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MAHAWELI ENTERPRISE DEVELOPMENT

MED/EIED PROJECT

(USAID/Sri Lanka Project No. 383 - 0090)
(Contract No. C-00-0031-00)

MED/EIED QUARTERLY REPORT

JANUARY - MARCH, 1992

MED/EIED QUARTERLY PLAN

APRIL - JUNE, 1992



INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE, INC.

WITH :

ERNST & YOUNG CONSULTANTS (Sri Lanka)
DEVELOPMENT ALTERNATIVES, INC.
HIGH VALUE HORTICULTURE, P.L.C.
SPARKS COMMODITIES, INC.
AGROSKILLS, LTD

CONSULTANTS TO THE MAHAWELI AUTHORITY OF SRI LANKA

The Mahaweli Enterprise Development Project

The Government of Sri Lanka and the international donor community have given high priority to the development of the natural and human resources of the Mahaweli river basin. The first phase of this development, the construction of dams, irrigation and power systems, roads and other physical infrastructure, is largely complete. The second phase, settling the land and forming an agricultural production base, is well under way. The third phase, the major challenge for the 1990's, is the building of a diverse and dynamic economy, improving employment and income prospects for Mahaweli settlers and their families. In this phase the private sector has a leading role to play.

The Mahaweli Enterprise Development Project (MED) is a USAID-supported initiative of the Mahaweli Authority of Sri Lanka to promote investment and business development in agribusiness, manufacturing, tourism, minerals and services. MED directly assists small, medium and large-scale investors with technical assistance, marketing support, training, business advisory services and credit. MED also provides policy assistance to improve access to resources, such as land, water and capital, and the legal and institutional framework for enterprise development.

The official MED implementing agency is the Employment, Investment and Enterprise Development Division of the Mahaweli Authority. The main MED technical consultancy is provided by a consortium led by the International Science and Technology Institute, Inc., a private consulting firm with head offices in Washington DC. Other firms in the consortium are Agroskills, Development Alternatives, Ernst and Young, High Value Horticulture and Sparks Commodities. Marketing services are provided by SRD Research and Development Group, Inc.

MAHAWELI ENTERPRISE DEVELOPMENT PROJECT

MED/EIED QUARTERLY REPORT
JANUARY - MARCH 1992

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INTRODUCTION

This report covers activities carried out during January - March, 1992, and activities planned for April - June, 1992.

During January - March, internal discussions highlighted a number of constraints confronting Mahaweli investors. While the official business environment is quite attractive, with small and large investors receiving GCEC incentives and MED assistance, problems remain. These problems and proposed actions are summarized below:

ISSUE	BACKGROUND	SUGGESTED ACTION
Approval of investor projects is slow.	Approval of investments often takes many months. Investors may lose interest and invest elsewhere. Current examples are Forbes - bottling plant - and Keells - dried fruit. GCEC approves larger projects for less well known investors in one month.	Shorten process by reducing steps after all requirements are met and investment is approved by MASL evaluation panel. Set one month as time allowed for approvals.
Land tenure is insecure.	Lack of land leases and titles reduces investment and job creation. In spite of MASL/EIED/MED efforts, the success to date in issuing leases and titles is very limited.	Fix responsibility to issue leases and titles (MED can provide resources as required).
Business sites for small investors are scarce.	Small investors are a potential major source of investment and job creation. However, commercial and industrial sites are scarce and policy on allocating them to non-settlers appears unclear.	Formulate a policy for issuing sites to small investors from outside the Mahaweli which will increase private investment.
Supply of water to commercial farmers and outgrowers is at times not according to posted schedule.	In several systems, there have been instances of water issues reportedly being stopped without notice, causing losses to investors. Outgrowers and jobs would rise if water supply were predictable.	Hold meeting of commercial farmers and MASL officials to agree system for informing of water supply schedule and changes.
Individuals and small enterprises in service and commercial sectors can not join Savings and Credit Societies.	Under the Societies Ordinance, only manufacturing sector entrepreneurs and enterprises may be members of societies unless the Minister of Commerce and Trade makes an exception by Gazette notification.	Secure approval of Minister of Commerce.

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MAHAWELI AGRIBUSINESS INVESTMENTS

1. APPLICATIONS FOR LAND DURING REPORTING PERIOD

Total Mahaweli	1986 - 1990	1991	1992		1986 - 1992
			1st Qtr	To date	
Agribusiness investor applications for land to EIED	381	23	8	8	412
approved by MASL evaluation panel	127	14	7	7	148
pending with EIED at end of period	1	-	5	5	6
final approval received	93	12	0	0	105

2. CUMULATIVE STATUS OF APPROVED AGRIBUSINESS INVESTMENTS

Total Mahaweli	as of end 1989	as of end 1990	as of end 1991	1992			
				end 1st Q	end 2nd Q	end 3rd Q	end 4th Q
Investments, number which have received final approvals	75	93	105	105			
Of which: withdrawn by investor before handover	14	14	14	14			
Land not yet handed over to investor	3	4	4	4			
Land handed over to investor	58	75	87	87			
Of which: leases issued	1	1	1	1			
canceled by EIED	11	29	33				
Hectares handed over - irrigable uplands	489	654	800	850			
Hectares handed over - non-irrigable uplands	253	529	587	587			

3. CURRENT STATUS OF APPROVED AGRIBUSINESS INVESTMENTS

Total Mahaweli	at end 1989	at end 1990	at end 1991	1992			
				at end 1st Q	at end 2nd Q	at end 3rd Q	at end 4th Q
Active investments (lands handed over to investor less those subsequently canceled by EIED)	47	46	54	56			
Of which: not in operation			8	8			
preparatory work underway			9	11			
in operation	22	30	37	37			
On which: hectares cultivated of irrigable uplands	50	95	125	125			
hectares cultivated of non-irrigated uplands		100	153	153			
persons directly employed	64	87	480	260			
outgrowers contracted	725	956	1320	992			

ENTERPRISES AND EMPLOYMENT (1)

(explanatory notes at end of table)

Total Mahaweli		Total This Quarter	Cumulative Total since January 1991
Business consultancies		1898	6673
Enterprises assisted with planning, technical advice and credit (2)		467	1796
Entrepreneur Development Training - number of individuals trained		-	939
Product and Service groups - number of individuals trained (ad-hoc training)		389	1100
Self employment opportunities created	Full time	153	778
	Part time	40	185
Jobs created in micro and small enterprises of which :	Full time	97	394
	Part time (secondary employment)	59	324
a) Jobs created by <u>start-ups</u> of micro and small enterprises	Full time	46	247
	Part time (secondary employment)	38	236
b) Jobs created by <u>expansions</u> of micro and small enterprises (6)	Full time	51	147
	Part time (secondary employment)	21	88
Savings and Credit Societies	Number of societies formed	07	16
	Number of members (3)	85	206
	Value of member equity (4)	85,000	246,500
	Value of collateral funds	Nil	Nil
Grants to Savings and Credit Societies	Number of grants made (5)	02	02
	Value of grants made	146,600	146,600
	Value of grant disbursements	Nil	Nil
Loans submitted to Banks for Savings and Credit Society members	Number of loans	14	14
	Value of loans	455,000	455,000

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ENTERPRISES AND EMPLOYMENT (1)

(explanatory notes at end of table)

Total Mahaweli		Total This Quarter	Cumulative Total since January 1991
Loans received by Savings and Credit Society members	Number of loans	Nil	Nil
	Value of loans	Nil	Nil
Direct loans submitted to Banks for non SCS entrepreneurs	Number of loans	128	1,024
	Value of loans	2,428,000	15,433,000
Direct loans received from Banks by non SCS entrepreneurs	Number of loans	92	731
	Value of loans (Rs. 000s)	1,838,000	8,065,000

- (1) Data compiled from reports sent by each business center giving combined EIED and FBC totals for 1992.
- (2) Does not include assistance given to 138 aspiring entrepreneurs (23% of the clients)
- (3) Approximate figure as of March 31
- (4) Approximate figure as of March 31
- (5) 5 grant proposals submitted; 2 approved, and none disbursed

**OUTPUT INDICATORS
POLICY, PROCEDURES AND REGULATIONS**

1990

- 1,600 allotments were selected for the issuing of transferable leases.
- Director General/MASL decided that investors should be charged for water taken from the canals.
- Streamlined process of approving investor applications and made quicker through the appointment of a Ministry representative to the EIED evaluation panel which reviews proposals.
- MASL agreed to change practice from one in which MASL permits investors to grow only specified crops to one in which only crops not to be grown (namely, rice) are specified.

