

.PD-AR.S.035

**Consultancy Report
Quarterly Report: October - December 1993**

**Sri Lanka: Commercial Small Farm Development
383-0101-A-00-0062**

Prepared for:
Agricultural Cooperative Development International
50 F Street, NW, Suite 900
Washington, DC 20001
Phone: 202/638-4661
Fax: 202/626-8726

December 31, 1993

QUARTERLY PROGRESS REPORT

(OCTOBER 1 - DECEMBER 31, 1993)

PVO CO-FINANCING II PROJECT (383-0101)
USAID/SRI LANKA

COMMERCIAL SMALL FARM DEVELOPMENT

Financed With Resources Provided By USAID/SRI LANKA
Cooperative Agreement No. 383-0101-A-00-0062

acdi

Agricultural Cooperative Development International
No 3, McLeod Road
Colombo 4, Sri Lanka

QUARTERLY PROGRESS REPORT

(OCTOBER 1 - DECEMBER 31, 1993)

PVO CO-FINANCING II PROJECT (383-0101)
USAID/SRI LANKA

COMMERCIAL SMALL FARM DEVELOPMENT

Financed With Resources Provided By USAID/SRI LANKA
Cooperative Agreement No. 383-0101-A-00-0062

acdi

Agricultural Cooperative Development International
No 3, McLeod Road
Colombo 4, Sri Lanka

USAID/SRI LANKA
PVO CO-FINANCING II PROJECT (383-0101)
QUARTERLY PROGRESS REPORT

PERIOD COVERED BY THIS REPORT: Oct 1, 1993 TO: December 31, 1993

A. PROJECT DESCRIPTION

1. GRANT NO. 029 2. GRANTEE (PVO NAME): Agricultural
Cooperative Development International (ACDI)

3. EFFECTIVE DATE: 9/24/90 TERMINAL DATE: 3/31/94

4. PROJECT TITLE: Commercial Small Farm Development

5. PROJECT LOCATION(S): Bibile, Galgamuwa NWP, System B,
Puttalam area, Colombo.

6. PROJECT FUNDING (Rs.) CUMULATIVE EXPENDITURE TO DATE (Rs)

USAID Grant	US\$ 1,919,065	US\$ (**)	%
PVO Contribution	US\$ 197,370	US\$ (*)	(*) %
Other Funding	US\$ 526,136	US\$ 286,238	40 %
Total	US\$ 2,642,571	US\$	%
Elapsed time	39 months		93 %
Grant period	42 months		

(*) PVO in-kind contribution is included in the "Other Funding" category.

(**) To be provided on receipt of ACIDI's expenditure

7. PROJECT PURPOSE: ACIDI will identify several crops with potential for export and or processing and seek to develop two to three business arrangements with for-profit processors and for exporting firms in such a manner to ensure farmers become equity partners over time. ACIDI will also develop a nursery farm to produce high quality planting material for a commercial agribusiness investment project and will identify and assist at least one local non-government organization (NGO) involved in agriculture development to become more self sufficient and to operate their production unit in a sound commercial manner. ACIDI will also seek U.S. or third country investors to participate as equity partners in at least one agribusiness development project in Sri Lanka with export potential.

To implement the project, ACIDI will organize a local non-profit agribusiness and agricultural development company to be known as Agri-DEV, limited by guarantee, in accord with the Companies Act of 1982. Agri-DEV's initial primary purpose will be to channel project resources, to establish ownership in the various business arrangements to start up new joint venture companies with existing agribusiness firms, to directly implement the nursery farm, become the active partner with the local NGO to be assisted with project resources and to carry on after the PACD monitoring progress of the various investments, providing continual assistance to the enterprise and farmer organizations created and to re-invest reflows in continued agribusiness development activities.

