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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 ANNUAL REPORT 1992**

**INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE, INC.**

**WITH :**

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

**CONSULTANTS TO THE MAHAWELI AUTHORITY OF SRI LANKA**

## The Mahaweli Enterprise Development Project

The development of the natural and human resources of the Mahaweli river basin has been a high priority of the Government of Sri Lanka and international agencies since the late 1970's. Largely completed are the construction of dams, irrigation and power systems, roads and other physical infrastructure, the settlement of the land and the formation of the agricultural production base. The challenge for the 1990's is to build a diverse, dynamic economy generating higher incomes for Mahaweli families. In meeting this challenge, the private sector has a leading role to play.

The Mahaweli Enterprise Development Project (MED) is a special initiative of the Mahaweli Authority of Sri Lanka, with the support of the United States Agency for International Development. MED promotes private investment and job creation in agribusiness, manufacturing, tourism, minerals and services by directly assisting entrepreneurs and companies with technical expertise, marketing support, training, business advisory services and credit. MED also provides policy analysis support to improve official frameworks for sustainable enterprise development in the Mahaweli areas.

The Employment, Investment and Enterprise Development Division of the Mahaweli Authority is responsible for MED implementation. 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, D.C. Also 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 ANNUAL REPORT 1992**

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## ACRONYMS

EDP	Entrepreneur Development Program
EDTP	Entrepreneurship Development Training Program
EIED	Employment, Investment and Enterprises Division of the MASL
FBC	Field Business Consultant
GSL	Government of Sri Lanka
ISTI	International Science and Technology Institute
KKTA	Kotmale Kitul Treacle Association
MARD	Mahaweli Agriculture and Rural Development Project
MASL	Mahaweli Authority of Sri Lanka
MEA	Mahaweli Economic Agency of the MASL
MED	Mahaweli Enterprise Development Project
MIS	Management information system
MLE	Medium and large enterprises
MVCC	Mahaweli Venture Capital Company
NGO	Non-governmental Organisation
PIP	Pre-investment Programs
RPM	Resident Project Manager
SCA	Savings & Credit Association
SSE	Small scale enterprises
SP	Special Project
USAID	United States Agency for International Development

## INTRODUCTION

### Improvements in Mahaweli business climate

The Mahaweli business climate improved steadily during 1992. Increased incomes flowed to settlers through contract outgrower networks and from wages generated by the new garment factories in the Mahaweli, which in turn led to a rising demand for goods and services from small businesses. Secondly, the streamlining of investment approval procedures by EIED and the extension to Mahaweli areas of the national regime of investment incentives managed by the Board of Investment created a more receptive framework for investors. Thirdly, the advertizing and subsequent transfer to investors of MASL buildings and several well-developed farms was a clear signal to the business community of the MASL's commitment to encouraging greater private investment in Mahaweli development. In this improved investment climate, the increased level of promotional activities mounted by EIED in late 1992 resulted in a remarkably quick rise in investor interest in the Mahaweli. During the last six months of 1992, investor applications increased threefold compared with 1991 and the value of approved investments more than doubled, from Rs 19.6 million to Rs 39.8 million.

### Increase in number of outgrowers

Agribusiness continued as the main investment area, drawing upon the Mahaweli's comparative advantages in land and water and, increasingly, the capabilities of MASL field staff to assist in mobilizing organized settler farmer networks. The most dramatic growth in employment was generated by firms entering into horticultural production arrangements with Mahaweli settlers. The number of settlers contracted by established firms, all of which have been receiving technical assistance from MED/EIED, rose from 1,000 in 1990 to 5,300 in 1992. These outgrowers produced export crops on an estimated 2,000 acres during 1992, suggesting the substantial potential for crop diversification in the Mahaweli through small farmers working in link with commercial scale agribusinesses. While still in their most early stages, these developments indicate that the successful firms are those which, although dealing with short cycle crops, are taking a long-term view. Most importantly, they are investing in the private research, extension, input supply and financing and marketing systems necessary to produce on a sustainable basis for competitive world markets.

### Increase in employment

The MED census of non-farm private employment and enterprises carried out during September - October, 1992, the first such exercise in the Mahaweli, confirmed the heavy concentration of enterprises and jobs in the category of self-employment. Of the 8,400 enterprises, 75% were self-employment. Of the 23,000 people employed, 50% were in the self-employment sector, mainly working proprietors and unpaid family labor. There were 6,000 full-time, paid, non-family employees in Mahaweli enterprises. The census findings indicate the growing importance of non-farm income for settler families. While there are no fully reliable historical figures against which to measure increases in employment in the Mahaweli, available data suggest that non-farm employment (i.e., not including outgrowers) has been growing at a rate of some 14% per year over the 1988 - 1992 period, including a 17% increase in 1992. This employment growth is reflected in the upward trend in wage rates and a growing difficulty in attracting labor in some systems.

### Constraints

Several major constraints continued during 1992 to confront investors. Investments with large capital requirements and, particularly those with long gestation periods, were hampered by the delays in issuing land leases and titles. The lack of secure land tenure also hindered small businesses, many with established track records in the Mahaweli, from raising capital to expand themselves into larger businesses. Secondly, horticultural projects requiring year round water in order to meet international market requirements were hindered by cut-offs in supply at critical times. Thirdly, in some cases, private investment was limited by insufficient physical infrastructure, including telecommunications. Finally, for new and small horticultural exporters, there were difficulties in securing planting materials and air cargo capacity.

### Outlook for 1993

Early 1993 will be marked by the start-up of several new large scale garment factories. Agribusiness investments will benefit from lowered minimum requirements for tax and customs duty incentives and possibly improved policies in other areas, such as crop insurance, as government takes measures to increase export and import competitive agriculture. Outgrower networks are expected to continue to expand, although at a lower rate of increase as the existing companies consolidate their investments. Additional investments in cooling and packing facilities scheduled for 1993 will create capacity for agribusiness expansion in the future. 1993 should also see the initiation of several medium and large scale manufacturing (e.g., shoes, false eyelashes, umbrellas), tourism and mineral (phosphate) sector investments. These investments will add substantially to the numbers of wage employees, particularly females, and, when

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combined with the growth of contract outgrowers, will contribute to the continuing, fairly dramatic restructuring and diversification of employment patterns in the Mahaweli.

The Mahaweli policy framework for private investment is expected to continue to improve during 1993. A commercialization program for transferring potentially productive assets from the MASL to the private sector, together with secure land tenure, was developed by MED/EIED and presented to the MASL in late 1992 and is likely to begin full implementation during 1993. The program covers a wide variety of MASL property including buildings, construction camps, farms and commercial, agricultural, industrial, tourism and housing lands. In expanding the scope of private ownership and establishing the conditions for an efficient land market, the commercialization program represents a concerted effort to increase private investment and entrepreneurship in the Mahaweli.

