	1,010	4,550
Clean milk production & market (head)	6,625	6,405	4,120	3,600	20,750
Training of Trainers (head)	580	800	355	320	2,055

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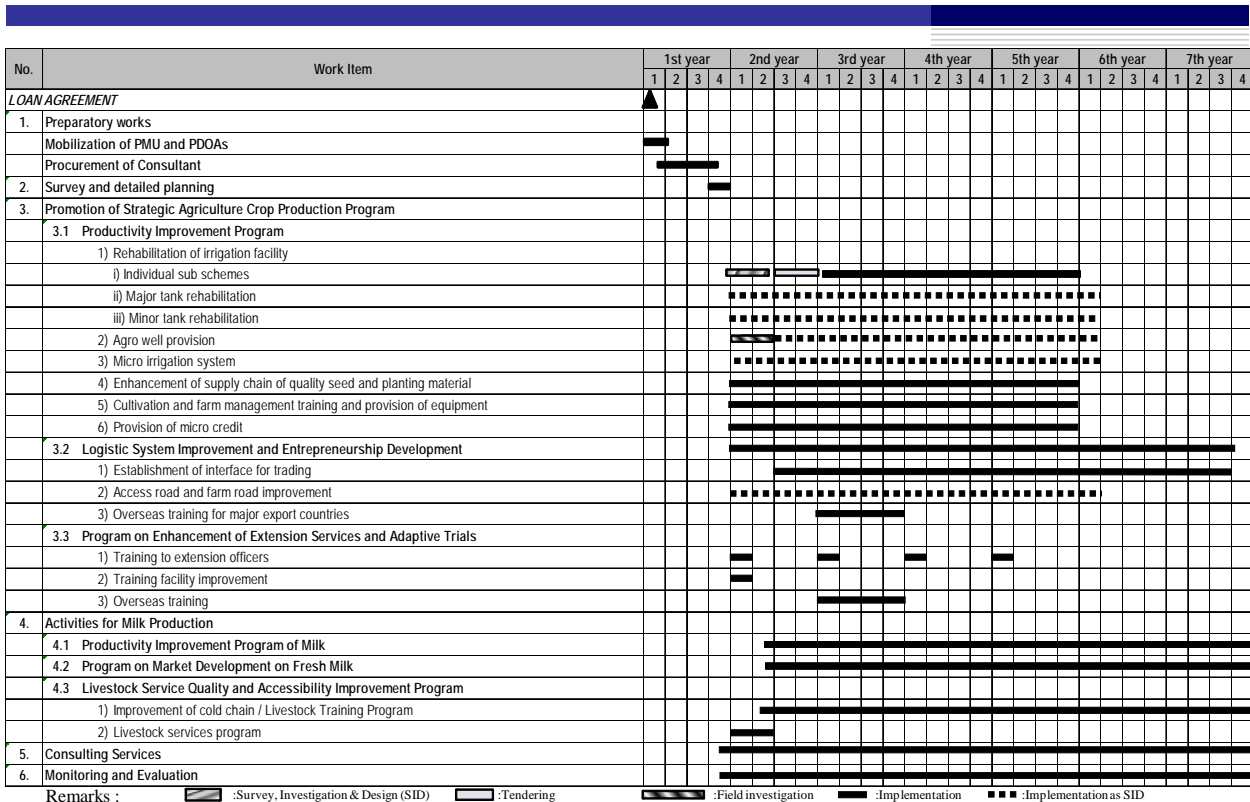
# Target in Livestock Promotion Program

Province	Number of Target Cattle			Target Total
	(Total)	Intensive System	Semi-intensive System	
Total	(178,031)	4,477	26,019	30,496