1991

- MASL agreed to lease MASL farms to private sector for development of commercial farms
- MASL agreed in principle to transfer facilities to the private sector for tourism development
- MASL agreed to keep water in lined canals in System B to permit 12 month irrigation
- New lease and permit formats approved and introduced into practice
- Policy decision made to transfer with title commercial allotments to investors

First Quarter 1992

- MASL agreed to issue title to tourism, housing, industry investors

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MEDIUM AND LARGE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>MLE Activity #1</u></p> <p>Provide support to investors through pre-investment programs</p> <p><u>1992 Target</u></p> <p>Implement 10 Pre-Investment Programs</p> <p><u>2nd Quarter Target</u></p> <p>Implement 2 PIPs</p> <p><u>To date</u></p>	<p>Continue implementing essential oils PIP</p> <p>Advertise and promote PIPs.</p> <p>Start tomato PIP implementation</p> <p>Assist companies to develop proposals for 3 PIPs. Possible projects include several identified in 1991; System H cold chain and storage, rambutan and foliage plants, and fruit crops production.</p> <p>Present 3 PIPs for approval.</p> <p>Meet with GCEC, EDB and Ministry of Agriculture to discuss PIP program and make arrangements for collaboration</p>	<p>Continued implementation of the essential oils PIP</p> <p>Advertised and promoted PIP program incentives to Mahaweli investors</p> <p>Completed design phase of Uda Walawe cold chain PIP</p> <p>Implemented cultivation trials stage of processing tomato PIP. Identified 2 potential PIPs</p> <p>Assisted 4 companies develop PIP proposals</p> <p>Identified candidates for dried fruit PIP</p> <p>Coordinated and distributed STTA consultants reports on cold chain and tomato production PIPs and tomato production manual</p>	<p>Continue implementing essential oils PIP</p> <p>Advertize and promote PIPs</p> <p>Start dried fruit implementation</p> <p>Present two PIPs for approval</p> <p>Assist four companies develop PIP proposals</p> <p>Potential PIP projects include fruit crops and asparagus production and water survey and cashew factory</p>	<p>Delay in issuance of land leases and titles</p> <p>Lack of post paddy season water</p> <p>MASL approval process for PIP consultants lengthened</p> <p>Companies hesitant to invest in Mahaweli without joint venture partners</p> <p>Reluctance of investors to develop bankable business plans to support PIP proposals</p> <p>Limited capacity of companies seeking PIP assistance</p>

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MEDIUM AND LARGE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>MLE Activity #2</u></p> <p>Provide support to investors through special projects (SP)</p> <p><u>1992 Target</u></p> <p>Implement 3 special projects</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Begin implementation of a SP with Aitken Spence for development of the Uda Walawe cold chain.</p> <p>Develop and secure approval of a SP for a bottling factory with Forbes Agricultural Services in Girandurukotte.</p> <p>Identify and begin developing other SPs.</p>	<p>Aitken Spence requested bids from suppliers and carried out market visits with MED support</p> <p>Continued dialogue with Richard Pieris, FAS and Informatics to develop potential Special Project commercial R & D farms in Systems C and H</p>	<p>Continue preparation for cold chain</p> <p>Develop SP for bottling plant with Forbes</p>	<p>Delays in approvals of leases and titles weaken interest of investors</p>
<p><u>MLE Activity #3</u></p> <p>Promote Mahaweli investment in Sri Lanka and abroad</p> <p><u>1992 Target</u></p> <p>Approve 50 investor applications and startup 20 investments</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Carry out two local investment seminars</p> <p>Publish Mahaweli investor guide-book including guidelines on investment incentives, tourism incentives, land policy, water policy and PIP assistance</p> <p>Produce MED video promotional package</p> <p>Collaborate with GCEC to promote Mahaweli opportunities to foreign investors</p>	<p>Hold meetings at Board level with companies</p> <p>Guidebook published</p> <p>Participated in one GCEC seminar</p>	<p>Continue Board room presentations. Join GCEC missions to Netherlands, Korea, Singapore and Japan</p> <p>Circulate guidebooks</p> <p>Prepare inserts with details for guidebooks</p> <p>Prepare groundwork for participation Anuga Trade Fair with selected companies</p> <p>Hold joint GCEC-MASL workshop</p>	

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MEDIUM AND LARGE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>MLE Activity #4</u></p> <p>Develop agribusiness sector with field based advisory services and training</p> <p><u>1992 Target</u></p> <p>Assist 15 commercial farms to export products</p> <p><u>2nd Quarter Target</u></p> <p>Continue technical assistance to 10 commercial farms to export products</p> <p><u>To date</u></p> <p>Assisted five farms</p>	<p>Arrange with MEA/MDS for drainage works on commercial farms, as necessary</p> <p>Publish 3 crop production and marketing profiles for manual in English and Sinhala</p> <p>Provide continual assistance to 10 selected commercial farms clients; agree on farm plans for each</p> <p>Coordinate with MARD activities in System B to assist commercial farmers produce products for export through the cold chain</p> <p>Give 1 seminar to bankers on lending to Mahaweli farms participating in crop diversification programs.</p>	<p>Submitted draft plans for three farms to MDS</p> <p>Completed draft of 11 profiles in English</p> <p>Assisted nine commercial farms on export crop production. Farm plans completion pending agreements for sale of products</p> <p>Coordinated with MARD on field production of water melons, casaba melons, honeydew melons, cantaloupes, brinjal, sweetcorn and zucchini squash</p> <p>Held organizational meeting with senior bank officials to prepare seminar scheduled for next quarter.</p>	<p>Complete plans for 3 farms under study and do four additional studies</p> <p>Complete four crop production and marketing profiles for field base manual in English and Sinhala</p> <p>Assist four clients who were assisted in the 1st quarter to develop export crops</p> <p>Continue coordination with MARD on field production of water melons, casaba melons, honeydew melons, cantaloupes, brinjal, sweetcorn and zucchini squash</p>	<p>Completion of pack-house and availability farmer contracts in System B</p> <p>Need for qualified resident managers on the commercial farms</p>

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MEDIUM AND LARGE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>MLE Activity #5</u></p> <p>Provide marketing services for export and local markets</p> <p><u>1992 Target</u></p> <p>Provide basic marketing services to 100 investors and special market development assistance to 15 high potential investors</p> <p><u>2nd Quarter Target</u></p> <p>Provide basic marketing services to 25 investors and special market development assistance to 3 high potential investors</p> <p><u>To date</u></p> <p>Provided basic services to 14 clients and special services to 6 firms</p>	<p>Produce 2 Market Intelligence Profiles (MIPs) and hold 2 seminars in Colombo and Kandy</p> <p>Prepare four Quick Market Briefs (QMBs)</p> <p>Prepare three Agronomic Viability Briefs (AVBs)</p> <p>Produce and update three data bases including grapes, pineapple and melon</p> <p>Publish one Mahaweli Exporter newsletter</p> <p>Collect and distribute local market information</p> <p>Assist five high potential investors</p>	<p>Preparation of reports on melons, beans and tomatoes complete</p> <p>Four QMBs prepared and distributed</p> <p>AVBs on beans, banana, tomato paste prepared. Agronomic brief on mangoes prepared and ready for distribution in April</p> <p>Held workshop on export markets for bananas in Uda Walawe.</p> <p>Draft copy of the publication is ready for distribution in April 1992</p> <p>Market information collected and distributed to 30 investors, 13 offices, 6 settler organisations</p> <p>Assist Aitken Spence on banana bags and buyers. Sunfrost, Forbes, Informatics, Mahaweli Farm & Richard Peiris on spice trials</p>	<p>Hold two seminars in Colombo and Kandy</p> <p>Prepare one QMB</p> <p>Prepare three AVBs</p> <p>Collect and distribute local market information</p> <p>Provide basic services to 25 new clients and assist five high potential investors</p>	<p>Seminars could not be held as planned in the 1st quarter due to unavailability of original MIPs in advance for printing</p> <p>New product ideas were not received from investors. It is proposed to promote 18 products covered in previous QMBs during this quarter. Provision has been made for the preparation of one QMB at short notice</p> <p>Economic viability and potential markets of spice crops to be studied</p>