8. MAJOR FOCUS CATEGORIES OF PROJECT (CHECK AS MANY AS APPLICABLE):

- | | |
|---|--|
| <input checked="" type="checkbox"/> Agriculture | <input type="checkbox"/> Environmental Conservation |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Village or Rural Develop. |
| <input type="checkbox"/> Health | <input type="checkbox"/> Family Planning |
| <input type="checkbox"/> Nutrition | <input type="checkbox"/> Child Welfare/Rights |
| <input type="checkbox"/> Mental Health | <input type="checkbox"/> Victims of Violence |
| <input type="checkbox"/> Alcohol/Substance Abuse | <input type="checkbox"/> AIDS/STD |
| <input type="checkbox"/> Women's Issues/Rights | <input type="checkbox"/> Youth Guidance/Rehabilit. |
| <input checked="" type="checkbox"/> Income Generation/Enhance. | <input type="checkbox"/> Micro-Enterprise |
| <input type="checkbox"/> Credit/Savings | <input checked="" type="checkbox"/> Institution-Building |
| <input type="checkbox"/> Democracy Strengthening | <input type="checkbox"/> Human Rights |
| <input type="checkbox"/> Education | <input type="checkbox"/> Vocational Training |
| <input checked="" type="checkbox"/> Other (Describe) Agribusiness development, foreign investment | |

9. EXPECTED RESULTS OF PROJECT (SPECIFIC OUTPUTS, QUANTIFIED WHERE POSSIBLE): Project Outputs:

NOT REPEATED HERE. CONSULT GRANT AMENDED PROGRAM DESCRIPTION FOR DETAILED OUTPUTS.

B. REVIEW OF CURRENT PERIOD

10. ACTIVITIES THIS PERIOD:

Major activities this quarter were as follows:

- a) General: Mr. Jerry Lewis, Vice president Asia Near East and Pacific completed his final visit for the year in November.

Mr. Iskander Ibrahim, contracted by ACDI/Washington, visited and completed a pre-award survey of Agri-DEV's accounting and financial management operations, reviewed the ACDI/CSFD financial reports and accounting systems and verified inventory and its management system.

Robert C. Flick, Chief of Party/CSFD project left Sri Lanka on completion of his contract term. S. A. C. M. Zuhyle, Program Director completed his term of contract by end of December. Mahinda Gunasekera, Director-Agribusiness left CSFD project to serve USAID. Ranjit Perera appointed new General Manager of Agri-DEV assumed duties to succeed Robert C. Flick with effect from December 6, 1993.

- b) Gherkins: Dr. Kuruppuarachchie, the researcher contracted by ACDI completed the varietal screening experiments and submitted the reports. Copies were circulated to all exporters through PCL.

Professors Todd Wehner and Jonathan R. Schultheis - Plant Breeder and Extension Specialist respectively, toured gherkin growing areas of Sri Lanka with ACDI agronomist and made proposals for development of the industry. Five major gherkin

exporter companies participated in sharing the expenses of the tour of the two advisors.

The study on post harvest technology in gherkins was completed and the report was submitted by J. O. Yatawara, a consultant contracted by CSFD project.

- c) Pickle Cultivators(pvt) Ltd : The board continued to hold monthly meetings and expressed their willingness to work with the Peoples company.

The Peoples company opened a current account with Rs.10,990/= with Seylan bank branch in Puttalam.

- d) Pineapple: There was no positive response for the tender. The Hon. Minister of Agricultural Research and Development and the chairman of ADA have now shifted from their original stand of a 'take over'. After a fair amount of lobbying, they have indicated their desire for ACIDI/Agri-DEV to continue. They also appear to be amenable to a change in respect of their earlier position of a 300 acre nursery. A self financing scheme where only a small acreage will remain as nursery and the major portion for commercial fruit production is being discussed and explored.
- e) Root Crop Farm: A Project Manager has been appointed to Agri-Expo to coordinate the activities of Root crop farm with Expolanka and Agri-DEV. The land lease issue is being finalized with one of the owners resident abroad visiting Sri Lanka.
- f) CDS: The Board of management of CDS went back on the earlier undertaking given on repayment of Agri-DEV's investments. Negotiations are proceeding to have this matter resolved.
- g) Agri-DEV: From 1st January 1994 Agri-DEV would take over activities of ACIDI. Conducted one board meeting. The COP of Ag-ENT project was appointed a board member of Agri-DEV.