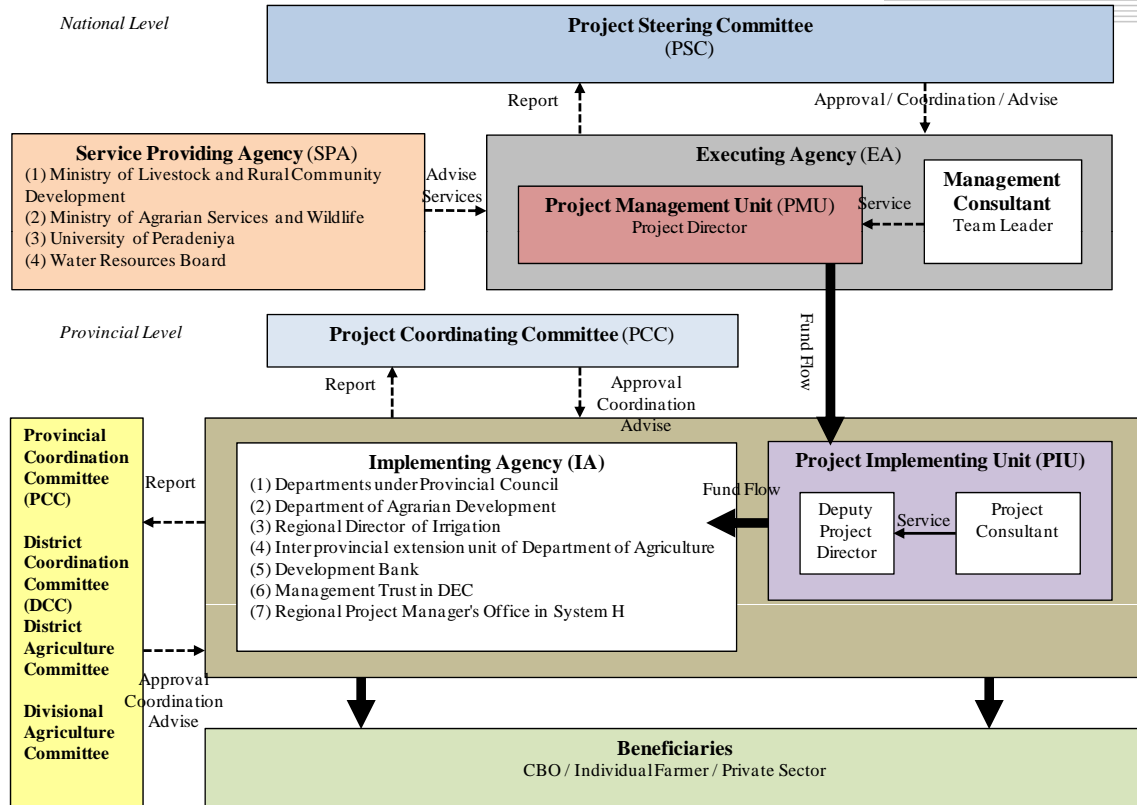
Target Indicators	Unit	Current	Expected
Milk Production	Lts/ day	74,109	186,060
Average Milk Production	Lts/cow/day	2.43	6.10
Average Milk Production	Lts/Farm/Day	-	22.00
Farms over 10 liters per day	Percent	5.0%	27.5%
Cows bred by AI	Percent	23.0%	39.0%



# Project Implementation Schedule



# Overall Project Implementing Organization



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## Candidate of Executing Agency

Candidate Ministry	Pros	Cons
Ministry of Local Government and Provincial Council	Since this Ministry is supervising the budget and activities related to the PC, the coordination between national budget and project budget will be easy. This Ministry is handling eight foreign funded projects at present and has enough experience for project management.	This Ministry has less technical capacity on agriculture, irrigation and livestock development.
Ministry of Economic Development	Since this Ministry is handling the various donor funded project such as ADB and World Bank, the coordination with other projects are easy. In addition, this Ministry handles projects such as "Divineguma", "Gamneguma" and "Maga Neguma" which are locally funded but related to the rural agriculture development.	Since the Ministry is handling number of the projects, it is necessary to strengthen the management capacity in some extent.
Ministry of Agriculture	Since this Ministry has mandate to prepare the national agriculture production plan, it is easy to coordinate project plans with national plan	The Ministry has less experience for donor funded loan project. The main components of the irrigation rehabilitation and rural road rehabilitation are not covered by this Ministry
Ministry of Irrigation and Water Resources Management	The major components of irrigation rehabilitation works are handled by this Ministry. The Ministry has the enough experience to handle the foreign funded project as well as JICA. MASL under this Ministry has much experience agriculture diversification in System-H and Uda Walawe Scheme.	The Ministry has less capacity in agriculture and livestock extension works compared to irrigation work