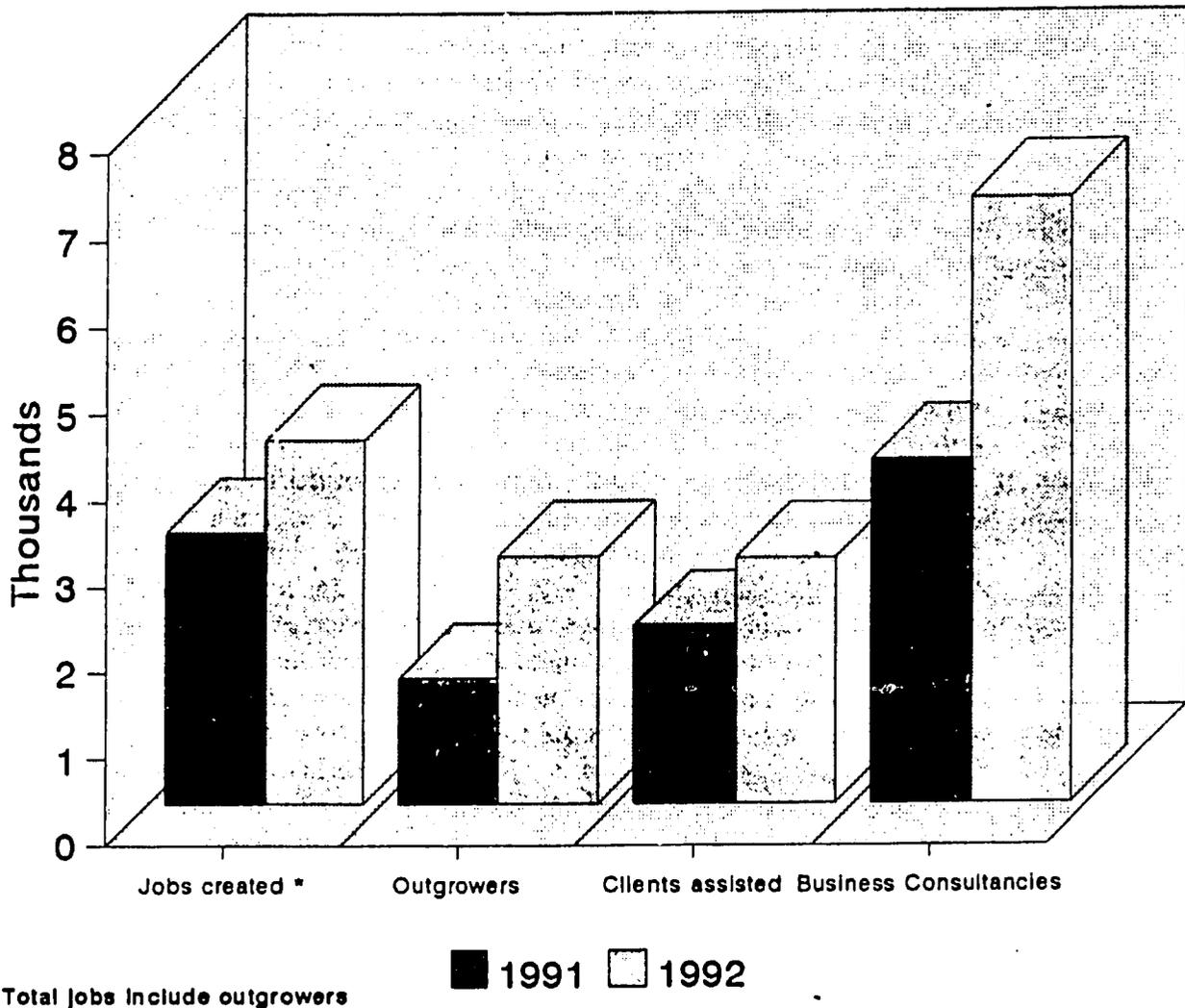
It is also expected that during 1993 the MASL will initiate a functional restructuring. Depending upon its final design and operation, this restructuring may contribute to private sector expansion in the Mahaweli. MED/EIED assistance in the commercialization program, for instance in issuing of leases and titles to commercial farmers and small entrepreneurs and in the possible privatization of the Draft Animal and Dairy Development Program and the Mahaweli Venture Capital Company, will be closely articulated with the restructuring.

MED/EIED during 1993 will raise the quality and efficiency of its services. This will require focusing on those activities which generate the greatest impacts in job creation and heighten the competitiveness of Mahaweli enterprises through increased skill levels, better technology and greater access to markets. Strengthening nucleus farm - outgrower models, facilitating access to credit by small businesses, and improvements in policies and procedures are initiatives which will be reinforced. An important opportunity for small and medium scale business expansion will be created by the expected major mineral sector investment in System H. Organizationally, services to clients will intensify, with the opening of four new business centers, bringing the total to 12, and the introduction of fees-for-services in all centers. The late 1992 addition to the ISTI consultancy team of a Business Development Advisor with a strong food industry background and the internal restructuring of EIED to improve investor services are expected to raise the overall MED/EIED implementation capabilities.

Overall, MED/EIED during 1993, as before, will seek to better the environment and provide critical assistance for the vigorous development of private investment, enterprise and employment in Mahaweli areas.

# 1992 MED/EIED KEY RESULTS

(Comparison of 1991 - 1992 Outputs)



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**OUTPUT INDICATORS:  
1. ENTERPRISES AND EMPLOYMENT**

		<b>Total 1991</b>	<b>Total 1992</b>
<b>Jobs created - total*</b>		3159	4232
Self employment	Full time	625	447
	Part time	145	195
Micro, small and medium enterprises	Full time	314	509
	Part time	265	257
Agribusiness	Full time	397	96
	Part time	364	158
	Outgrowers	1453	2892
<b>Clients assisted - total</b>		2079	2871
aspiring entrepreneurs		750	782
existing entrepreneurs		1329	2089
<b>Individuals trained - total</b>		1650	1413
entrepreneur training		939	10
technical training		711	1403
<b>Business consultancies provided</b>		4775	7869

\*Total jobs created is calculated as all full time jobs plus outgrowers plus half of the part-time jobs

**2. AGRIBUSINESS APPLICATIONS FOR LAND DURING REPORTING PERIOD**

Total Mahaweli	1986 - 1989	1990	1991	1992
Agribusiness investor applications for land to EIED	333	48	23	78
approved by MASL evaluation panel	104	23	14	20
pending with EIED at end of period	---	1	-	17
final approval received	75	18	12	23

**3. CUMULATIVE STATUS OF APPROVED AGRIBUSINESS INVESTMENTS**

Total Mahaweli	1989	1990	1991	1992
Total number of investments, which have received final approvals	75	93	105	128
Of which: withdrawn by investor before handover	14	14	14	14
Land not yet handed over to investor	3	4	4	16
Land handed over to investor	58	75	87	98
Of which: leases issued	1	1	1	1
canceled by EIED	11	29	33	42
Hectares handed over - irrigable uplands	489	654	800	941
Hectares handed over - non-irrigable uplands	253	529	587	764

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**4. CURRENT STATUS OF APPROVED AGRIBUSINESS INVESTMENTS**

Total Mahaweli	1989	1990	1991	1992
Active investments (lands handed over to investor less those subsequently canceled by EIED)	47	46	54	56
Of which: not in operation			8	10
preparatory work underway			9	9
in operation	22	30	37	37
On which: hectares cultivated of irrigable uplands	50	95	125	160
hectares cultivated of non-irrigated uplands		100	153	276
Persons directly employed		871	480	567
Outgrowers contracted		956	1320	5320*

\*This figure represents the total of outgrowers who during 1992 were contracted for at least one seasons.

**5. SMALL ENTERPRISES - CREDIT**

		Total 1991	Total 1992
Direct loans arranged for small businesses	No of loans	896	512
	Value of loans (Rs. 000s)	13005000	12319300
Savings and Credit Societies	No. of societies formed	9	21
Grants to Savings and Credit Societies	Number of grants made	Nil	14
	Value of grants made (Rs 000s)	Nil	938000
Bank loans arranged for small enterprises through Savings and Credit Societies	Number of loans	Nil	91
	Value of loans (Rs 000s)	Nil	949000

## 6. POLICY, PROCEDURES AND REGULATIONS

### 1990

- 1,600 allotments were selected for the issuing of transferable leases
- the Director General/MASL decided that investors should be levied a charge for water taken from the canals
- the process of approving investor applications was streamlined and made quicker through the appointment of a Ministry representative to the EIED evaluation panel which reviews proposals
- agreement in principle was reached to permit investors more flexibility to respond to market opportunities by establishing a negative list of crops that cannot be cultivated by agribusiness investors to replace the practice of establishing a restrictive positive list of crops which each investor may cultivate. The intention is to place rice only on the negative list.