NEW PROPOSALS: New proposals for Organization Development in the ISMP areas and seed production with private sector; were submitted to USAID.

11. SPECIFIC RESULTS/OUTPUTS THIS PERIOD (QUANTIFIED WHERE POSSIBLE):

The tables/matrices appearing below were the "Plans and targets for the next period," which were listed in Section C #17 of the previous quarterly report for the period 7/1/93 - 9/31/93.

1. Administrative items

Activity	Results Obtained, Status Comments
----------	--------------------------------------

- Sign Agri-DEV/ACIDI agreement | Signed

11/15

and individual task orders for specific sub-activities	4th Quarter 1993 technical report completed and draft submitted on 1/26/94
- Complete 4th quarter 1993 technical report	COP departed 12/20
- COP departs	Report will be submitted 2/15
- Final report by COP	Being written by Bob Flick
- Settle property issue with USAID	Proposal letter submitted 11/24 to Jim Goggin/AID. Plan implemented as in Flick's letter.
- Management visit by ACDI/W	Jerry Lewis Vice president ACDI/Asia, Near East and Pacific completed his final visit.
- Pre-award survey	Iskander Ibrahim contracted by ACDI/W conducted a pre-award survey on Agri-DEV's accounting & financial management operations, reviewed the ACDI/CSFD financial reports and accounting system and verified the inventories and its management systems.
- Extend ACDI cooperative agreement until 12/31/94	ACDI Cooperative agreement is being extended in two phases - one upto 3/31/94 and the other upto 12/31/94. However, Agri-DEV will take over ACDI functions from 1/1/94.

2. Non Profit Agribusiness Development Company (Agri-DEV)

Activity	Results Obtained, Status & Comments
<ul style="list-style-type: none"> - Regular board meetings - Sign Agreement between ACDI/Agri-DEV 	Two meetings held on 10/29, 12/13 Agreement signed Agri-DEV will be functional with ACDI work in Sri Lanka from 1/1/94
<ul style="list-style-type: none"> - Task orders signed for each project 	Four task orders are being prepared and will be completed in the next quarter.
<ul style="list-style-type: none"> - Additional investments 	Additional investments with PCL and Agri-Expo are pending until the respective companies are ready with their shares.
<ul style="list-style-type: none"> - Step up grant to gherkins Peoples company for operations and office setup 	Rs. 450,000 sub grant to the People's Co. awaiting until PCL puts up services fee to the general expense vote. However, Rs.10,000 has been issued to the Peoples company through PCL for Peoples company to open bank account with Seylan Bank. Puttalam Branch.

- | | |
|--|---|
| <ul style="list-style-type: none"> - Nominate additional board members to Agri-DEV | <p>Two members have been appointed from Ag-ENT project from 12/93</p> |
| <ul style="list-style-type: none"> - Settle working relationship with Ag-ENT | <p>Still at exploratory stage</p> |
| <ul style="list-style-type: none"> - Recruit a respected Sri Lankan GM/CEO from outside the organization. | <p>Mr. Ranjit Perera was appointed from 12/6/93</p> |
| <ul style="list-style-type: none"> - Finalized agreement to switch ACDI staff to Agri-DEV by departure of COP | <p>ACDI staff was absorbed to Agri-DEV and fresh contracts signed accordingly from 1/1/94.</p> |
| <ul style="list-style-type: none"> - Phase-over monitoring & reporting activities | <p>Agri-DEV staff will prepare & submit the quarterly report for next quarter 1994.</p> |
| <ul style="list-style-type: none"> - Proposal(s) for additional funding | <p>A proposal on ISMP farmer organization development has been submitted. Another proposal on pineapple project is being prepared. A proposal on Seed production has also been submitted.</p> |
| <ul style="list-style-type: none"> - Decision on Office lease agreement for '94 | <p>The lease agreement for office premises for 1994 has been signed.</p> |