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## Total Project Cost

		Unit : Million
No.	Description	Total in Rs.
1	Direct Cost	10,233
	<i>(a) Mobilization of PMU &amp; PIUs</i>	176
	<i>(b) Activities related to Chili, Onion, Legumes and Fruits production</i>	9,015
	<i>(c) Activities related to milk production</i>	1,042
2	Price Contingency	1,276
3	Physical Contingency	575
4	Consulting Services	2,962
Sub-total (Eligible Portion)		<b>15,046</b>
5	Administration Cost	704
6	Tax	1,890
7	Interest during Construction	674
8	Commitment Charge	15
Sub-total		<b>3,283</b>
<b>Total</b>		<b>18,329</b>

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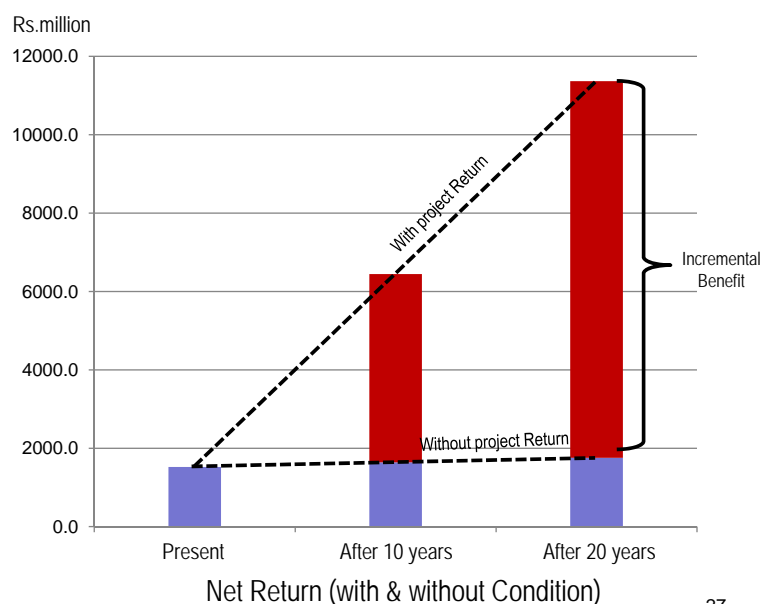
## Project Benefit

### Direct Benefit

Economic Indicators	Condition	EIRR	B/C
Base Case	-	25.4%	3.79
Case 1	Cost +10%	24.0%	3.44
Case 2	Benefit -15%	23.0%	3.22
Case 3 (worst case)	Cost +10%, Benefit -15%	21.7%	2.93

### Indirect Benefit

- Improvement of Farmers' Livelihood
- Reduction of Subsidy
- Capacity Development of Implementing Agencies
- Increase in Employment Opportunity
- Reduction of Transportation Time
- Improvement of Marketing Structure
- Mitigation of Water Shortage for Domestic Use



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## Conclusion & Recommendation

### Conclusion

- The Project will diversify agricultural production with high-value products in the dry zone,
- Production target of Mahinda Chinthana (2020) will be achieved significantly; ranging from 38% in chili, 42% in onion to 100% in papaw,
- EIRR is over 25% ; indicating high economic feasibility of the Project, and
- Economy of beneficiary farmers will also be improved with incremental net profit of Rp. 220,000 – Rp. 340,000/year/farmer.

### Recommendation

Earliest implementation of the Project, because:

- Sri Lanka entered into middle income country and it is the good timing to reorganize the agriculture sector from subsistence to commercial level,
- Dry zone has a high potential for expansion of commercialized agriculture,
- Sri Lankan agriculture needs to be internationally competitive as early as possible with considerable amount of fund infusion , and
- Small holding farmers are still weak in commercial competitiveness.

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**END**

# Meeting Memo

## Meeting Memo

Date & Time :	6 <sup>th</sup> February 2012, 10:30-12:30
Place :	Auditorium, Ministry of Finance and Planning
Subject :	<b>Consultation on Preparatory Survey on the Project for Improvement of Agricultural Production and Productivity in Dry Zone Areas</b>
Participants :	As attached

1. The JICA Preparatory Survey Team (hereafter referred to as “the Team”) tabled draft Inception Report of the Survey to participants from the central government and provincial councils. The Team presented its contents and especially emphasised on the points as follows.
  - (1) The objective of the Survey is to formulate a Yen Loan Project (hereafter referred to as “the Project”), which will be listed on the Japanese ODA Loan Package No. 43 in the Japan’s next fiscal year.
  - (2) The concept of the Project is “to support diversification of agriculture in Dry Zone towards commercially viable agriculture to strengthen food security in Sri Lanka”. To materialise this, the capital should be injected into a certain size of focused potential area, stated differently as the area of the Project, to maximise the impact of the intervention.
  - (3) The area of the Project will be analysed and selected by clear and logical criteria to optimise the investment.
  