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MEDIUM AND LARGE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>MLE Activity #6</u></p> <p>Develop tourism, minerals, manufacturing and property sectors</p> <p><u>1992 Target</u></p> <p>Ground broken for 8 major investments (3 - tourism; 1 - minerals; 3 - manufacturing; and 1 - property)</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Promote five tourism sites and three facilities suitable for tourism sector investment</p> <p>Promote manufacturing investments through site and building advertisements and contacts with investors</p> <p>Advertise sites available for housing development and hold discussions with investors</p> <p>Review and decide upon size and location of Uda Walawe tourism site</p> <p>Contract and initiate minerals survey</p>	<p>Proposals for Uda Walawe project evaluated and submitted for approval</p> <p>Advertised 'Digana' complex</p> <p>Developed proposal from Italian shoe company for Uda Walawe investment</p>	<p>Allocate Uda Walawe site and Digana complex</p> <p>Advertize and promote housing sites</p> <p>Contract and initiate mineral survey</p> <p>Initiate Uda Walawe shoe factory investment</p>	<p>Whether clearance of Wildlife Dept. and central Environmental Authority could be obtained for Uda Walawe site</p>

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SMALL SCALE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p>SSE Activity #1</p> <p>Provide business advisory services</p> <p><u>1992 Target</u></p> <p>Deliver 6,000 business advisory consultations</p> <p><u>2nd Quarter Target</u></p> <p>Deliver 1,575 business consultations</p> <p><u>To date</u></p> <p>1,898 business consultancies delivered</p>	<p>Open 8 business centers.</p> <p>Train staff in 1st module of SSE consulting methods.</p> <p>Install planning, monitoring and reporting systems and set up administrative systems for business centers.</p> <p>Organise participation in Mahaweli fair in February.</p> <p>Complete KKTA consultancy and identify special consultancy to implement in 2nd quarter</p> <p>Do 2 feasibility studies</p>	<p>No business centres officially opened</p> <p>Completed first module of SSE consulting skills workshop held; 22 EIED field staff and FBCs trained in techniques of financial analysis, bookkeeping and credit analysis</p> <p>Organised EIED booth at Mahaweli Fair displaying handicrafts, minerals and other products</p> <p>Carried out KKTA consultancy</p> <p>Awarded contracts for four feasibility studies on SSE opportunities</p>	<p>Open 8 business centers</p> <p>Train staff in 2nd module of SSE consulting methods</p> <p>Finalise administration systems for business centers</p> <p>Hire and place 4 FBCs and 6 office aides</p> <p>Complete draft of Consulting Manual for FBCs</p> <p>Contract two feasibility studies for SSEs</p> <p>Submit KKTA consultancy report and begin implementation phase</p> <p>Facilitate start-up of tile factory in System C</p>	<p>Though business centres are functioning in 8 locations, none has been officially opened in the first quarter due to scheduling problems, slowness of some repairs, and issues concerning appropriate protocol</p> <p>More attention needs to be given to start-up of SSE by outside investors and developing guidelines for such investors on land and electricity availability</p>

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SMALL SCALE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>SSE Activity #2</u></p> <p>Facilitate access to credit</p> <p><u>1992 Target</u></p> <p>Arrange 1,000 loans to SSE clients and form 23 new Savings and Credit Societies</p> <p><u>2nd Quarter Target</u></p> <p>Arrange 244 loans, and form 7 new SCSs</p> <p><u>To date</u></p> <p>Arranged 142 loans and formed 7 new Savings and Credit Societies</p>	<p>Identify members for SCSs and take other preliminary steps.</p> <p>Provide guidance to SCSs in registration of societies.</p> <p>Assist registered SCSs in documentation on Memorandum of agreements and Collateral Fund Agreements</p> <p>Facilitate grant applications and disbursements to registered SCSs; Rs. 160,000 grants disbursed to SCSs.</p> <p>Provide 625 credit consultations.</p> <p>Conduct bankers' workshop.</p> <p>Train staff in first module of SSE credit assistance</p>	<p>Formed seven new SCSs and identified members for an additional 3 new societies</p> <p>Submitted two applications for registration</p> <p>Provided over 500 credit consultations under business advisory services</p> <p>Conducted banker's workshop in Polonnaruwa</p> <p>Approved two grants to SCSs for Rs. 146,600</p> <p>Trained staff in consulting skills workshop in techniques to determine loan requirements</p> <p>Submitted to banks 14 loans (non-approved) for Rs. 455,000 of SCS members and 128 loans (92 approved for 1.84 million) to non SCS entrepreneurs for Rs. 2,428,000.</p>	<p>Provide 580 credit consultations</p> <p>Identify members and form 7 new SCSs</p> <p>Provide guidance to SCSs in registration and register at least 11 SCSs</p> <p>Disburse 5 grants</p> <p>Arrange loans to 114 SCS members for Rs. 2.8 million and 130 loans to non SCS entrepreneurs for Rs. 2.15 million</p>	<p>Savings and Credit Society members are to be given highest priority as FBC clients</p> <p>Commerce and service enterprises still not officially recognised under Societies Act as being able to participate in SCSs</p>

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Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p>SSE Activity #3</p> <p>Provide technical, credit entrepreneurship and other training</p> <p><u>1992 Target</u></p> <p>Train 1300 individuals</p> <p><u>2nd Quarter Targets</u></p> <p>Train 325 individuals</p> <p><u>To date</u></p> <p>389 individuals trained</p>	<p>Establish procedures at business centers for assessing needs and scheduling technical courses.</p> <p>Conduct 15 technical training programs.</p> <p>Conduct 8 credit skills workshops including 4 workshops for SCS members.</p> <p>Redesign EDTP based on evaluation findings</p>	<p>22 training sessions conducted of which 13 were for SCS members on credit and business plan development</p> <p>The remaining 9 training courses were given in bookkeeping, business planning, financial assessment of projects, self-employment prospects, outgrower banana growing, entrepreneurship awareness, rope making and improved methods in rice milling</p> <p>2 additional programs designed but not implemented in sewing machine repairs and 2-wheel tractor repairs</p>	<p>Finalise draft procedures at business centers for training</p> <p>Conduct 20 technical training programs</p> <p>Conduct 10 credit and business development sessions for SCSs members</p> <p>Commission sample survey to determine success rates after one year for EDP trainees</p>	<p>Decision is required by Steering Committee whether EDP should proceed and if so, on what basis</p> <p>Procedures for training communicated to business centers but not yet institutionalised; awaits finalisation of administrative and technical manuals</p>
<p>SSE Activity #4</p> <p>Develop SSE-MLE export product linkages</p> <p><u>1992 Target</u></p> <p>Carry out 5 SSE-MLE export deals.</p> <p><u>2nd Quarter Target</u></p> <p>Carry out 5 SSE-MLE export deals</p> <p><u>To date</u></p>	<p>Contract and complete consultancy to identify 15 potential export products suitable for subcontract production, identify 10 interested buyers or direct exporters of the products and carry out preliminary negotiations between Mahaweli producers and the buyers or exporters.</p> <p>Issue report with workplan for developing capabilities of the Mahaweli producers</p>	<p>TOR written, consultant recruited</p>	<p>Undertake study to identify 15 potential export products suitable for subcontracting, 10 interested buyers or direct exporters and carry out preliminary negotiations for 5 SSE-MLE export deals</p>	<p>Awaiting approval to undertake study</p>

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SMALL SCALE ENTERPRISE ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>SSE Activity #5</u></p> <p>Develop private sector associations and chambers</p> <p><u>1992 Target</u></p> <p>Implement assistance programs with 15 organisations</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Arrange registration of associations as legal entities.</p> <p>Develop assistance programs with 8 associations.</p> <p>Develop and submit 5 grant applications.</p> <p>Establish information links with 1 non-Mahaweli SSE organization.</p>	<p>Identified 4 private sector associations that are interested in participating in grant program</p>	<p>Develop assistance programs for 5 associations</p>	<p>The requirement that private associations put up 50% of the funds for their proposal is inhibiting the pace in which ideas can be developed.</p>