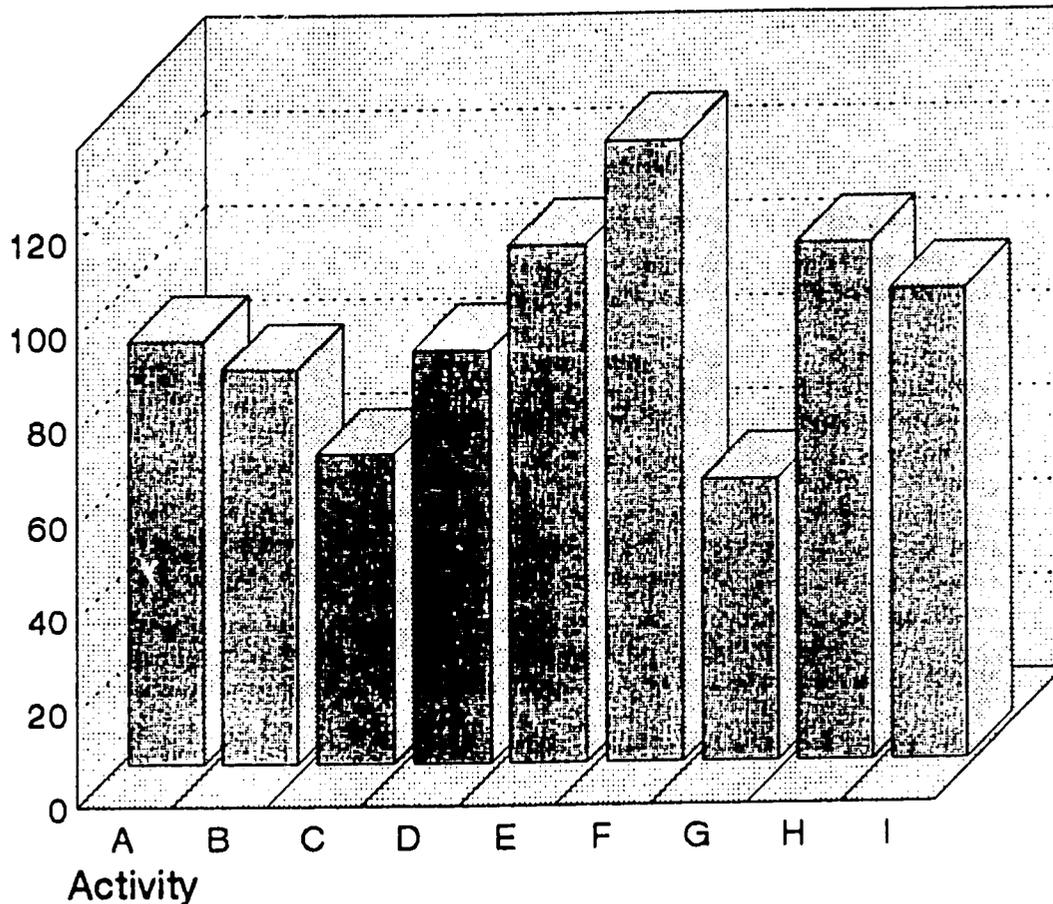
### 1991

- 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

### 1992

- MASL agreed to issue title to tourism, housing, industry investors
- Further streamlined investor application, appraisal and approval process
- First MASL farm transferred to private sector
- Cabinet approved free hold title to a tourism complex in Mahaweli
- Cabinet approved long term lease for commercial farms exceeding 50 acres

**1992 MED/EIED Key Activities  
(percentages of activity targets accomplished)**



**Activity / 1992 Key Indicator Target / 1992 Result**

- A. Provide support to major investors / Implement 10 Pre-Investment Programs / Implemented 9
- B. Promote investments in Mahaweli / Approve 50 new investments / Approved 42
- C. Develop agribusiness sector / Assist 15 commercial farms to export / Assisted 10
- D. Provide marketing services to investors / Assist 100 investors / Assisted 88
- E. Develop tourism, manufacturing, mineral, property and service sectors / Initiate 8 new investments in these sectors / Initiated 8
- F. Provide business advisory services / Deliver 6,000 consultancies / Delivered 7,947
- G. Facilitate credit to small businesses / Arrange 1,000 bank loans / Arranged 603
- H. Provide entrepreneur and technical training Train 1,300 individuals/ Trained 1,413
- I. Plan, monitor, report / Establish 1992 baseline for enterprises and employment data / Established baseline

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<b>MEDIUM AND LARGE SCALE ENTERPRISE ACTIVITIES</b>		
<b>Activity</b>	<b>1992 Target</b>	<b>Accomplishments</b>
Provide support to investors through pre-investment programs (PIPs)	Implement 10 Pre-Investment Programs	9 PIPs implemented (7 PIPs will continue into 1993; 6 PIPs have led to investments)
Provide support to investors through special projects (SP)	Implement 3 special projects	1 special project implemented for a Pack house and cold chain in Uda Walawe. Pack house will be operational in mid 1993
Promote Mahaweli investment in Sri Lanka and abroad	Approve 50 investor applications and start up 20 investments	23 investor applications approved and 7 investments started
Develop agribusiness sector with field based advisory services and training	Assist 15 commercial farms to export products	10 farms have exported products
Provide marketing services for export and local markets	Provide basic marketing services to 100 investors and special market development assistance to 15 high potential investors	Marketing services provided for 88 investors and special marketing assistance provided for 5 high potential investors
Develop tourism, minerals, manufacturing and property sectors	Ground broken for 8 major investments (3 - tourism, 1 - minerals; 3 - manufacturing and 1 property)	Prepared tourism brochure on 16 sites in the Mahaweli areas  Approval obtained for Gueda Processing Project at Uda Walawe

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<b>SMALL SCALE ENTERPRISE ACTIVITIES</b>		
<b>Activity</b>	<b>1992 Target</b>	<b>Accomplishments</b>
Provide business advisory services	Deliver 6000 business advisory consultations	Delivered 7869 business advisory consultations
Facilitate access to credit	Arrange 1000 loans to SSE clients and form 23 new Savings and Credit Societies	Arranged 28 loans to SSE clients and 21 new SCSs formed
Provide technical, credit entrepreneurship and other training	Train 1300 individuals	Trained 1403 individuals
Develop SSE-MLE export product linkages	Carry out 5 SSE-MLE export deals	<p>Study carried out to identify potential export products suitable for subcontracting. Priority crafts include carved wooden toys and other items, decorative ceramics, leather goods and fancy tea packs. Identified 20 interested exporters willing to discuss specific export relations with subcontractors and 27 potential producers/subcontractors in System H ana Uda Walawe</p> <p>Identified 5 skilled handicraft persons in Bakamuna. Arrangements have been made to link them with Oxfam Trading in UK. Samples to be sent directly to export market</p>
Develop SSE-MLE export product linkages	Carry out 5 SSE-MLE export deals	Identified 6 associations for assistance
Develop private sector associations and chambers	Implement assistance programs with 15 organisations	

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<b>POLICY, PROCEDURES &amp; REGULATION ACTIVITIES</b>		
<b>Activity</b>	<b>1992 Target</b>	<b>Accomplishments</b>
Establish land policies which support enterprise development	Issue 1,000 freehold titles (i.e. special grants without restrictions) issued to SSEs and 15 thirty year leases to MLEs	Minister agreed to lease Mahaweli farms to private sector  Cabinet approved free hold title for Forbes & Walker project and a tourism complex in Mahaweli
Improve physical infrastructure for enterprise development	Make road, power or water infrastructure investments to support 3 private projects	Study on infrastructure contracted  Discussions for telecommunication supply initiated  Policy reforms proposed to encourage infrastructure development through commercialisation paper
Privatise loss-making and underutilised MASL land and facilities	Transfer to the private sector ten MASL farms, 100 buildings, 3 major facilities and 500 new commercial and industrial plots	Transferred 7 buildings. 14 commercial plots recommended to M/Lands for transfer  Two MASL farms handed over to private sector  SEDF equipment leased out
Improve MASL policies to support enterprise development	Introduce five specific policy or procedural changes in the areas of water, tourism, minerals, housing and transport which improve business environment in Mahaweli	Proposed commercialization paper submitted to the MASL Board  MASL agreed to issue title to tourism, housing and industry investors  Meetings held with relevant staff in all projects on MED project
Improve MASL capacity to support enterprise development	Improve official environment for private investment and confirm through MLE and SSE investor opinion surveys	The streamlined investor application, appraisal and approval process, has been approved  Re-organisation of EIED staff for improved services to investors