2. The participants discussed several issues based on the presentation by the Team, and Sri Lankan side commented on the points mentioned below.
  - (1) Sri Lankan side and the Team have to make a best effort to prepare an appealing project for the Japanese Government to accept the loan to Sri Lanka.
  - (2) The Sri Lankan side and the Team should follow a time line of the request cycle to incorporate the Project in the Package.
  - (3) Review of the national level regulation and policies on agriculture is required. This type of work should be carried out jointly by Sri Lankan side and the Team.
  - (4) Field officers, such as Agriculture Instructor (AI), will prepare DS level development plans to propose the project components in project site(s) with full support from senior officers in district and provincial level. The provincial councils should nominate the staff involved in the process in advance and formulate teams to prepare the development plans.
  - (5) Since the Survey period is limited, the provincial councils should actively participate in the Survey process to develop effective and feasible plans. The proposed project should be acceptable for both Sri Lankan and Japanese Governments.
  - (6) There are a lot of potential in Eastern Province for crop diversification. The crop intensity can

be increased from 1.2 at present to 2.0 through promotion of OFCs in the dry seasons.

- (7) The cost and benefit per crop analysis is needed in the Survey. The data will be used for the other purpose for planning of national policies.

Mahaweli Authority has also implemented projects contributing to agricultural diversification such as promotion of OFCs and vegetables in their mandate. The Team should refer to these projects as well for formulating a new project.

3. Sri Lankan side accepted strategy of project formulation, objectives of the Survey, plan of operation and approaches proposed by the Team. The participants also acknowledged the following points.

- (1) Progress Report I will be submitted at the end of April 2012.
- (2) Project site to be selected by clear and logical criteria will be proposed by the report.
- (3) Criteria will be discussed at a future date before the submission.



## Meeting Memo

Date & Time :	8 <sup>th</sup> February 2012, 9:30-12:00
Place :	Auditorium, Eastern Provincial Council
Subject :	<b>Consultation on Preparatory Survey on the Project for Improvement of Agricultural Production and Productivity in Dry Zone Areas</b>
Participants :	As attached

The JICA Preparatory Survey Team (hereafter referred to as “the Team”) visited the Eastern Provincial Council after the Inception Meeting held in Colombo on 6<sup>th</sup> February 2012. The team re-explained strategy of project formulation, objectives of the Survey, plan of operation and approaches proposed by the Team. The Eastern Provincial Council also made a presentation on its strategy for agricultural diversification. Accordingly, the both parties exchanged ideas and opinions and discussed several issues.

During the discussion, the Eastern Provincial Council commented on the points as follows.

- (1) In the case of Eastern Province, minor tank area is the main target for crop diversification. It is difficult to promote the diversification in the major and medium tank schemes since the farmers in those areas are less motivated to cultivate other crops except for rice. The other target areas are highland area, low land in Yala season, riverbank, drainage area and limited area of major schemes.
- (2) Potential support activities for crop diversification can be rehabilitation and upgrading of the canal system, improvement of the drainage system and construction of access road. The construction of agro well is also potential activity. However, the location should be selected carefully closely collaborating with the Water Resources Board and other stakeholders. Construction of water harvest facility is also high potential support to promote the crop diversification.
- (3) In principle, the minor tanks are under the jurisdiction of the Ministry of Agrarian Service and Wildlife along the central government line. In practice, however, those facilities can be and have been rehabilitated by the provincial ministry of irrigation with cooperation of two organisations. Such practice has been applied to NECORD by World Bank and JICA projects in the past.
- (4) Since Department of Irrigation, Department of Cooperative Development and Department of Agriculture are not in the same Ministry of the Provincial Council, close coordination mechanism among these three Departments is essential for the project implementation.
- (5) Agriculture Instructors and Deputy Director of Agriculture in selected project site(s) should participate in a DS and District coordination committee and propose the plan for promotion of crop diversification with the concurrence of the committee in advance.