3. Gherkin Joint Venture (PCL)

Activity	Results Obtained, Status & Comments
<ul style="list-style-type: none"> - Board meetings of PCL 	<p>Monthly meetings were conducted during the quarter.</p>
<ul style="list-style-type: none"> - Farmer meetings for strengthening farmer organizations. 	<p>Meetings in new areas for experienced farmers were conducted for the purpose of making them aware of the Peoples company and for appraising them in better production technologies for high yield.</p>
<ul style="list-style-type: none"> - Remaining equity to be invested 	<p>Agri-DEV -Rs.2 million and PPGL - Rs. 2 million. The investment to date as at the end of the quarter is Rs.4 million by Agri-DEV and Rs. 2 million by PPGL</p>
<ul style="list-style-type: none"> - Equity accumulation begins 	<p>Expected to begin Feb-Mar '94.</p>
<ul style="list-style-type: none"> - Marketing agreement w/PPGL in place 	<p>Proposed agreement prepared by Bob Flick and signed on 10/5</p>
<ul style="list-style-type: none"> - Variety trials/demonstration plots completed 	<p>Final report submitted. Testing of some varieties of Royal Sluis on going. Results of Marinda appear promising.</p>
<ul style="list-style-type: none"> - Peoples Company agreement with PCL 	<p>PCL and Peoples company commenced correspondence on agreement and</p>

- People company membership increases with new farmers
 - 1st farmer representatives on PCL board
 - Training program for PCL employees
- virtually agreed except on one condition not permitted by Articles and Memorandum of association. Agreement will be prepared and signed by next quarter.
- Should commence with the new growing season in 1994.
- PCL had reservations about farmer representatives on PCL board. Being pursued tactfully for implementation.
- As the officers were busy in their respective areas organizing January planting, it could not be held as envisaged. It will be held towards the end of the next quarter.

4. Root Crop Investment (Expolanka)

Activity	Results Obtained, Status & Comments
- Prepare documents and enter into agreement with BOI	Necessary modifications required by Agri Expo Ltd., were done and final draft printed.
- Revise business and production plans	Business plan revision correspondence on going. Production plans were accelerated to come in for advancing planting programs.
- Capital invested	Expolanka has invested a total of Rs.1,215,000 this quarter.
- Land preparation/planting	Planting continues.
- First board meeting	Planting through the quarter. First Board meeting was held on October 26.
- Marketing agreement w/ Expolanka	The official board meeting will take place when BOI agreement is finalized. A draft marketing agreement was prepared. Not finalized yet.
- Continue land preparation	Land preparation continues for cassava, pineapple, innala and kiriala as scheduled.
- Prepare nursery for Innala	Innala Nursery was established from planting materials from Gannoruwa Agriculture Research Station. A total of .75 acres planted as at 10/20.
- Hire new manager	Decided to extend the term of

- | | |
|---|---|
| <ul style="list-style-type: none"> - Train Tractor drivers & helpers - Start monthly reporting system - Develop a block plan - Farm visits - Train employees | <p>present manager and hire a new Project manager.
 Trained tractor drivers and helpers at FMTC, Anuradhapura for 2 weeks and also trained 2 men in spray operations.
 Commenced a reporting program.</p> <p>Blocks have been separated for different crops in different blocks of the field.</p> <p>Visits have been made every week by the Agronomist and other staff members.</p> <p>Trained all employees of the farm in land preparation, fertilizer application and planting of innala.</p> |
|---|---|

5. CDS/Medagama Nucleus Farm

Activity	Results Obtained, Status & Comments
<ul style="list-style-type: none"> - Sign re-negotiated agreement for repayment. - Site visits to monitor farm activities 	<p>Agreement amendment was initiated and correspondence on going. Visits were made by the agronomist.</p>