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<b>EIED STAFF TRAINING AND OTHER ACTIVITIES</b>		
<b>Activity</b>	<b>1992 Target</b>	<b>Accomplishments</b>
Plan, monitor and report	Establish 1992 baseline data for enterprises and employment in Mahaweli	Census completed in all systems and final report submitted
Provide equipment as required for EIED	Open and equip Mahaweli Business Centres	Opened and equipped 8 FBCs
Provide training for EIED staff	Local and foreign training for EIED staff	<p>14 officers followed a Business English Course at the British Council</p> <p>15 officers followed a computer training course at the University of Colombo</p> <p>Two stenographers followed a computer course</p> <p>2 officers underwent training at the University of Philippines</p> <p>1 officer completed training in Philippines</p>
Report and plan	Report quarterly and annually, carry out quarterly, mid-year and annual reviews, prepare 4 quarterly plans and 1992 annual plans	Four quarterly reports and plans produced; two MED planning meetings and reviews held; 1993 workplan prepared

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<b>MAHAWELI BUSINESS CENTRE: ANGUNUKOLAPELESSA</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 130 jobs in self-employment, micro and small enterprises	Created 53 jobs in self employment, micro and small enterprise
Deliver 565 business advisory consultations	Delivered 496 business advisory consultations
Serve 203 enterprise and entrepreneur clients	Served 201 enterprise and entrepreneur clients
Form 3 additional SCS	Formed 3 additional SCSs
Arrange 57 loans to SCS members	
Arrange 26 loans to non-SCS entrepreneurs	Arranged 3 loans to non-SCS entrepreneurs for Rs. 215,000
Transfer 22 commercial and industrial SSE plots	Made Inventory of available commercial and industrial SSE plots made
Deliver 11 adhoc training courses for a total of 25 people including 1 in credit training	Delivered 12 adhoc training courses for a total of 116 persons
Assess 2 SSE opportunity for commercial viability	Formed Cane Weaver's Association. Cane plantation project undertaken
Submit 3 grant proposal to private association and chamber	Selected 1 private association for assistance. Program being developed

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<b>MAHAWELI BUSINESS CENTRE: BAKAMUNA</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 200 full time jobs	Created 117 full time jobs
Deliver 942 business advisory consultations	Delivered 1144 business advisory consultations
Serve 288 enterprise and entrepreneur clients	Served 295 enterprise and entrepreneur clients
Disburse 2 grants to SCS	Disbursed 2 grants to SCSs
Form 3 additional SCS	Formed 3 additional SCSs
Arrange 42 loans to SCS members	Arranged 3 loans to SCS entrepreneurs for Rs 150,000
Arrange 56 loans to non-SCS entrepreneurs	Arranged 31 loans to non-SCS entrepreneurs for Rs 1,356,000
Transfer 20 commercial and industrial SSE plots	Transferred 12 commercial and industrial SSE plots
Survey industrial park at Attanakadawala	Attakanadawala industrial park surveyed and applications called; 10 applications received
Deliver 14 special adhoc courses for 40 people including 2 in credit	Delivered 14 special adhoc courses including 4 for SCS members; 277 persons trained
Assess 2 SSE opportunity for commercial viability	Assessed 4 new SSE opportunities
Submit 3 grant proposal to private association/chamber	Identified 1 association
	Association for bakers formed and a request has been made to Lever Bros to supply ingredients
	Identified 5 skilled handicraftsmen. Samples to be sent directly to export market
	Submitted proposal to MARD Commercialization fund to purchase a new kiln for Pokunugala Pottery Association

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<b>MAHAWELI BUSINESS CENTRE: DEHIATTAKANDIYA</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 200 jobs in self-employment, micro and small enterprises	Created 308 jobs in self employment, micro and small enterprises
Create 1870 MLE jobs including outgrowers	Created 789 MLE jobs including outgrowers
Deliver 1428 business advisory consultations	Delivered 1212 business advisory consultations
Serve 581 enterprise and entrepreneur clients	Served 494 enterprise and entrepreneur clients
Form 4 additional SCS	Formed 3 additional SCSs
Disburse 1 grant	Disbursed 1 grant
Arrange 47 loans to SCS members	Arranged 6 loans to SCS members for Rs. 113,000
Arrange 120 loans to non-SCS entrepreneurs	Arranged 65 loans to non-SCS entrepreneurs for Rs. 8,055,000
Transfer 115 commercial and industrial SSE plots	
Deliver 20 special adhoc courses for 30 people including 2 in credit	Delivered 13 special adhoc courses including 6 for SCS members; 202 people trained
Assess 3 SSE opportunities for commercial viability	Assessed 8 SSE opportunities for commercial viability on bee keeping, tube well drilling, fruit collection, beedi wrapping project, packeting of washed salt, assisting farmer organisation for commercially viable projects and recommencing of ornamental fish projects
Submit 4 grant proposals to private association/chamber	Identified 1 private association
Identify additional land for small industries and larger SSEs	Preliminary discussions made to re-vitalise Girandurukotte Entrepreneur Development Association

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<b>MAHAWELI BUSINESS CENTRE: EMBILIPITIYA</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 140 full time jobs in self-employment, micro and small enterprises	Created 95 full time jobs in self employment, micro and small enterprises
Deliver 600 business advisory consultations	Delivered 952 business advisory consultations
Serve 248 enterprise and entrepreneur clients	Served 282 enterprise and entrepreneur clients
Form 5 additional SCS	Formed 3 SCSs
Arrange 46 loans to SCS members	Arranged 8 loans to SCS members for Rs. 310,000
Arrange 40 loans to non-SCS entrepreneurs	Arranged 15 loans to non-SCS entrepreneurs for Rs. 320,000
Transfer 47 commercial and industrial SSE plots	Transferred 8 commercial and industrial plots
Deliver 16 special adhoc courses for 30 people including 1 in credit	Delivered 12 special adhoc courses including 5 for SCS members; 149 persons trained
Assess 3 SSE opportunity for commercial viability	Assessed 6 SSE opportunities for commercial viability
Submit 6 grant proposals to private association/chamber	Identified 2 associations for grant assistance
	Identified industrial park and transferred to MASL to be given to about 15 industrialists; estimates for repairs prepared
	Assisted Dimuthu Industries, Embilipitiya to obtain tender for the manufacture of steel chairs and desks for schools in the Ratnapura district

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<b>MAHAWELI BUSINESS CENTRE: KOTMALE</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 170 full-time jobs	Created 87 full time jobs
Increase 12 suppliers to KKTA	5 suppliers added to KKTA
Deliver 735 business advisory consultations	Delivered 1062 business advisory consultations
Serve 250 enterprise and entrepreneur clients	Served 467 enterprise and entrepreneur clients
Form 2 additional SCS	Formed 3 additional SCSs
Submit 1 SCS grant proposal	Submitted 1 grant proposal
Arrange 21 loans to SCS members	Arranged 5 loans to SCS members for Rs. 195,000
Arrange 90 loans to non-SCS entrepreneurs	Arranged 36 loans to non-SCS entrepreneurs for Rs. 566,500
Complete 1 inventory of available SSE land	Identified 12 plots and advertised
Transfer 23 commercial and industrial SSE plots	Transferred 3 commercial and industrial SSE plots
Deliver 15 special adhoc courses for 30 people including 1 in credit	Delivered 11 special adhoc courses including 3 in credit; 160 persons trained
Assess 7 SSE opportunity for commercial viability	Assessed 2 SSE opportunities for commercial viability on poultry and dairy development
Submit 4 grant proposals to private association/chamber	Identified 1 association
Carry out 1 specialized technical consultancy for KKTA	Conducted awareness program
Re-establish Colombo market links for ornamental fish and re-open 30 ponds to production	Re-opened 5 ornamental fish ponds. Discussions held with buyers in Colombo
	Established 1 MLE-SSE business established with Lever Bros for a vanilla project
	Formed 1 informal womens' association with 3 members and assisted them to develop their business plans
	Prepared a 3 year (93-95) economic development programme for Kotmale settlers with the assistance of MASL