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POLICY, PROCEDURES & REGULATIONS ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>PPR Activity #1</u></p> <p>Establish land policies which support enterprise development.</p> <p><u>1992 Target</u></p> <p>Issue 1,000 freehold titles (i.e. special grants without restrictions) issued to SSEs and 15 thirty year leases to MLEs.</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Draft and introduce into use "special grants" without restrictions on transfer equivalent to a freehold title deed for SSEs and some MLEs and an improved long term lease for large firms.</p> <p>Establish system-by-system targets for issuance by Ministry of freehold titles (special grants without restrictions) to SSEs.</p> <p>Promote action by Ministry to issue thirty year leases as previously recommended for selected MLEs</p> <p>Assist RPMs by carrying out land surveys as requested</p>	<p>Drafted lease format for commercial farmers and special grant format for small scale business and sent to DG for action</p> <p>Established system by system targets for issuance of freehold titles</p> <p>Delay by MEA due to survey difficulties</p> <p>No surveys requested</p>	<p>Employ surveyors as necessary for commercial farms</p> <p>Completed audits of commercial plots available in Mahaweli systems</p> <p>Promote Ministry to issue statement on freehold titles for SSEs and 30-year leases to larger farms</p> <p>Issue initial titles and leases</p> <p>Improve investor approval process</p>	<p>Delays in carrying out surveys continue to prevent early issue of lease and title documents</p> <p>Delays in approving investor applications are weakening the climate for investment</p>

MED/EIED 1st Quarter Report 1992, 2nd Quarter Plan, 1992

POLICY, PROCEDURES & REGULATIONS ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>PPR Activity #2</u></p> <p>Improve physical infrastructure for enterprise development</p> <p><u>1992 Target</u></p> <p>Make road, power or water infrastructure investments to support 3 private projects</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Contract and initiate study to identify infrastructure requirements of Mahaweli to facilitate private investment and identify policy reforms or other measure which will encourage private sector to develop infrastructure</p> <p>Identify 1 infrastructure investment to enable a specific investment project</p> <p>Coordinate with GCEC and other agencies to encourage private investment in Mahaweli infrastructure</p>	<p>Received proposals for infrastructure study and established review panels</p> <p>Preliminary meetings held with GCEC</p>	<p>Contract study on infrastructure requirements of Mahaweli to facilitate private investment</p> <p>Coordinate with GCEC and other agencies to encourage private investment in Mahaweli infrastructure</p>	

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POLICY, PROCEDURES & REGULATIONS ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>PPR Activity #3</u></p> <p>Privatize loss-making and underutilised MASL land and facilities</p> <p><u>1992 Target</u></p> <p>Transfer to the private sector ten MASL farms, 100 buildings, 3 major facilities and 500 new commercial and industrial plots</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Advertise monthly facilities suitable for transfer.</p> <p>Obtain Ministers approval to transfer MASL farms.</p> <p>Advertise and lease out SEDF equipment.</p> <p>Document details of next 10 farms to be transferred</p> <p>Complete identification of lands available for MLEs and begin identification of commercial and industrial lands available for SSEs.</p>	<p>Advertisements placed</p> <p>Minister's approval obtained to transfer MASL farms</p> <p>Identification of land for MLEs complete</p>	<p>Advertize Mahaweli facilities suitable for transfer to private sector, monthly</p> <p>Advertize and lease out SEDF equipment</p>	<p>Approval of EEC not obtained yet to lease their equipment</p>

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POLICY, PROCEDURES & REGULATIONS ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>PPR Activity #4</u></p> <p>Improve MASL policies to support enterprise development</p> <p><u>1992 Target</u></p> <p>Introduce five specific policy or procedural changes in the areas of water, tourism, minerals, housing and transport which improve business environment in Mahaweli</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Contract and initiate consultancy to ascertain possibility of year round irrigation in Systems other than B.</p> <p>Promote and initiate meetings of task force to target specific policy or procedural changes that MASL can make</p>	<p>Bids for year round study received and evaluation panel established</p> <p>Present land policies of Mahaweli forwarded to SG/MASL for review</p>	<p>Contract consultancy to ascertain possibility of year-round irrigation in all Mahaweli systems</p> <p>Develop land use plan and zoning policies to protect the environment and build confidence for tourism development</p>	
<p><u>PPR Activity #5</u></p> <p>Improve MASL capacity to support enterprise development</p> <p><u>1992 Target</u></p> <p>Improve official environment for private investment and confirm through MLE and SSE investor opinion surveys</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>		<p>Meetings arranged MEA and MASL senior staff for orientation on MED programme</p>	<p>Host MED orientation programme with MASL and MEA senior staff</p> <p>Conduct MED orientation programme with project staff of two Systems</p>	

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EIED STAFF TRAINING AND OTHER ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<p><u>Other Activity #1</u></p> <p>Plan, monitor and report</p> <p><u>1992 Target</u></p> <p>Establish 1992 baseline data for enterprises and employment in Mahaweli</p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>	<p>Contract and carry out census to gather the data to establish 1992 baseline data on Mahaweli enterprises and employment</p> <p>Complete design, introduce into use in the field and the head office and produce initial monthly and quarterly reports of the integrate MED monitoring and EIED management information systems</p>		<p>Contract and initiate census</p>	<p>Awaiting approval of contract</p>
<p><u>Other Activity #2</u></p> <p>Provide equipment as required for EIED</p> <p><u>1992 Target</u></p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>				
<p><u>Other Activity #3</u></p> <p>Provide training for EIED staff</p> <p><u>1992 Target</u></p> <p><u>2nd Quarter Target</u></p> <p><u>To date</u></p>				

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EIED STAFF TRAINING AND OTHER ACTIVITIES				
Activity and 1992 target	Actions planned 1st quarter	Actions taken 1st quarter	Actions planned 2nd quarter 1992	Issues
<u>Other Activity #4</u> Reports and plan <u>1992 Target</u> Report quarterly and annually; carry out quarterly, mid-year and annual reviews; prepare 4 quarterly plans and 1992 annual plans <u>2nd Quarter Target</u> One quarterly report and plan; <u>To date</u>	Prepare quarterly report	Prepared quarterly report	Prepare quarterly report	

MAHAWELI BUSINESS CENTER: ANGUNAKOLAPELESSA

1st Quarter Staffing: 2 FBC

Employment Creation Target: 25 jobs created in self-employment, micro and small
(and accomplishments) enterprises (20)

1st Quarter Activity Targets
(and accomplishments):

- * 100 Business advisory consultations delivered including 50 to arrange loans and 10 to address land issues (140 including 40 to arrange loans and 80 to address land issues)
- * 40 enterprise and entrepreneur clients served (50)
- * 2 SCS formed (2)
- * 5 loans made to SCS members totaling Rs 200,000 (none)
- * 10 loans to non-SCS entrepreneurs totaling Rs. 250,000 (none)
- * 7 commercial and industrial SSE plots (5-40 perches) transferred to entrepreneurs (none transferred)
- * 2 ad-hoc training courses for a total of 25 people trained including 1 in credit training to SCS members (4 adhoc training courses on credit for 38 SCS members)
- * 1 SSE opportunity assessed for commercial viability work for study
- * 1 grant proposal submitted for assistance to private associations and chambers (1 private association selected for assistance; program being developed)

MAHAWELI BUSINESS CENTRE: BAKAMUNA

- * 4 adhoc training courses delivered including 2 sessions for SCS members; 30 persons trained**
- * Write scope of work for study on the assessed SSE opportunity**
- * Submit one grant application for assistance to associations and chambers**
- * Write half page status report on blasting policy and recommended changes**

MED/EIED BUSINESS CENTRE: DEHIATTAKANDIYA

1st Quarter Staffing: 1 EIED Deputy Manager
 2 EIED Assistant Managers
 1 EIED Food Technologist
 1 FBC

Employment Creation Targets: 50 jobs in self-employment, micro and small
(and accomplishments) enterprises (58)
 450 MLE jobs including outgrowers (240)

1st Quarter Activity Targets
(and accomplishments):

- * 285 Business advisory consultations delivered, including 85 to arrange loans and 50 to address on land issues (200¹⁾ delivered, including 99 to arrange loans and 87 to address land issues)
- * 77 enterprise and entrepreneur clients served (84)
- * 2 additional SCSs formed for a total of 3 (1 SCS formed; action taken to form another)
- * 12 loans made to SCS members totaling Rs. 300,000 (6 loans totaling Rs. 80,000)
- * 40 loans made to non-SCS entrepreneurs totaling Rs. 512,500 (14 loans totaling 290,000)
- * 15 commercial and industrial SSE plots (5-40 perches) transferred to entrepreneurs (227 applications have been selected but none transferred)
- * 4 adhoc training courses for a total of 30 people trained including 1 in credit training to SCS members (2 adhoc training courses for 43 SSC members)