6. Pineapple Nursery Farm (Pineapple Project)

6.A. Pineapple Investment Project

Activity	Results Obtained, Status & Comments
<ul style="list-style-type: none"> - Meet Min. of Agriculture, Chairman of ADA to finalize strategy for commercialization of nursery project - Negotiate with the parties interested in the project and sign one draft letter of understanding/agreement with one company. 	<p>Minister did not agree to deviate from the original plan. It will require more convincing to make him realize the folly in going through with it. This is ongoing and his support to set aside a greater part of the acreage already planted for commercial production of fruits is expected. Positive results should emerge during Jan/Feb '94. Possibilities are being explored on the basis of conceptual changes anticipated.</p>

- Joint venture/purchase agreement signed.
- Handing over the farm

6.B. Bibile Pineapple Nursery (Kotabowa)

Activity	Results Obtained, Status & Comments
- Complete permanent building of stores, workshop office and pump house	2 buildings Completed as scheduled. Pump house not completed.
- Continue planting mother plants	Five more acres completed as scheduled
- Complete irrigation installation	Installation completed as scheduled.
- Complete Agro-well for pumping station	Could not be completed as scheduled due to rains and excavation encountering rock.
- Commence elephant control fencing	Work has been suspended.
- Maintain 30 acres planting Fertilizing, weed control, pest and disease control	35 acres in maintenance
- Gouging/CF 125	Completed about 5000 plants
- Complete chili nursery	Nursery for 10 acres completed
- Complete commercial planting of chili	8 acres planted
- Maintaining chili	8 acres maintained and now in harvesting.

7. Environmental Plan

Activity	Results Obtained, Status & Comments
- Final EIA, TOR, Action plan wetlands reports submitted	4 reports submitted 10/20
- Regular reporting plan Approved TOR submitted to on mitigative measures	Quarterly reports ? Report submitted to CEA 9/30
- Use of chemicals by small farmers ameliorated	Activity planned on going for next quarter
- Inventory and protect wetlands and springs	Done, no activity this On-going quarter
- Implement protective measures as nursery is cleared, land prepared	Last jungle cleared in On-going previous quarter. All protective measures taken.
- Coordinate with the DEA and the participatory forestry program being implemented under the NORAD funded Moneragala IRDP in regards to transplanting identified	No endangered and sen- On-going sensitive plant species found and tree seedlings were planted in wetlands 12/15 and riverine forest land

endangered and sensitive plant species.		
- Road, drainage & flood control measures for 25 year storm event	Roads done. Sandbags are being built-up in areas prone to soil erosion	On-going
- Borrow pits monitored	Done	On-going
- Riverine forest mapped	Done	N/A
- Discourage and disperse any TES wildlife	Electric elephant fence to be installed - extend to 94	
- Use only EPA general use and GSL approved agro-chemicals	Done	
- Conduct semi-annual water quality tests	Tests done	12/15
- Water quality standards set by CEA for Dahammal Oya Quarterly reports compare test results with norms	Once again ask CEA for standards	11/15
- Ensure water quantity in Dahammal Oya does not drop below 1/2 flow rate	Monitor flow rates	On-going
- Water quantity standards set by Irrigation Dept. in Medagama AGA Division.	Set	On-going
- Traditional uses of forests is not disturbed	Farmers/villagers have free access	On-going
- Environmental impacts of second and third phases of nursery (or commercial farm) development	No plans made for further development at this time	
- Site restoration plan	One plan if no investment	12/15

8. Training

Activity	Results Obtained, Status & Comments
- One ACDI staff member trained under Todd Wehener & Jonathan Schulthesis	ACDI Agronomist toured gherkin growing areas with the experts and submitted proposals for improvement of the industry with them.
- The major gherkin exporters of Sri Lanka participated in the tour	Approximately 200 persons, executive field staff and farmers were made aware of the improvements needed in the gherkin industry and the immediate priorities that need attention.
- Farmer leaders trained	These professors suggested immediate research and training requirements in the industry. Trained 12 persons of the board

in farmer organization activities

- PCL Agronomist was trained by ACDI consultant on OJT and field trials
- Farmers additionally trained in bee keeping

of the Peoples company directors on how to conduct meetings, writing/presenting minutes of meetings and maintenance of books and registers. Leading farmers of Sinhapura System B was given an awareness/training in gherkin production. ACDI consultant trained PCL Agronomist in varietal testing and demonstrations of gherkins and pepperoncini. 26 additional farmers were given introductory training in bee keeping.