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<b>MAHAWELI BUSINESS CENTRE: MADATUGAMA</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 172 full-time jobs in self-employment, micro and small enterprises	Created 160 fulltime jobs in self-employment, micro and small enterprises
Deliver 1008 business advisory consultations	Delivered 810 business advisory consultations
Serve 315 enterprise and entrepreneur clients	Served 387 enterprise and entrepreneur clients
Form 4 additional SCS	Formed 4 additional SCSs
Submit 4 SCS grant proposal	Submitted 3 grant proposals
Arrange 41 loans to SCS members	Arranged 7 loans to SCS members for Rs. 299,000
Arrange 55 loans to non-SCS entrepreneurs	Arranged 34 loans to non-SCS entrepreneurs for Rs. 1,550,000
Issue permits and leases	
Transfer 20 commercial and industrial SSE plots	Leased out land to Ellawala Group (Dambawetenna Farm)  Transferred 1 commercial and industrial plot for a Agro-chemical shop
Deliver 14 special adhoc courses for 52 people including 2 in credit	Delivered 12 special adhoc courses including 5 in credit; 161 persons trained
Assess 3 SSE opportunity for commercial viability	Assessed 3 SSE opportunities on knapsack sprayers (a stock of 50 sprayers was despatched to Mackwoods) Dambula Oya tourist project and light engineering project
Submit 3 grant proposals to private association/chamber	No grant proposals submitted
	Approval obtained to allot buildings to Nikado Trading Co. and Aitken Spence

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<b>MAHAWELI BUSINESS CENTRE: NOCHCHIYAGAMA</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 160 full-time jobs in self-employment, micro and small enterprises	Created 276 full time jobs in self-employment, micro and small enterprises
Deliver 1000 business advisory consultations	Delivered 1235 business advisory consultations
Serve 372 enterprise and entrepreneur clients	Served 425 enterprise and entrepreneur clients
Form 6 additional SCS	Formed 4 additional SCSs
Arrange 41 loans to SCS members	Arranged 5 loans to SCS members for Rs. 185,000
Arrange 84 loans to non-SCS entrepreneurs	Arranged 51 loans to non-SCS entrepreneurs arranged for Rs. 1,578,500
Transfer 22 commercial and industrial SSE plots	Transferred 6 commercial and industrial SSE plots
Deliver 19 special adhoc courses including 1 in credit training, and 3 technical	Delivered 18 special adhoc courses including 6 in credit; 144 persons trained
Carry out 1 local market study	
Assess 3 SSE opportunities for commercial viability	Assessed 1 SSE opportunity for commercial viability
Submit 4 grant proposal to private association/chamber	

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<b>MAHAWELI BUSINESS CENTRE: WELIKANDE</b>	
<b>1992 Target</b>	<b>Accomplishments</b>
Create 200 full-time jobs in self-employment, micro and small enterprises	Created 143 fulltime in self-employment, micro and small enterprises
Deliver 915 business advisory consultations	Delivered 958 business advisory consultations
Serve 253 enterprise and entrepreneur clients	Served 256 enterprise and entrepreneur clients
Form 6 additional SCS	Formed 1 additional SCS
Arrange 57 loans to SCS members	Submitted 12 loans for SCS members for Rs. 405,000
Arrange 100 loans to non-SCS entrepreneurs	Arranged 86 loans to non-SCS entrepreneurs for Rs. 922,000
Transfer 31 commercial and industrial SSE plots	
Deliver 12 special adhoc courses including 1 in credit training, and 2 technical	Delivered 12 special adhoc courses including 3 in credit; 165 persons trained
Assess 2 SSE opportunities for commercial viability	Assessed 3 SSE opportunities
Establish 1 MLE-SSE business link	
Submit 4 grant proposals to private association/ chamber	Submitted 1 grant proposal

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MED SHORT TERM TECHNICAL ASSISTANCE JANUARY - DECEMBER, 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
MLE/SSE	Development of MLE-SSE export product linkages	David Holbourne	June - August
MLE	Preparation of commercial farm business plans	Cedric de Vaz	June - August
MLE/SSE	Study on extraction of snake venom	Anslem de Silva/S. Balasuriya	August
MLE	Dried fruit	Dr. Kamal U. Hyder	August - September
MLE/SSE	Enterprise and employment census and enterprise opinion survey	L.N. Perera	August - September
MLE/SSE	Enterprise and employment census and enterprise opinion survey	Teams	August - September
MLE/SSE	Preliminary study of Tourism Hotel Sites in Mahaweli areas	Teams	October
MLE	Study on Year Round Irrigation in Mahaweli Systems C,G,H and Uda Walawe	Teams	October - December
MLE	Infrastructure study	Teams	October - December

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MED (ISTI) REPORTS JANUARY 1990 - MARCH 1993		
Title	Name	Date
Tourism Potential of the Mahaweli	Ed Coe	November 1990
Pre-investment Programs: Background papers	Bob Lee	November 1990
Legal study on access of Savings and Credit Associations to financial services	G.J.T. Alagaratnam	December 1990
Local market for pickled products	Lanka Market Research Bureau Limited	December 1990
Non farm small scale enterprise credit on selected Mahaweli systems	Geoffrey Peters and M.W. Panditha	December 1990
Observations on agribusiness development and pre-investment programs	Earl Guise	December 1990
Promotion of investment in the Mahaweli regions of Sri Lanka	Tom Healy	December 1990
MED/EIED Quarterly Report October - December 1990		December 1990
MED/EIED Quarterly Plan January - March 1991		December 1990
MED/EIED Annual Workplan 1991		December 1990
MED/EIED Annual Report 1990		December 1990
MED/EIED Quarterly Report January - March 1991		March 1991
MED/EIED Quarterly Plan April - June 1991		March 1991
Commercial Demonstration Farms in the Mahaweli	Dr Thomas G. Hart	June 1991
Commercial Demonstration Farm Investment Potential for Gurugodella	Dr Thomas G. Hart	June 1991
Commercial Demonstration Farm Investment Potential for Kachchigaluru	Dr Thomas G. Hart	June 1991
Commercial Demonstration Farm Investment Potential for Malwanagama	Dr Thomas G. Hart	June 1991
Commercial Demonstration Farm Investment Potential for Dambewatana	Dr Thomas G. Hart	June 1991
Mahaweli Land Policy: Proposed Policy and Supporting Documents	Dr James Finucane and Jayantha Jayewardene	June 1991
MED/EIED Quarterly Report April - June 1991		June 1991

**MED/EIED 1992 ANNUAL REPORT**

<b>MED (ISTI) REPORTS JANUARY 1990 - MARCH 1993</b>		
<b>Title</b>	<b>Name</b>	<b>Date</b>
Report on the Gherkin Project		June 1991
MED/EIED Quarterly Plan July - September 1991	W. Pack	June 1991
Crop Profiles - Spices, Herbs and Aromatics	L. Denzil Phillips	July 1991
Study of the Tourism Development in the Uda Walawe	Teams (Pvt.) Limited	July 1991
Report on Commercial Farms in the Mahaweli System B	Jayantha Jayewardene	August 1991
Potential for Silver Skin Onions in the Mahaweli	Walter Nucberg	August 1991
MED/EIED Quarterly Report July - September 1991		September 1991
MED/EIED Quarterly Plan October - December 1991		September 1991
Nursery Development of Papaya and Mango, Papaya Growers' Guide and Technical Notes for Business Plan for Mixed Fruit Cultivation Investment	Ben Hatfield	November 1991
Some thoughts on constraints to SSE development in the Mahaweli and proposed action for 1992	Paul Bundick	November 1991
A guide to Formation and Management of Savings and Credit Societies under the MED Project	M.W. Panditha	November 1991
Dehydrated Fruit Processing Opportunities and Trends in Sri Lanka	Wanchai Somchit	November 1991
An Evaluation of the Entrepreneur Development Programmes	Dr. Susan Exo and Hina Shah	December 1991
Aromatics PIP Interim Report on Trials Establishment	Dr Thomas Davies	December 1991
Agro-Business Financing Review	Dennis De Santis	December 1991
Integrated Fruit Drying, juicing, Pulping project - Prep Feasibility Study	Michael Smedley, Ben Hatfield and Wanchai Somchit	December 1991
Proposal for a Program Monitoring System	Dr Richard Huntington	December 1991
MED/EIED Quarterly Report October - December 1991		December 1991
MED/EIED Quarterly Plan January - March 1992		December 1991