MED/EIED BUSINESS CENTRE: DEHIATTAKANDIYA

- * 1 SSE opportunity assessed for commercial viability (227 applicants have been selected for commercial and industrial SSE plots 5-40 perches)
- * 1 grant proposal submitted for assistance to private associations and chambers (1 private association identified; needs being discussed with them)
- * Assessment made of industrial parks (1 SSE commercial venture being arranged for industrial park at Dehiattakandiya, a joint venture between a local entrepreneur and Richard Pieris Co. Ltd.)
- * Additional land identified for small industries and larger SSEs

2nd Quarter Staffing:

1 EIED Deputy Manager
2 EIED Assistant Managers
1 EIED Food Technologist
2 FBC
1 Office/Aide Secretary

Employment Creation Targets:

50 jobs in self-employment, micro and small enterprises
100 MLE jobs including outgrowers

2nd Quarter Activity Targets:

- * 300 Business advisory consultations delivered (including 130 to arrange loans and 110 to address on land issues)
- * Serve 170 Enterprise and entrepreneur clients

¹⁾ 200 business consultations in approximate figure because EIED's report did not specify the number of consultancies made

MED/EIED BUSINESS CENTRE: DEHIATTAKANDIYA

- * Form 1 new SCS
- * Disburse 1 grant to SCS

- * Register 2 SCSs
- * 18 loans to SCS members totaling Rs. 120,000
- * 15 loans to non SCS entrepreneurs totaling Rs. 150,000
- * 100 commercial and industrial SSE plots (5-40 perches) transferred to entrepreneurs
- * 6 adhoc training courses delivered including 2 sessions for SCS members
- * 1 SSE start-up facilitated in industrial park
- * Submit one grant application for assistance to associations and chambers

MED/EIED BUSINESS CENTRE: KOTMALE

- * 1 Specialized technical consultancy carried out for KKTA; reestablish Colombo market links for ornamental fish and re-open 10 ponds to production (First phase of KKTA consultancy carried out by Ernst and Young; report due April 22)
- * 1 grant proposal submitted for assistance to private associations and chambers (No progress)

2nd Quarter Staffing:

1 EIED Assistant Manager
1 EIED Food Technologist
2 FBC
1 Office Aide/Secretary

Employment Creation Target:

60 jobs created in self-employment, micro and small enterprises
Net increase of 12 suppliers to KKTA

2nd Quarter Activity Targets:

- * 175 Business advisory consultations delivered (including 100 to arrange loans and 15 to address land issues)
- * 77 Enterprise and entrepreneur clients served
- * Form 1 additional SCS and register 1 SCS
- * 14 loans made to SCS members totaling Rs 545,000
- * 25 loans facilitated to non-SCS entrepreneurs totaling Rs. 200,000
- * 3 commercial and industrial SSE plots (5-40 perches) transferred

MED/EIED BUSINESS CENTRE: KOTMALE

- * 4 adhoc training courses delivered including 1 session for SCS members; 50 trainees
- * Re-establish Colombo market links for ornamental fish and re-open 20 ponds to production
- * Identify and submit one private association for assistance

MED/EIED BUSINESS CENTRE: MADATUGAMA

- * 30 commercial and industrial SSE plots (5-40 perches) transferred to entrepreneurs
- * 06 ad-hoc training courses delivered including 2 sessions for SCS members; 55 persons trained
- * 1 SSE opportunity assessed for commercial viability

MED/EIED BUSINESS CENTRE: NOCHCHIYAGAMA

- * 1 SSE opportunity assessed for commercial viability (1)
- * 1 grant proposal submitted for assistance to private associations and chambers (none)

2nd Quarter Staffing: 2 EIED Assistant Managers
 2 FBCs
 1 Office Aide/Secretary

Employment Creation Target: 40 full time jobs created in self-employment, micro and small enterprises

Activity Targets:

- * 250 Business advisory consultations delivered (including 100 to arrange loans and 30 to address land issues)
- * 75 Enterprise and entrepreneur clients served
- * Disburse 1 grant to SCS, form 1 new SCS and register 2 SCSs
- * 10 loans made to SCS members totaling Rs 275,000
- * 20 loans facilitated to non-SCS entrepreneurs totaling Rs. 400,000
- * 6 commercial and industrial SSE plots (5-40 perches) transferred to entrepreneurs
- * 04 ad-hoc courses delivered including 1 session for SCS members
- * 1 local market studies carried out
- * 1 SSE opportunities assessed for commercial viability
- * 1 grant proposal submitted

MED BUSINESS CENTER: WELIKANDA

1st Quarter Staffing: 1 EIED Deputy Manager
 1 EIED Assistant Manager
 1 FBC

Employment Creation Target: 50 jobs created in self-employment, micro and small
and accomplishments enterprises (85)

1st Quarter Activity Targets
(and accomplishments):

- * 200 Business advisory consultations delivered including 125 to arrange loans and 50 to address land issues (365 including 107 to arrange loans and 165 to address land issues)
- * 70 enterprise and entrepreneur clients served (67)
- * 1 additional SCS formed for a total of 3 (none formed)
- * 15 loans made to SCS members totaling Rs 375,000 (No loans; 4 loans processed for submission totalling Rs. 145,000)
- * 25 loans to non-SCS entrepreneurs totaling Rs. 576,000 (40 loans approved totaling Rs. 550,000)
- * 30 commercial and industrial SSE plots (5-40 perches) transferred to entrepreneurs (no plots transferred, 7 applications forwarded to MASL for approval)
- * 04 ad-hoc training courses for a total of 30 people trained including 1 in credit training to SCS members (3 adhoc training courses for 57 members including 1 for SCS members)
- * 1 SSE opportunity assessed for commercial viability (none)

MED BUSINESS CENTER: WELIKANDA

- * 1 MLE-SSE business link established (no linkages established)
- * 1 grant proposal submitted for assistance to private associations and chambers (no grant submitted for private sector assistance, 1 grant submitted for SCS)

2nd Quarter Staffing:

- 1 EIED Deputy Manager
- 1 EIED Assistant Manager
- 1 FBC
- 1 Office Aide/Secretary

Employment Creation Target: 50 jobs created in self-employment, micro and small enterprises

2nd Quarter Activity Targets:

- * 150 Business advisory consultations delivered
- * 50 enterprise and entrepreneur clients served
- * Form one new SCS
- * 12 loans made to SCS members totaling Rs 410,000
- * 25 loans to non-SCS entrepreneurs totaling Rs. 500,000
- * Identify 1 entrepreneur to transfer a commercial and industrial SSE plot (5-40 perches)
- * 3 ad-hoc training courses delivered including 1 session for SCS members
- * Identify potential SSE opportunity and write scope of work for study
- * Submit one grant application for assistance to associations and chambers

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MED SHORT TERM TECHNICAL ASSISTANCE JANUARY - MARCH, 1992			
Program area	Topic	Name	Dates
MLE	Tomato PIP	Peter Florance	January - March
MLE	Essential oils PIP	Tom Davies	February - March
MLE	Cold Chain	Fredrick E. Henry	February - March
MLE/SSE	Management information system	Dias Gunasinghe	January - March

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MED/ISTI SHORT TERM TECHNICAL ASSISTANCE ANTICIPATED APRIL - JUNE, 1992			
Program area	Topic	Name	Dates
MLE	Organic Agronomist	J. Smillie	June
MLE	Dried Fruit		
MLE/SSE	Development of MLE-SSE export product linkages	David Holbourne	
MLE/SSE	Enterprise and employment census and enterprise opinion survey	Teams Ltd.	June
MLE/SSE	Minerals survey		June

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MED/EIED 1991 REPORTS

MED (ISTI) REPORTS JANUARY - MARCH 1992		
Title	Name	Report # and Date
Cold Chain requirements for Uda Walawe	Fredrick E. Henry	1/1992 - March 1992
Field Manual for Processing Tomatoes	Peter Florance	2/1992 - March 1992
Processing Tomato Trials in Mahaweli System H	Peter Florance	3/1992 - March 1992
Processing Tomato Trials in Mahaweli System C	Peter Florance	4/1992 - March 1992
MED/EIED Quarterly Report January - March 1992 and MED/EIED Quarterly Plan April - June 1992		March - 1991
Report on the Commercial Farms in the Mahaweli System B	Jayantha Jayewardene	5/1992 - March 1992