- (6) It is an issue that the agriculture labourers are employed only for 3 months in a year at present. It is expected that promotion of OFCs can create job opportunities in the local economy.
- (7) Production societies for OFCs are formed and registered under the Department of Agriculture in Eastern Provincial Council. There are nearly 60 registered societies existing. These societies can be incorporated in the Project for promoting the crop diversification.
- (8) Dr. Husain, Director of Agriculture, is assigned as a counterpart to the Survey Team.
- (9) The office space for the Team will be provided inside of the Eastern Provincial Council. The provincial council and the Team will discuss provision of office equipment sometime later.

## Meeting Memo

Date & Time :	9 <sup>th</sup> February 2012, 13:00-14:30
Place :	Chief Secretary's Office, Uva Provincial Council
Subject :	<b>Consultation on Preparatory Survey on the Project for Improvement of Agricultural Production and Productivity in Dry Zone Areas</b>
Participants :	As attached

The JICA Preparatory Survey Team (hereafter referred to as “the Team”) visited the Uva Provincial Council after the Inception Meeting held in Colombo on 6<sup>th</sup> February 2012. The team re-explained strategy of project formulation, objectives of the Survey, plan of operation and approaches proposed by the Team. Accordingly, the both parties exchanged ideas and opinions and discussed several issues.

During the discussion, the Uva Provincial Council commented on the points as follows.

- (1) Agriculture is very important in Uva province and 90% of the population is engaged in agriculture related industry. Uva province was the major food supplier in the past (during the WWII) and the production share of maize is 20% at present.
- (2) There are two zones in Uva province such as Baddula district and Moneragala district. Buddla has more focused on the vegetable, potato, plantation and other high value crop, and Moneragala does OFCs, fruits and paddy.
- (3) The province placed high priority on (a) quality seed production, (b) promotion of new technologies for vegetables, (c) enhancement of value addition of food and (d) capacity development of the extension services. In the case of livestock, (a) promotion of dairy product, (b) farm resources management, (c) pest control, (d) institutional development and (e) livestock service improvement are priority.
- (4) In general, in Uva province, it is difficult to find agriculture labor in harvest season. The Department of Livestock places priority on the farm mechanization.
- (5) The major tanks, which command area is more than 80 ha, are managed by the central government. On contrary, other minor schemes are managed by either the provincial council or the Ministry of Agrarian Service and Wildlife. The provincial council and the Ministry have good coordination and have experience of minor tank rehabilitation in past special projects.
- (6) Mr. R.M. Nandasiri, Provincial Director of Agriculture, is assigned as a counterpart to the Team.

The Team re-explained that the project to be formulated after this survey will focus on promotion of agricultural diversification in Dry Zone and asked the council to accept the concept.

## Meeting Memo

Date & Time :	9:30~ on 16 <sup>th</sup> Feb 2012
Place :	Auditorium in Ministry of Agriculture
Subject :	<b>Inception Meeting with NWP</b>
Participants :	As attached

The JICA Preparatory Survey Team (hereafter referred to as “the Team”) visited the North Western Provincial Council after the Inception Meeting held in Colombo on 6<sup>th</sup> February 2012. The team re-explained strategy of project formulation, objectives of the Survey, plan of operation and approaches proposed by the Team. Accordingly, the both parties exchanged ideas and opinions and discussed several issues.

1. Kurunegala is one of the important players for OFC, vegetable and fruit production in this country.
2. The North Western Province makes effort to achieve the National Development Plan. They are promoting the crop zoning for OFC, vegetable and fruit based on existing potential.
3. More than 5000 minor tanks are available in the Province. The Province has a plan to rehabilitate such a small scale tanks to uplift the farmers living standard and increase in the agriculture production. The major tanks, which command area is more than 80 ha, are managed by the central government. On contrary, other minor schemes are managed by either the provincial council or the Ministry of Agrarian Service and Wildlife. The provincial council and the Ministry have good coordination and have experience of minor tank rehabilitation in past special projects.
4. Livestock sector also have a potential in this area.

## Meeting Memo

Date & Time :	9:00~ on 17 <sup>th</sup> Feb 2012
Place :	Meeting room in Kachcheri
Subject :	<b>Inception Meeting with NCP</b>
Participants :	As attached

The JICA Preparatory Survey Team (hereafter referred to as “the Team”) visited the North Central Provincial Council after the Inception Meeting held in Colombo on 6<sup>th</sup> February 2012. The team re-explained strategy of project formulation, objectives of the Survey, plan of operation and approaches proposed by the Team. Accordingly, the both parties exchanged ideas and opinions and discussed several issues.