**MED/EIED 1992 ANNUAL REPORT**

<b>MED (ISTI) REPORTS JANUARY 1990 - MARCH 1993</b>		
<b>Title</b>	<b>Name</b>	<b>Date</b>
MED/EIED Annual Workplan 1992		December 1991
MED/EIED Annual Report 1991		December 1991
Cold Chain requirements for Uda Walawe	Fredrick E. Henry	March 1992
Field Manual for Processing Tomatoes	Peter Florance	March 1992
Processing Tomato Trials in Mahaweli System H	Peter Florance	March 1992
Processing Tomato Trials in Mahaweli System C	Peter Florance	March 1992
MED/EIED Quarterly Report January - March 1992 and MED/EIED Quarterly Plan April - June 1992		March 1992
Report on the Commercial Farms in the Mahaweli System B	Jayantha Jayewardene	March 1992
MED/EIED Quarterly Report April - June 1992 and MED/EIED Quarterly Plan July - September 1992		June 1992
Pre Investment Programmes of Assistance to Mahaweli Investors	Geoffrey Peters	June 1992
Commercial Demonstration Farm Investment Potential for Suriyawewa Farm	Dr. Cedric R. de Vaz	July 1992
Commercial Demonstration Farm Investment Potential for Attanakadawela Farm	Dr. Cedric R. de Vaz	August 1992
Commercial Demonstration Farm Investment Potential for Nawamedagama Farm	Dr. Cedric R. de Vaz	August 1992
Commercial Demonstration Farm Investment Potential for Kattakaduwa Farm	Dr. Cedric R. de Vaz	August 1992
Dried Fruit Processing in the Mahaweli	Dr. Kamal Hyder	September 1992
MED/EIED Quarterly Report July - September 1992 and MED/EIED Quarterly Plan October - December 1992		September 1992
Commercial Demonstration Farm Investment Potential for Kalankuttiya Farm	Dr Cedric de Vaz	September 1992
Preliminary Study of Tourist Hotel Sites in Mahaweli Areas		October 1992
Commercial Demonstration Farm Investment Potential for Girandurukotte Farm	Dr Cedric de Vaz	November 1992

MED/EIED 1992 ANNUAL REPORT

<b>MED (ISTI) REPORTS JANUARY 1990 - MARCH 1993</b>		
<b>Title</b>	<b>Name</b>	<b>Date</b>
MED/EIED Quarterly Report October - December 1992 and MED/EIED Quarterly Plan January - March 1993		December 1992
MED/EIED Annual Report 1992		December 1992
MED/EIED Annual Plan 1993		December 1992
A Guide to Formation and Management of Savings and Credit Societies under the MED Project	M.W. Pandiha	December 1992
Report of the Census Expert and Statistician on the Census of Mahaweli Enterprises	L.M. Perera	December 1992

MED/EIED 1992 ANNUAL REPORT

<b>INPUTS AND ACCRUED EXPENDITURES BY PROJECT LINE ITEM</b> Reporting period: January 1992 - December 1992			
Project line item	Project targets for inputs and expenditures	Inputs 1992	Cumulative inputs end 1992
Entrepreneur training	Persons trained:		
	900 persons	-	949
	Ad hoc training xx persons	-	
	EIED staff training xx person-months staff training	-	
	\$650,000	\$182,333	\$121461.19
Pre-investment programs	10 PIPs conducted	9	10
	40 firms assisted with PIPs		20
	\$250,000 on PIPs	0	9787.78
Investment promotion and Information dissemination	xx promotion seminars	4	7
	xx overseas missions	2	5
	xx market seminars	3	19
	xx market studies distributed		10
	\$900,000	23,241	\$99206.91
Grants to associations	65 associations assisted	Nil	Nil
	65 grants to Savings and Credit Associations	14	14
	650 members of SCSs		
	\$200,000	0	10013.78
Special projects	xx activities proposed to EIED/USAID		1
	xx activities approved		1
	xx activities completed		
	\$1.0m	0	\$21670.77

MED/EIED 1992 ANNUAL REPORT

<b>INPUTS AND ACCRUED EXPENDITURES BY PROJECT LINE ITEM</b> Reporting period: January 1992 - December 1992			
Project line item	Project targets for inputs and expenditures	Inputs 1992	Cumulative inputs end 1992
Equipment	5 vehicles		5
	16 motorcycles	4	10
	8 business centers equipped	8	8
	\$700,000	\$62,119	\$225437
Surveys, monitoring	xx opinion surveys completed	1	1
	1 MLE baseline established		
	1 SSE baseline established		1
	\$200,000	38,514	\$70283.12
Evaluation and audits	25 steering committee meetings including Project Review Committee meetings)	2	8
	1 mid-term project external evaluation	1	1
	1 final project external evaluation		
	xx audits	4000	\$4000
Planning and operations	750 leases issued		-
	6 annual MED/EIED workplans	1	4
	xx planning workshops	1	6
	\$50,000	\$8,999	\$24174.25
Technical assistance	302 months long term MED t.a.	81.0	166.31
	60 months short term local t.a.	11.75	34.82
	95 months short term foreign t.a.	22.97	26.87
	780 months MED field advisors	65.97	157.26
	xx months short term market t.a.		

• Data for compiling this table is incomplete.

## PRE-INVESTMENT PROGRAMS

### A. GENERAL OVERVIEW

Pre-Investment Programs (PIPs) are custom-designed packages of assistance provided by the MED Project to support pioneer investors in the Mahaweli. Through PIPs the Project provides assistance which enable the unusual risks and extraordinary costs which pioneers face to be shared between the investors and the Project. PIPs can give pioneer medium and large enterprises (MLEs) direct exposure to markets and direct access to expertise in production, management and marketing techniques which investors themselves define as needed. PIP assistance can provide:

- \* technical guidance and expertise in specialized fields (e.g., agronomic, production, post harvest handling and transport, processing and marketing).
- \* overseas travel to investigate markets and establish market contacts.

### B. INVESTOR ELIGIBILITY

Investors to be eligible for PIP consideration should meet the following minimum conditions:

- \*be a pioneer Mahaweli investor.
- \*be willing to share what is learned with other pioneer investors.
- \*be willing to share the cost of the PIP assistance.
- \*have the management and financial capacity to undertake the proposed investment.

### C. ELIGIBLE ACTIVITIES

Investments eligible for PIP support are those based on comparative or competitive advantages. In practice, this covers non-subsidized export or import substitution oriented investments in:

- commercial scale agricultural production (including nucleus/outgrower schemes) with priority on fruits and vegetables.
- post-harvest packing, processing and storage of commercial agricultural crops being produced.
- packaging, transport and marketing activities that integrate to support the commercial agricultural ventures in the region.
- off-farm activities in the manufacturing, tourism and services sectors

#### D. SELECTION CRITERIA

Investments proposed by investors for PIP support are judged against the following criteria:

- \* The investment is technically and financially viable.
- \* The investment entails extraordinary costs and risks for the pioneer investors.
- \* The investment if successful will stimulate the entry of new entrants into a potentially profitable industry.
- \* The investment will expand employment and income earning opportunities in the Mahaweli.
- \* The investment is not environmentally harmful and is not in product or market areas prohibited from receiving USAID support due to concerns about possible adverse environmental effects or competition with specific American products.