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INPUTS AND ACCRUED EXPENDITURES BY PROJECT LINE ITEM Reporting period: January - March 1992			
Project line item	Project targets for inputs and expenditures	Inputs this period	Cumulative inputs to date
Entrepreneur training	Persons trained: xx persons	-	939
Ad hoc training	xx persons	23	
EIED staff training	xx person-months staff training		3
	\$650,000	\$53,015.76	\$87,941.69
Pre-investment programs	15 PIPs presented to EIED/USAID		8 presented
	10 PIPs approved		6 approved
	10 PIPs completed		
	40 firms assisted with PIPs		12 assisted
	\$250,000 on PIPs	0	0
Investment promotion	xx promotion seminars		3 seminars
	xx overseas missions		3
	\$750,000	\$12,274.3	\$23,206.69
Information dissemination	xx market seminars		16
	xx market studies distributed		
	\$150,000		
Grants to associations	xx associations assisted		
	xx grants to Savings and Credit Associations	2	2
	xx grants to other associations		
	xx loans to members of SCS's	14	
	\$200,000	0	0

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INPUTS AND ACCRUED EXPENDITURES BY PROJECT LINE ITEM			
Reporting period: January - March 1992			
Project line item	Project targets for inputs and expenditures	Inputs this period	Cumulative inputs to date
Special projects	xx activities proposed to EIED/USAID		1
	xx activities approved		1
	xx activities completed		
	\$1.0m	0	0
Equipment	5 vehicles		5
	16 motorcycles	4	10
	8 business centers equipped		
	\$700,000	\$25,594.25	\$72,451.60
Surveys, monitoring	xx opinion surveys completed		
	1 MLE baseline established		
	1 SSE baseline established		1
	\$200,000	\$98.79	\$38,689.12
Evaluation and audits	25 steering committee meetings including Project Review Committee meetings)	1	7
	1 mid-term project external evaluation		
	1 final project external evaluation		
	xx audits		
Planning and operations	750 leases issued		-
	6 annual MED/EIED workplans		3
	xx planning workahops		-
	\$50,000	\$2,387.25	\$10,286.45
Technical assistance	20 MED quarterly reports	1	7

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INPUTS AND ACCRUED EXPENDITURES BY PROJECT LINE ITEM			
Reporting period: January - March 1992			
Project line item	Project targets for inputs and expenditures	Inputs this period	Cumulative inputs to date
	6 MED annual reports		2
	1 mid-term MED report		
	1 final MED report		
	302 months long term MED t.a.	n.a.	81.0
	60 months short term local t.a.	4.05	18.29
	95 months short term foreign t.a.	3.9	26.87
	780 months MED field advisors	35.69	66.42
	xx months short term market t.a.		

Data for compiling this table is incomplete.

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APPROVED PRE INVESTMENT PROGRAMS (PIPs)		
Company/address	Description of PIP	Status
<p>Dasa Timber Works Moraketiya Road Embilipitiya Uda Walawe</p>	<p>To install and commission a box making business in Uda Walawe to produce wooden fruit packing boxes for an integrated fresh fruit production operation planning to export to the European market.</p>	<p>Awaiting confirmation of an acceptable market and an adequate price for the box products through the proposed "Cold Chain" PIPs. No change to December quarter status.</p> <p>A. Private Sector Contributions 1. Budgeted Amount \$ 81,400 2. Amount To Date \$ NIL</p> <p>B. MED Technical Assistance Level of effort 0 days</p>
<p>John Keells Holdings PO Box 76 130 Glennie Street Colombo 2</p> <p>Possible location: Girandurukotte, System C.</p>	<p>To conduct a review of a fruit juice and pulping production and processing venture that could be established in the Mahaweli. This work will help to confirm viability of the venture.</p>	<p>A fruit cultivation and processing pre-feasibility study for JKHL concluded: a) dried fruit is a viable, profitable venture; b) juicing and pulping are not viable because it is expensive and requires high technology; and c) recommended JKHL carry out R & D of several fruit varieties. JKHL applied for 150 acres of land (Lots 409 and 410) in System C and await a decision.</p> <p>As part of the PIP assistance JKHL plan to visit Thailand to study fruit processing operations and to develop market contacts. Approaches have been made to Thai firms to facilitate this visit.</p> <p>A. Private Sector Contributions 1. Budgeted Amount \$ 21,000 2. Amount This Period \$ 11,442 3. Amount To Date \$ 24,442</p> <p>B. MED Technical Assistance Level of effort 100 days</p>

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APPROVED PRE INVESTMENT PROGRAMS (PIPs)										
Company/address	Description of PIP	Status								
<p>Sunfrost/Hayleys P.O.Box 70 400, Deans Road Colombo 10.</p> <p>Location: Systems B, C, and Uda Walawe</p>	<p>To provide a silver skin onion expert that can help to implement the effective commercial production of the crop on Sunfrost and out-grower lands.</p>	<p>A silver skin onion production advisor, Mr Walt Neuberg assisted Sunfrost to do further planting, harvesting of previous trials and post harvest handling of silver skin onions. Sunfrost advise latest crop trials planted during January 1992 are now due to be harvested. They have also planted further silver skin onion trials due for harvest late July 1992. They advise cultivation problems have been sorted out but need to identify seed varieties to reduce the major remaining problem of necks being too thick for buyers. Buyers have provided Sunfrost processing recipe as they are desperate for supplies. Sunfrost are going to apply for commercialization fund assistance and possible further PIP assistance.</p> <p>A. Private Sector Contributions</p> <table> <tr> <td>1. Budgeted Amount</td> <td>\$ 23,000</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 3,000</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 24,720</td> </tr> </table> <p>Note: This does not include harvesting and processing costs.</p> <p>B. MED Technical Assistance</p> <table> <tr> <td>Level of effort</td> <td>45 days</td> </tr> </table>	1. Budgeted Amount	\$ 23,000	2. Amount This Period	\$ 3,000	3. Amount To Date	\$ 24,720	Level of effort	45 days
1. Budgeted Amount	\$ 23,000									
2. Amount This Period	\$ 3,000									
3. Amount To Date	\$ 24,720									
Level of effort	45 days									

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APPROVED PRE INVESTMENT PROGRAMS (PIPs)												
Company/address	Description of PIP	Status										
<p>Forbes & Walker (FAS) 46/38, Navam Mawatha P.O. Box 60 Colombo 2. Loc: System C</p>	<p>Provide assistance to help improve the fermentation and brining technology being used by the Gherkin industry.</p>	<p>Mr Wolfgang Pach assisted Forbes to improve their cultivation and brining and complete a pickle packing plant feasibility study, which may lead to an investment upwards of Rs.200 million. The services of another processing specialist, have been requested to finalize this study in early 1992. FAS was assisted to participate in Barcelona fair in March 1992 from which trial orders were received. FAS have applied for Mahaweli land for a processing and bottling plant site and await a decision. FAS report a net loss to 31/03/92 of some Rs 4 million due to project start up.</p> <p>A. Private Sector Contributions</p> <table> <tr> <td>1. Budgeted Amount</td> <td>\$ 91,150</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 123,000 *</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 565,500</td> </tr> </table> <p>* Figures as at 31/03/92 include \$37,600 for labour costs, \$71,500 input costs, development of collection centres and nucleus farm development, and \$14,000 for overseas market development travel.</p> <p>B. MED Technical Assistance</p> <table> <tr> <td>Level of effort Apr 03 - Jul 03</td> <td>90 days</td> </tr> <tr> <td>Level of effort Aug 23 - Oct 22</td> <td>60 days</td> </tr> </table>	1. Budgeted Amount	\$ 91,150	2. Amount This Period	\$ 123,000 *	3. Amount To Date	\$ 565,500	Level of effort Apr 03 - Jul 03	90 days	Level of effort Aug 23 - Oct 22	60 days
1. Budgeted Amount	\$ 91,150											
2. Amount This Period	\$ 123,000 *											
3. Amount To Date	\$ 565,500											
Level of effort Apr 03 - Jul 03	90 days											
Level of effort Aug 23 - Oct 22	60 days											