12. COMMODITIES AND EQUIPMENT ITEMS PURCHASED THIS PERIOD, AND SOURCE/ORIGIN OF THESE ITEMS:

ITEM	WHERE PURCHASED	COUNTRY OF MFG	COST
------	-----------------	----------------	------

13. ISSUES OR PROBLEMS ENCOUNTERED THIS PERIOD AND ACTIONS TAKEN TO RESOLVE THEM:

a) Pineapple nursery: In the absence of foreign or local investor, Agri-DEV is making project proposal to set aside part of the acreage for fruit production and nursery for selling plants to out growers as there are requests for fresh fruits. The smaller acreage under nursery to provide plants for out growers/farmer organizations.

14. DIRECT BENEFICIARIES OF PROJECT ACTIVITIES:

	Planned Total	This Period	To date
a) Adult Male	1,250 (*)	174	3951
b) Adult Female			81
c) Children			
d) Nature of benefits received (Training, Loans, etc.):			

- 2 ACDI staff trained in ginger production.
- 30 farmers trained in ginger production.
- 1 farm manager trained in root crop & pineapple cultivation.
- 80 farmers given training in farmer organization matters.
- 40 farmers received additional training in gherkin production.
- 1 PCL agronomist received OJT in gherkin production, trials.
- 20 farmers received additional training in bee keeping.
- 174 total trained this quarter.

(*) Neither the proposal nor the Cooperative Agreement gives a breakdown by gender. Instead, both documents talk about farmers without specifying gender.

15. CONSULTANTS/CONTRACTORS EMPLOYED THIS PERIOD, AND ACTIVITIES CARRIED OUT BY THEM:

a) Name, Nationality of Consultant, Nature of the Assignment and Results:

- 1) J. O. Yatawara : A Sri Lankan Engineer/Cooling system specialist was hired to study the problems in Post harvest storage, transport and processing of gherkins.
- 2) Iskander Ibrahim : A U.S. consultant, contracted by ACDI/ Washington, visited and completed a pre-award survey of Agri-DEV's accounting and financial management operations, reviewed the ACDI/CSFD financial reports and accounting systems and verified inventory and its management system.

16. MAJOR CONCLUSIONS/RECOMMENDATIONS OF STUDIES/EVALUATIONS CARRIED OUT THIS PERIOD (If Applicable):

1. J. O. Yatawara recommended that Hydrocooling can preserve the quality and fruit loss from packing to brining/vinegaring.

He also recommended that use of sacks at every stage of picking and transport must be avoided and only plastic crates to be used. Only do sampling and eliminate manual grading. Sorting of spoilt product, crooked and nubbins to be on a installed conveyor. He also recommended two collections/day provided the costs permit.

2. Iskander Ibrahim recommended the procedures to be followed in regard to vehicles, furniture and office equipment etc. used in the CSFD project. His other recommendations were in respect of ACDI's Bank Accounts and the sub project operating funds for Agri-DEV.

The cost of Mr. Ibrahim's assignment was borne by ACDI and at no cost to the project.

3. A major conclusion was for the pineapple project to be maintained for both fruit and plant (nursery) production with an outgrower scheme to sustain the nursery farm and to extend pineapple cultivation in Bibile area.