#### E. ELIGIBLE EXPENDITURES

Expenditures eligible for PIP consideration include:

- \* Costs to bring specialists to Sri Lanka to provide technical or business assistance to the pioneer investor.
- \* Travel for Sri Lankan employees of pioneer investor firms to other countries to gain training and make market contacts.
- \* Costs to support training programs in or outside Sri Lanka.
- \* Purchase of capital items that are approved as justified by EIED and USAID.

#### F. ESSENTIAL DEFINITIONS

*Pioneer investor* is an investor engaged in a new activity in the Mahaweli. Most if not all medium and large investors participating in the targeted agriculturally-based industries are pioneer investors due to the novelty of the industries to Sri Lanka and the frontier nature of the Mahaweli.

*Pre-investment* is an investment required by a pioneer investor to remove a barrier to the effective initiation of an investment or the effective implementation of an ongoing investment.

*Cost sharing* is the sharing by the pioneer investor in the cost of the pre-investment which receives PIP support through MED. The pioneer investors share can be cash, executive time, or capital inputs already made. For example, for overseas travel undertaken through a PIP, MED would provide tickets for transport and the investor would provide lodging and the time of the most appropriate executive. In cases where the investor is already committing a major investment of time and money this commitment will likely be considered his share of the cost to support the PIP intervention.

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PRE INVESTMENT PROGRAMS (PIPs)		
Company/address	Description of PIP	Status
Dasa Timber Works Moraketiya Road Embilipitiya Uda Walawe	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.	Plastic boxes are preferred over wooden boxes for "Cold Chain" activities, project dropped.
John Keells Holdings  PO Box 76 130 Glennie Street Colombo 2  Possible location: Girandurukotte, System C.	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.	Three consultants including a food processing specialist, a fruit production agronomist and a dried fruit specialist together with JKHL personnel completed a fruit cultivation and processing pre-feasibility study for JKHL. The study concluded: a) dried fruit is a viable and 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. Cabinet approval was given to JKHL for 150 acres of land (Lots 409 and 410) in System C.  A. Private Sector Contributions 1. Budgeted Amount                 \$ 21,000 2. Amount This Period             \$ 11,442 3. Amount To Date                 \$ 24,442  B. MED Technical Assistance Level of effort                         100 days
Sunfrost/Hayleys P.O.Box 70 400, Deans Road Colombo 10.  Location: Systems B, C, and Uda Walawe	To provide a silver skin onion expert that can help to implement the effective commercial production of the crop on Sunfrost and outgrower lands.	Sunfrost advise latest crop trials planted did not come up to export standard and competitive price. They plan to plant further silver skin onion trials in early 1993.  A. Private Sector Contributions 1. Budgeted Amount                 \$ 23,000 2. Amount This Period             \$ 1,000 3. Amount To Date                 \$ 21,720  Note: This does not include harvesting and processing costs.  B. MED Technical Assistance Level of effort                         45 days

PRE INVESTMENT PROGRAMS (PIPs)												
Company/address	Description of PIP	Status										
<p>Forbes &amp; Walker 46/38, Nawam 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>Bottling plant activities postponed due to unavailability of suitable joint venture partner. Concerned about water availability for processing plant under evaluation. World wide recession has caused weakening of gherkin market.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 91,150</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 180,349 *</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 677,349</td> </tr> </table> <p>* Includes increase in working capital (40%) of total extension services, development of collection centres and nucleus farm development, and overseas market development travel.</p> <p>B. MED Technical Assistance</p> <table border="0"> <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	\$ 180,349 *	3. Amount To Date	\$ 677,349	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	\$ 180,349 *											
3. Amount To Date	\$ 677,349											
Level of effort Apr 03 - Jul 03	90 days											
Level of effort Aug 23 - Oct 22	60 days											
<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>Aromatics, herbs and spices specialist, Dr Thomas Davies assisted five companies: Richard Pieris, Informatics Limited, Mahaweli Farm Development Pvt Ltd., Forbes and Walker, and Sunfrost cultivate castor, coriander, and lemon grass as either inter-crops in homesteader fruit and vegetable plots or as a crops grown on an extensive basis on marginal land. Species not suitable for commercial cultivation at this time.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 47,500</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 15,000 *</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 15,000</td> </tr> </table> <p>* Includes increased working capital requirements for the five companies.</p> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort - up to</td> <td>150 days</td> </tr> <tr> <td>Level of effort 4 Nov - 5 Dec</td> <td>32 days</td> </tr> </table>	1. Budgeted Amount	\$ 47,500	2. Amount This Period	\$ 15,000 *	3. Amount To Date	\$ 15,000	Level of effort - up to	150 days	Level of effort 4 Nov - 5 Dec	32 days
1. Budgeted Amount	\$ 47,500											
2. Amount This Period	\$ 15,000 *											
3. Amount To Date	\$ 15,000											
Level of effort - up to	150 days											
Level of effort 4 Nov - 5 Dec	32 days											

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PRE INVESTMENT PROGRAMS (PIPs)										
Company/address	Description of PIP	Status								
<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 Cumaranatunga 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 chilli and curry powder for export.</p>	<p>VVL have selected Mr Peter Florance as the tomato production agronomist specialist and Mr Don Chisolm as the tomato processing and industry specialist. Mr Florance assisted RPAE in tomato trials, tomato trials were not successful for processing and making of tomato paste. RPAE were not successful in their bid for Malwanegama farm. They are pursuing their request for another farm in System "H" for the cultivation of tomato. Awaits release of land to continue further trials, to determine investment and to establish if the venture is financially viable.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 119,530</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 5,000 *</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 5,000</td> </tr> </table> <p>* Includes VVL and RPAE investments</p> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort - up to</td> <td>150 days</td> </tr> </table>	1. Budgeted Amount	\$ 119,530	2. Amount This Period	\$ 5,000 *	3. Amount To Date	\$ 5,000	Level of effort - up to	150 days
1. Budgeted Amount	\$ 119,530									
2. Amount This Period	\$ 5,000 *									
3. Amount To Date	\$ 5,000									
Level of effort - up to	150 days									

PRE INVESTMENT PROGRAMS (PIP's)		
Company/address	Description of PIP	Status
<p>Aitken Spence &amp; 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 Fred Henry advised on the design of Uda Walawe cold chain facility for ASAD.</p> <p>ASAD's subsidiary Ace Processing- A GCEC company, received MED Special Project assistance of (US D 342,225) to implement the project which may lead to a total investment of US D 607,745.</p> <p>Land released for the project and equipment ordered.</p> <p>Packhouse is to be running by June.</p>
<p>Ceylon Tobacco Co.</p> <p>P.O. Box 18, 108 George R.de Silva Road Colombo 7</p>	<p>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>	<p>Two representatives of CTC visited Thailand in July 1992 to study fruit production, processing operations and to develop market contacts. Dr. Kamal Hyder, a dried fruit specialist, identified a positive area in dried fruit industry to conceptualize a project design for the Company. Laboratory scale dehydrator and a packaging machine was provided by MED. Samples of high quality pineapples were produced. Pilot production using vacuum drying is expected to take place. A representative of CTC would visit US in March 1993 to learn post harvest physiology for fruits and vegetables. Continued to develop dried fruit project.</p>

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PRE-INVESTMENT PROGRAM (PIP's)		
Company/address	Potential project	Status
<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>A long industrial dispute has resulted in PBL delaying the preparation of their corporate plan which will include future Mahaweli investment. Proposal not submitted, unable to promote investment at this time, proposal to be discontinued.</p>
<p>Pickle Packers Ltd 122/1 Dudley Senanayake Mawatha Dehiwela  Contact: Mr Wilhelm Balthazaar 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>Discussed with PPL to promote investment. They are still interested in setting up a bottling plant for gherkins and are due to submit their proposal.</p>
<p>Startechs 4A Perahera Mawatha Colombo 3  Contact: Mrs S. Athauda  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>New land allocated, fresh proposal expected in February 1993.</p>
<p>Nikado Canned Foods (Pvt) Ltd 647, Bandarawatta , Kadawata</p>	<p>Company interested in establishing a canning factory in Kotmale to can processed food for export</p>	<p>Company has submitted an application for land, production and financial plan expected. Market exploration already underway.</p>