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APPROVED PRE INVESTMENT PROGRAMS (PIPs)														
Company/address	Description of PIP	Status												
<p>Aromatic, Herbs and Spices PIP shared by a minimum of five companies including Richard Pieris Ltd., Informatics (Agrotech) Limited., Mahaweli Farm Development Pvt Ltd., Forbes and Walker and Sunfrost.</p>	<p>To assess the commercial viability of growing a range of herbs/spice and aromatic plants in the Mahaweli through a monitored pilot operation designed to assess the yields, costs and returns from the cultivation of a range of such crops and to identify areas of the Mahaweli most suitable to their cultivation. Market testing of the resultant products both in Sri Lanka and abroad will also be undertaken to assess the quality of material produced and to identify potential local and overseas buyers.</p>	<p>Dr Thomas Davies, a herbs and spices specialist, returned to assist five companies, Richard Pieris; Informatics Limited; Mahaweli Farm Development Pvt Ltd; Forbes and Walker; and Sunfrost, cultivate castor, coriander, and lemongrass as either inter-crops in homesteader fruit and vegetable plots, or as a crops grown on an extensive basis on marginal land. HVH's Mr Caiger may assist supervise plantings of imported Indian ginger, during the 2nd quarter.</p> <p>A. Private Sector Contributions</p> <table> <tr> <td>1. Budgeted Amount</td> <td>\$ 47,500</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 5,000 *</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 25,000</td> </tr> </table> <p>* Includes increased working capital requirements for the five companies.</p> <p>B. MED Technical Assistance</p> <table> <tr> <td>Level of effort - up to</td> <td>150 days</td> </tr> <tr> <td>Level of effort 04 Nov - 05 Dec</td> <td>32 days</td> </tr> <tr> <td>Level of effort 10 Feb - 03 Mar</td> <td>32 days</td> </tr> </table>	1. Budgeted Amount	\$ 47,500	2. Amount This Period	\$ 5,000 *	3. Amount To Date	\$ 25,000	Level of effort - up to	150 days	Level of effort 04 Nov - 05 Dec	32 days	Level of effort 10 Feb - 03 Mar	32 days
1. Budgeted Amount	\$ 47,500													
2. Amount This Period	\$ 5,000 *													
3. Amount To Date	\$ 25,000													
Level of effort - up to	150 days													
Level of effort 04 Nov - 05 Dec	32 days													
Level of effort 10 Feb - 03 Mar	32 days													
<p>Vanathawilluwa Vineyard 441/1A Razeendale Gardens Colombo 4</p> <p>Location: Girandurukotte, System C</p> <p>Richard Pieris Agricult' Enterprises Ltd 69 Hyde Park Corner. Colombo 2</p> <p>Contact: Mr Cumararatunga Director</p> <p>Location: System H.</p>	<p>To assist two companies: Vanathawilluwa Vineyards Ltd (VVL) and Richard Pieris Agricultural Developments (RPAE) carry out production trials and assist VVL with preliminary processing work on processing tomatoes that will help to confirm the viability of an integrated tomato paste project in the Mahaweli.</p> <p>RPAE processes paddy for Mahaweli farmers in System 'H' and is planning to cultivate fresh tomatoes for the local market and to develop chili and curry powder for export.</p>	<p>Mr Peter Florance, the tomato production agronomist specialist assisted two companies, VVL and RPAE conduct tomato trials. He also conducted an tomato production workshop and prepared a field manual on production of processing tomatoes.</p> <p>VVL are providing Dept of Agriculture 121 varieties of seed to do further trials. After completing his terms of reference, Mr Florance voluntarily assisted RPAE prepare 14 acres for tomato trials at their Anuradhapura site. RPAE are awaiting a decision on their application submitted in December 1991 for Malwanagama commercial farm in System 'H'.</p> <p>A. Private Sector Contributions</p> <table> <tr> <td>1. Budgeted amount</td> <td>\$ 119,530</td> </tr> <tr> <td>2. Amount this period</td> <td>\$ 6,000 ⁽¹⁾</td> </tr> <tr> <td>3. Amount to date</td> <td>\$ 11,000</td> </tr> </table> <p>⁽¹⁾ Estimate only. Awaiting details from company. Includes \$1,500 for VVL and \$4,500 for RPAE.</p> <p>B. MED Technical Assistance</p> <table> <tr> <td>Level of effort to date</td> <td>46 days</td> </tr> </table>	1. Budgeted amount	\$ 119,530	2. Amount this period	\$ 6,000 ⁽¹⁾	3. Amount to date	\$ 11,000	Level of effort to date	46 days				
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3. Amount to date	\$ 11,000													
Level of effort to date	46 days													

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APPROVED PRE INVESTMENT PROGRAMS (PIPs)										
Company/address	Description of PIP	Status								
<p>Aitken Spence & Co. 13, Sir Baron Jayatilake Mawatha Colombo 1</p> <p>Loc: Uda Walawe</p>	<p>ASAD will be a pioneer producer in the large scale export of fresh fruit and vegetable. ASAD seek PIP assistance for the services of three specialists to assist ASAD design the cold chain facility, train ASAD staff in cold chain procedures and to carry out sound environmental practices. Transport and marketing development assistance is also sought.</p>	<p>Refrigeration design specialist Mr Fred Henry designed the Uda Walawe cold chain facility requirements for Aitken Spence (ASAD). ASAD have requested bids from suppliers and tenders are expected late April 1992. ASAD are completing drawings for the building. The contract for the building will be a separate tender. Estimated building completion time is 90 days. Weedicide application and planting of baby corn, sweet corn and melon trials on Uda Walawe plots are scheduled for early next quarter. ASAD's Mr Cassie Chetty visited the UK late this quarter to develop market contacts. ASAD are also to produce a marketing plan and budget early April.</p> <p>A. Private Sector Contributions</p> <table> <tr> <td>1. Budgeted Amount</td> <td>\$ 37,800</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 8,700 ⁽¹⁾</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 11,200</td> </tr> </table> <p>⁽¹⁾ ASAD approximates for February and March 1992</p> <p>B. MED Technical Assistance</p> <table> <tr> <td>Level of effort to date</td> <td>18 days</td> </tr> </table>	1. Budgeted Amount	\$ 37,800	2. Amount This Period	\$ 8,700 ⁽¹⁾	3. Amount To Date	\$ 11,200	Level of effort to date	18 days
1. Budgeted Amount	\$ 37,800									
2. Amount This Period	\$ 8,700 ⁽¹⁾									
3. Amount To Date	\$ 11,200									
Level of effort to date	18 days									

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APPROVED PRE INVESTMENT PROGRAMS (PIPs)		
Company/address	Description of PIP	Status
Ceylon Tobacco Co. P.O. Box 18, 108 George R.de Silva Road Colombo 7	Processing of tropical fruits for pulping or drying and production of soya and maize used in the production of milk substitutes (Thripasha) for Government of Sri Lanka contracts.	<p>The PIP for fruit drying with CTC has been approved by EIED and USAID. It supports a CTC project proposal for tobacco production, accepted by GCEC, by providing off season income to some reported 5,000 farmer families in Systems C and H and other North Central Province areas. A briefing session was held with new CTC Foliage Ltd General Manager, Mr Bhuvu Kurian who has taken over the activities from Mr Rajakaruna. CV's of potential candidates for the dried fruit technologist position have been forwarded to CTC Foliage Ltd for their consideration.</p> <p>A. Private Sector Contributions</p> <p>1. Budgeted Amount \$ 403,277 ⁽¹⁾</p> <p>2. Amount This Period \$ 30,000</p> <p>3. Amount To Date \$ 141,850 ⁽²⁾</p> <p>⁽¹⁾ Includes \$232,500 estimate to purchase dehydration equipment which appears excessive.</p> <p>⁽²⁾ Includes all expenditure from 1987 through 1992</p> <p>B. MED Technical Assistance</p> <p>Level of effort Nil</p> <p>To date Nil</p>

PROPOSED PRE INVESTMENT PROGRAMS (PIP's)		
Company/address	Description of PIP	Status
<p>Heron Agro Products (Pvt) Ltd. 87 Cemetery Road Ethukala Negombo</p> <p>Contact: Martin van Asseldonk Managing Director Tel: 031 3274 (messages only) Fax: 031 4281 (bureau)</p>	<p>Heron a foreign owned company plan to conduct asparagus trials and produce bananas and mangoes on Lot 8, Uda Walawe special area, for the export market. The asparagus trials will be conducted on an experimental pre-investment basis before a final decision on full investment will be made. Assistance sought includes: a) the services of an agronomist to conduct asparagus trials; b) funding of irrigation equipment which can be used as a demonstration farm; c) marketing development for asparagus trials; and d) training for out-growers.</p>	<p>Heron have applied for land at Lot 8, Uda Walawe special area and expect a decision in April. If they are granted the land they plan detailed land and water surveys. Providing the surveys are positive they will then commence operations to meet European March - May markets as asparagus is a 9 month crop. PIP expected to be submitted for approval next quarter.</p>