The participants from the NCP explained the present agriculture situation in NCP as follows.

- Soya Bean is planted in paddy land in Yala
- There is the farmer having motivation to cultivate OFC instead of paddy.
- There are diseases in chilli cultivation but it was solved by introducing the sprinkler irrigation system in this area.
- Crop diversification (from paddy to chilli) is more promoted in System H area under MASL initiative
- There is the ground water problem in System B. The irrigation system is working well.
- NCP places the priority on mango, papaya and guava cultivation among the fruit crop cultivation.
- The pipeline system is practiced in System H area but it is not working now
- The production of the feed is the biggest challenge in the livestock sector. There is no marketing problem for milk production.

The survey team took note above idea and said that they would collect necessary information and incorporate those ideas into the survey.

## Meeting Memo

Date & Time :	14:00~ 21st Feb. 2012
Place :	DDA Office Kilinochchi
Subject :	<b>Inception Meeting with Northern Province</b>
Participants :	As attached

The JICA Preparatory Survey Team (hereafter referred to as “the Team”) visited the Northern Provincial Council after the Inception Meeting held in Colombo on 6<sup>th</sup> February 2012. The team re-explained strategy of project formulation, objectives of the Survey, plan of operation and approaches proposed by the Team. Accordingly, the both parties exchanged ideas and opinions and discussed several issues.

- 1 The Deputy Director of 5 districts made presentation to the Survey Team on general socio economic situation of the 5 districts and issues and constraints on agriculture development especially OFC, vegetable and fruit cultivation in this area.
- 2 DDA Kilinochchi and Mullativu said that there were tank available designed only for the OFC cultivation. They said that the area was big production area of chilli in 1980’s but due to the conflict, all production were collapsed.
- 3 Re-settlement activities and land mine clearance are going on in the Mullativu area.
- 4 Seed production and storage construction are needed for onion cultivation. The fruit cultivation including grape are popular in Jaffan. Technical and financial supports are needed in this regards.

## Meeting Memo

Date & Time :	24 <sup>th</sup> April 2012, 11:00-13:00
Place :	Auditorium of the Ministry of Finance and Planning
Subject :	<b>Progress Meeting No.1</b>
Participants :	As attached

The meeting was held under the chairmanship of Dr.B.M.S.Batagoda/ Director General of Department of National Planning. After welcoming all the participants by the chairman, he invited participants to make a self introduction and then he explained the purpose of meeting and background of the preparatory survey.

The progress and achievement presented by the Survey Team was generally accepted by the participants and following discussion were made.

1. Discussion commenced with raising a question by Chief Secretary/NP regarding not selection of Jaffna area for the coming project. Responding to the question, Team Leader explained again selection criteria and convinced the reasons for selections. Country Officer/JICA, Yaki Daizumoto also added in this regard to explain the situation. The chairman explained, that the Team will visit the area for field level workshops to identify the needs further and there will be an opportunity to think again some more potential areas adjacent to the areas already selected.
2. Mr.H.M.Jayatilake/Director(Irrigation & Water Management)/Irrigation Department was in view that the selection on the basis of DS division is not suitable for agricultural purposes and it is good for administrative purposes as DS level is for administration. Further he suggested selecting the areas on the basis of irrigation schemes. The chairman placed the issue in the forum to discuss and after a lengthy discussion it was decided to continue project preparation on DS division basis.
3. Additional Secretary to the Ministry of Agriculture, Dr.D.B.T.Wijeratna pointed out significance of processing and value addition in agricultural sector in terms of increasing income of farmers and therefore he requested to consider such interventions in project preparation.
4. Secretary to the Provincial Ministry of Agriculture/NCP, Mr.R.K.Premasiri mentioned to make collaboration with them when having field level workshops and expressed their willingness to participate such workshops. Team Leader appreciated cooperation of secretary and mentioned that from 30<sup>th</sup> of April, National Team would be mobilized in this regard. The chairman also asked participants to get involved with field level workshops and contribute to formulate a fruitful project as crop diversification and increasing milk production is very much essential at this movement in the country.
5. Mr.Hemantha Gamage, Commissioner (Development)/Department of Agrarian Services expressed his view on use of Agrarian Service Centers as market information centers when the project is implemented. He said that the ASC could be used for more activities like farmer

training, input supply center etc and not only for an information center. Further he mentioned that they are ready to assist for the study as well as coming project through their ASC network. Some ASCs need repairs and improvements, he added.