PRE-INVESTMENT PROGRAM (PIP's)		
<p>Chemical Industries(Colombo)Ltd Commercial House 21.Bristol Street Colombo.1. Contact.R.N.Bopearachy</p>	<p>Company interested in establishing a Cold Chain in Digana to cater to the vegetable growers and a Seed project at Malwanwegama</p>	<p>Baby corn trials have been successful and established market contacts.They have also conducted trials at Malwanegama farm, trials have been successful and performance commended. Market exploration for seeds is already underway.</p>
<p>Vantex (Pvt)Ltd 357.R.A.De Mel Mawatha Colombo.3.</p>	<p>Company interested in setting up a project at Uda Walawe for processing and bottling Jams and Jelly preserves</p>	<p>Land,buildings and machinery leased. Production and financial plan being prepared PIP assistance may be required.</p>
<p>V.O.C.(Pvt) Ltd 4.2/1 Gregory's Road Colombo.7</p>	<p>Company propose to establish a Pach House and Cold Chain with a commercial farm in System H</p>	<p>Application for land and financial plan submitted with request for PIP assistance. Proposal to be revised. Would enter into outgrower contracts and set up cold chain in H.</p>

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Project Steering Committee

Mr. G.M. Premachandra, Secretary, M/L.I. & M.D.  
Mr. S. Jayaweera, Secretary, M/MD  
Mr. K.H.S. Gunatilaka, Director-General, MASL  
Mr. P.T. Senaratne, Secretary-General, MASL  
Mr. N.G.R. de Silva, Managing Director, MEA  
Mr. A.M. Ariya Abeysinghe, Director, EIED  
Mr. Ajith Jayaratne, private sector  
Mr. Granville Perera, private sector  
Mr. Gary Alex, USAID representative

EIED Management Team

Mr. A.M. Ariya Abeysinghe, Director  
Mr. Sunil Amerasinghe, Manager  
Dr. Upatissa Pethiyagoda, Consultant Agronomist  
Mrs. P.C. Mathais, Manager  
Mr. D.P. Wickremasinghe, Manager  
Mr. L. Jayasinghe, Manager

ISTI/MED Consultant Team

Dr. James Finucane, Chief of Party  
Mr. Jayantha Jayewardene, Deputy Chief of Party  
Dr. Kamal Hyder, Business Development Advisor  
Mr. Earl Guise, Medium/Large Enterprise Advisor  
Mr. M. W. Panditha, Credit Advisor

## MED/EIED PUBLICATIONS AVAILABLE

*Local Market for Pickled Products* (December 1990)

*Non Farm Small Scale Enterprise Credit on Selected Mahaweli Systems*, Geoffrey Peters and M.W. Panditha (December 1990)

*Crop Profiles - Spices, Herbs and Aromatics*, L. Denzil Phillips (July 1991)

*Study of the Tourism Development in the Uda Walawe* (July 1991)

*Potential for Silver Skin Onions in the Mahaweli*, Walter Nueberg (August 1991)

*Nursery Development of Papaya and Mango, Papaya Growers' Guide and Technical Notes for Business Plan for Mixed Fruit Cultivation Investment*, Ben Hatfield (November 1991)

*Dehydrated Fruit Processing Opportunities and Trends in Sri Lanka*, Wanchai Somchit, (November 1991)

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*Aromatics PIP Interim Report on Trials Establishment*, Dr Thomas Davies (December 1991)

*Agro-Business Financing Review*, Dennis De Santis (December 1991)

*Integrated Fruit Drying, juicing, Pulping project - Prep Feasibility Study*, Michael Smedley, Ben Hatfield and Wanchai Somchit (December 1991)

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*Field Manual for Processing Tomatoes*, Peter Florance (March 1992)

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*Processing Tomato Trials in Mahaweli System C*, Peter Florance (March 1992)

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*Feasibility Study on Commercial Potential of Snake Venoms in Mahaweli Systems*, Anslem de Silva, (January 1993)

*Census of Mahaweli Enterprises and Employment* (January 1993)

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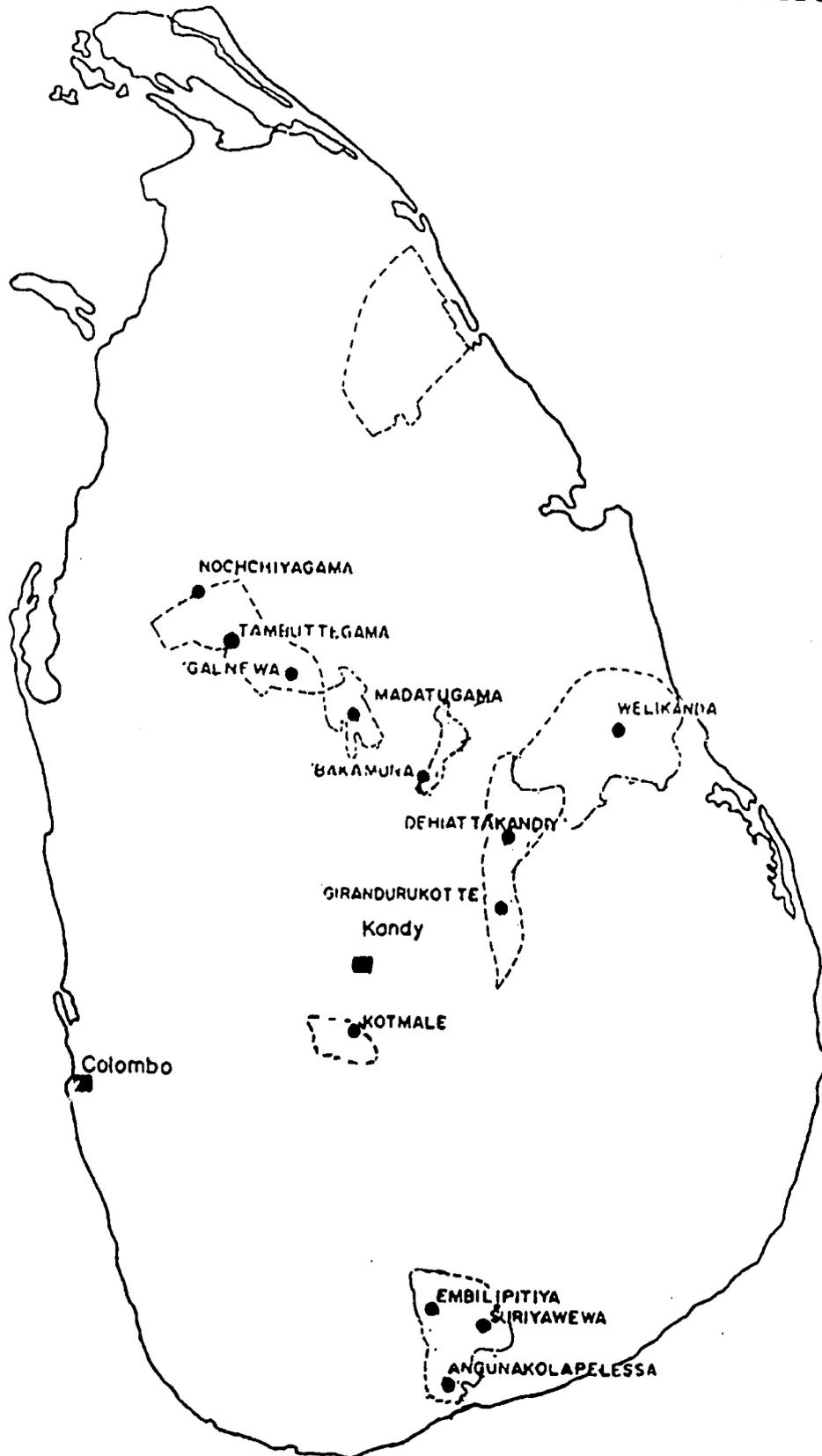
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