POTENTIAL PRE-INVESTMENT PROGRAM (PIP) INVESTORS.		
Company/address	Potential project	Status
<p>Pickle Packers Ltd 122/1 Dudley Senanayake Mawatha Dehiwela</p> <p>Contact: Mr Wilhelm Bahhazaar Managing Director Tel: 553856</p>	<p>PPL will require technical assistance to: a) improve out-grower yields and minimize post harvest losses for PPL farmers in Eppawela, System 'H' and b) design, planning, siting and commissioning of a pickle bottling and canning factory. PPL also seek assistance with test marketing and market development travel expenses up to a maximum of \$25,000.00</p>	<p>PPL currently have no land in Mahaweli although reportedly work with outgrowers in System H. They propose growing gherkins and melons in System H on a joint venture with ACDI. PPL have applied to EIED for existing land, buildings and infrastructure in System 'H'. PPL/ACDI have recently received USAID approval for their joint venture. Company have been requested to provide further particulars of their proposal relating to System H to support their application for land and for PIP assistance however they are focusing their efforts on tea plantation management proposals.</p>
<p>Country Style Foods Ltd. 201 St. Anthony's Road Kirimetiyyagara -Kandy Rd</p> <p>Contact: Mr Sarath Alahakoon Tel: 525027</p>	<p>To assist the company - the manufacturers of "SMAK" natural fruit and milk drinks - increase the supply of tropical fruits, specifically mango, papaya and pineapple, for their fruit juice operations.</p>	<p>Mr Alahakoon visited System 'H' in December to identify suitable land for fruit production. Mr Indra Phillips agreed to assist Mr Alahakoon prepare his proposal for Mahaweli land and PIP assistance to increase his source of raw material supplies. A copy of a business plan guideline was given to him and the contents explained. We await Mr Alahakoon's production plan and crop data based on SMAK's next >5 years supply requirements. Expect completion during next quarter.</p>
<p>Pure Beverages Co. Ltd 74 Union Place Colombo 2 Contact: S. de Silva - Manager General Accounting Tel: 20603, 447497 Fax: 447320</p>	<p>The company's main business is the bottling of Coca-Cola and other soft drinks. PBL are keen to develop an out-grower scheme for commercial fruit production of tropical fruits for processing into squash drinks and juice products.</p>	<p>PBL advise they, as well as SMAK, plan to protest high taxes of around 22.5% on processed goods to the Trade Minister. Based on current taxes it is not viable for PBL to cultivate tree crops. If these taxes are reduced PBL are confident of submitting their corporate plan and proposal for PIP assistance, which will include future Mahaweli investments, during the next quarter.</p>
<p>Startechs 4A Perahera Mawatha Colombo 3</p> <p>Contact: Mrs S. Athauda</p> <p>Tel: 446605</p>	<p>Startechs plan to cultivate rambutan, foliage plants, papaya and passion fruit and will require technical assistance in agronomy and marketing.</p>	<p>No change since last quarter. Mrs Athauda still awaits a decision from EIED on her application for land of approximately 10 acres at the Pallekela area of Victoria dam project area for production of rambutan, papaya and passion fruit. Mrs Athauda will prepare seedlings for the above crops from her nursery at Kalutera. Seedlings are also available from Agro Consultants Services (Pvt) Ltd. ACS have prepared a basic proposal to cultivate and manage Startechs' land. Depth of management and financial position considered doubtful. Any PIP assistance would be small.</p>

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POTENTIAL PRE-INVESTMENT PROGRAM (PIP) INVESTORS.		
<p>Bary and Company 20 Malwatte Road Dehiwela</p> <p>Contact: Mohamed Bary Proprietor</p>	<p>Company are interested in the cultivation of specialty bananas. They are interested in land at Hingunukanamediyara (close to the Presidents bungalow) in Embilipitiya, Uda Walawe. State they would like 1,200 hectares and desire land with adequate water for cultivation.</p>	<p>Earl Guise has been requested to arrange a meeting next quarter to discuss bananas and other alternate crops. Company will need to conduct a water survey of land at Uda Walawe to determine water sufficiency.</p>
<p>Sunpak (Pvt) Ltd. 55 Rosmead Place Colombo 7</p> <p>Contact: Prof W. Gunawardena</p>	<p>To provide agronomic assistance to Sunpak in commercial fruit production for processing into jams, jellies, cordials and juices. Sunpak would consider a site in Mahaweli System B to do the primary processing. The other processing facilities would be sited in or near Colombo.</p>	<p>No change since last quarter. Sunpak are still focusing their attention on current heavy workload for their consulting arm, 'Teams'. Prof W. Gunawardena will attempt to prepare a business plan during first half of 1992.</p>
<p>Ceylon Supply and Development Co Senanayake Building 7 Station Road Colombo 3</p> <p>Tel: 574511-5</p> <p>Contact: Priantha Dias</p>	<p>CSD intend to establish four collection centers and a cold chain distribution system in Mahaweli System 'H'. CSD plan to seek PIP technical assistance design the cold chain facility, train CSD staff in cold chain procedures. Some travel and marketing assistance may be sought.</p>	<p>CSD management have prepared an in-house evaluation and determined it is not viable for them to proceed with MED PIP program assistance unless they receive working capital assistance to pay for start up costs, packing materials, and similar assistance offered for the establishment of the System B cold chain facility.</p>
<p>Renuka Agro Exports 69 Sri Jinaratna Road Colombo 2</p> <p>Contact: Dr. Rajiah Mng/Dir Tel: 422694, 435213 436778/82, Telx: 21324</p>	<p>Renuka plan to establish a processing unit on a 50 acre demonstration farm and cultivate coconut with the assistance of out-growers. They also plan to operate a nursery for the production of modern strains of coconut seedlings and function as purchasing and processing agents by establishing a series of 15 collection centers.</p>	<p>Renuka directors advise market for coconut products is depressed and therefore do not intend submitting a proposal for PIP assistance unless situation improves.</p>

POTENTIAL PRE-INVESTMENT PROGRAM (PIP) INVESTORS.		
<p>Ceylon Botanicals Ltd. 69 Sri Jinaratna Road Colombo 2</p> <p>Contact: Mr Candappa - Chairman of Directors Tel: 422694, 435213 436778/82, Telx: 21324CBL</p>	<p>CBL propose to lease 50 acre of Mahaweli land to set up a nucleus farm for the cultivation of organic rice and sesame for export. The company plan to demonstrate organic cultivation practices and help outgrowers convert their existing plantations to organic under certification. CBL also plan to function as a purchasing/processing centre for organic produce.</p>	<p>CBL directors advise their UK agents for organic rice have ceased orders due to lack of demand. We propose the organic farming specialist, expected during 2nd quarter, inform CBL on market requirements and potential as well as develop the existing draft PIP proposal on organic rice.</p>

Project Steering Committee

Mr. D.G. Premachandra, Secretary, M/L.I. & M.D.
Mr. W. Tennakoon, Secretary, M/MD
Mr. K.H.S. Gunatilaka, Director-General, MASL
Mr. P.T. Senaratne, Secretary-General, MASL
Mr. Ananda Herath, Acting Managing Director, MEA
Mr. W.A.J. Anton Fernando, Director, EIED
Mr. Ajith Jayaratne, private sector
Mr. Granville Perera, private sector
Mr. Stephen Hadley, USAID representative

EIED Management Team

Mr. W.A.J. Anton Fernando, Director
Mr. Indra Phillips, Investor Services Manager
Mr. Sunil Amerasinghe, Market Development Manager
Dr. Upatissa Pethiyagoda, Consultant Agronomist
Mrs. P.C. Mathais, Finance and Administration Manager
Mr. Buwaneka Samarasekera, Special Projects/Enterprise
Development Manager

ISTI/MED Consultant Team

Dr. James Finucane, Chief of Party
Mr. Jayantha Jayewardene, Deputy Chief of Party
Mr. Paul Bundick, Small Scale Enterprise Advisor
Mr. Earl Guise, Medium/Large Enterprise Advisor
Mr. M. W. Panditha, Credit Advisor
Mr. Geoffrey Peters, Credit Consultant