6. Director/ Animal Breeding from the Ministry of Livestock and Rural Community Development mentioned that on principal they agree with the outline of the project study and mentioned that expansion of animal production is highly essential in the country, especially in dry zone. Further he added that the ministry will support the program as it is in line with the current needs.
7. Mr.M.D.Piyatilaka/Agriculture Specialist, Ministry of Irrigation & Water Management quoted their experience in Mahaweli areas and said the importance of OFC in terms of increasing farmers' income. Further he appreciated for selection of Mahaweli areas to be included in coming project for expansion of OFC. He expressed his enthusiasm to provide their cooperation in future activities of the study, especially in field level workshops.
8. The chairman, Dr.B.M.S.Batagoda/ Director General of Department of National Planning reiterated importance of participation of relevant officers in field level workshops and summarized the session. The meeting was adjourned inviting for refreshments.



## Meeting Memo

Date & Time :	23 <sup>rd</sup> July 2012, 9:30-12:00
Place :	Auditorium, Ministry of Finance and Planning
Subject :	<b>Progress Report No.2</b>
Participants :	Dr. Badagoda, Representative of ERD, Ministry of agriculture, irrigation, respective provincial councils Ms. Imoto (country director JICA head office), Ms. Daizumoto, Mr. Miki, Mr. Ida, Mr. Yamaoka and survey team member

The meeting was held under the chairmanship of Dr.B.M.S.Batagoda/ Deputy Secretary to the treasury, on 23rd July, 2012 at 09.30 am at the auditorium of the Ministry of Finance and Planning. After welcoming all the participants by the chairman, he invited JICA to make the presentation on progress of the study.

JICA country representative Ms. Imoto explained purpose and importance of the meeting to precede the study. After appreciating participation of officers she invited Mr. Yamaoka, Team Leader of the study team to present the progress of the study.

- (1) After the presentation made by survey team, Dr.Batagoda appreciated progress implemented by JICA survey team. However Dr. Batagoda said that the agriculture project presented would not be requested to JICA for financial assistance in this year considering the following reasons.
  - Foreign funds will be used only for sectors where high technology is required such as drinking water treatment plants.
  - The Government is selective on borrowing funds to invest in areas where private sector plays a minor role and of public interest. Whereas, in sectors with major private sector the government's role is only to facilitate activities.
  - He mentioned that clear understanding of public sector components with high technology should be earmarked for foreign investment.
  - Government considers that the agriculture sector as a private sector activity.
- (2) Dr. Batagoda said to have the separate discussion to seek for the possibility to pick up the components for next years' yen loan request.
- (3) Chief Secretary of Uva Province requested the project proposed by the survey team. Chief Secretary of Uva Province said that present fund allocation of the government was limited though more than 30,000 tanks were available in the province. He also said that no measure was taken for crop damage from domestic and wild animals and there are still high demands for rural road rehabilitation.
- (4) Director of Irrigation Department said that self sufficiency in OFC alone is not important and it should be considered the possibilities of exporting them to other countries. Improvement of the quality of product were important in this respect, further it should be considered for more

value production.

(end)

## Meeting Memo

Date & Time :	17 <sup>th</sup> October 2012, 15:30-16:30
Place :	Auditorium, Ministry of Finance and Planning
Subject :	<b>Draft Final Report</b>
Participants :	As attached

1. The JICA Preparatory Survey Team (hereafter referred to as “the Team”) tabled draft final report of the Survey to the participants from the national government and provincial councils. The Team presented summary of the proposed yen loan project and the following are discussed.
  - (1) The contents of project proposed by the survey team were acceptable. However the agriculture development project will be implemented by not foreign fund but the local fund according to the government policy. The government of Sri Lanka had enough fund for agriculture development.
  - (2) The Provinces have strong demand for this project implementation. Provinces are recommended to submit the report individually to Ministry of Finance and Planning for national budget.
  - (3) Establishment of PMU and employment of external consultants are not recommended by GoSL considering the sustainability of the project.
  - (4) JICA and GOSL agreed to have quarterly meeting for further discussion on this project and coming Japanese ODA project.

(end)