C. PLANS AND TARGETS FOR THE NEXT PERIOD

17. PRINCIPAL ACTIVITIES AND QUANTITATIVE TARGETS FOR RESULTS (OUTPUTS) PLANNED FOR NEXT PERIOD:

1. Administrative Items

Activity	Results	Target Date
- Individual task orders for specific sub activities of Agri-DEV	Task orders signed	03/31
- Complete 1st quarter '94 technical report	One report	04/30

- Complete COP end of tour report	One report	02/01
- Settle property issue with USAID	USAID agrees with ACDI proposal	02/20

2. Non Profit Agribusiness Development Company (Agri-DEV)

Activity	Results	Target Date
- Regular board meetings	3 meetings	1/month
- Sign task orders for each Agri-DEV activity	4 -5 task orders	02/20
- Additional investments	Rs. 2.0 million PCL Rs. 2.0 million Root crops	03/31 03/31
- Start-up grant to gherkin Peoples company for operations & office setup	Rs. 450,000 sub-grant	03/31
- Settle working relationship with Ag-ENT	MOU or letter of agreement signed	02/20
- Phase over monitoring & Proposals for additional funding	Agri-DEV staff 2 proposals	03/25 02/20

3. Gherkin Joint Venture (PCL)

Activity	Results	Target Date
- Board meetings of PCL	Meetings	Monthly
- Agri-DEV work with Gherkin Exporters' Association	Program commenced	01/01
- Farmer meetings for Strengthening People's Co. and board of directors & field days/farmer training	10 meetings	03/31
- Training in bee keeping for officers	One training program	01/26
- Remaining equity to be invested	Agri-DEV Rs.2 million PCL Rs. 2 million	03/31
- Equity accumulation begins	First funds raised	03/31
- Marketing agreement with PPGL in place	Re-Scheduled agreement	
- Variety trials/demonstration plots begun	1st experiment planted	03/15
- Hire Researcher	Researcher hired	02/25
- Peoples' Co. agreement w/PCL	1 agreement in place	02/28
- Peoples' Co. Board meetings	Continue monthly	03/31
- Peoples' company membership increases w/new farmers	300 farmers by	03/31
- Continue to assist w/bee keeping in gherkin fields	60 more bee boxes placed	03/31
- First farmer representative	One board member	

- on PCL board
- Training program for PCL employees

Training for PCL field staff on gherkin production, basic management/record keeping 03/31

4. Root Crop Investment (Expolanka)

Activity	Results	Target Date
- Prepare documents and enter into agreement with BOI	Final document being prepared. Incorporating amendments	02/28
- Revise business/production Plan	Being finalized	02/15
- Paid-in capital to be invested.	Expolanka Rs. 4 million	03/31
- Land preparation/planting	Agri-DEV 2 million	03/31
- Board meetings	Planting continues	On going
- Marketing agreement w/ Expolanka	planting through the qtr	On going
- Continue land preparation	Continues	On going
- Harvest Innala	Agreement to be signed	To QTR end
- Pineapple and Kiriala	Continues	Harvesting by March 94
- Hire Field Assistant	Recruited by	On going
- start accounting system	Scheduled for	02/20
- Start monthly reporting system	Commenced	02/20
- Develop a block plan	Plan developed by	On going
- Farm visits	24 visits (8/mo)	02/01
- Visit by consultant	One visit planned	03/31
- Establish office at farm	Planned by	?
- Train employees	Trained a driver in tractor/ implement use	03/28
	Training in growing crops	on going

5. CDS/Medagama Nucleus Farm

Activity	Results	Target Date
- Sign re-negotiated agreement for repayment.	Negotiations in progress for acceptance of a re-schedule repayment scheme	02/28
- Site visits to monitor farm activities	2 visits by Director-agriculture/Agri-DEV	03/31

6. Pineapple Nursery Farm (Pineapple Project)
 6.A. Pineapple Investment Project

Activity	Results	Target Date
- Meet Min. of Agriculture,	New strategy and concepts	02/28

Chairman of ADA to finalize strategy for commercialization of nursery project	discussed with Minister and ADA.	
- Motivate interested parties to grow pineapple.	Out grower production plan begins	03/31
- Joint venture/purchase agreement signed.	One agreement in place	03/31
- Continue the farm	Gouging and plant treatment & plant sales commence	03/31

6.B. Bibile Pineapple Nursery (Kotabowa)

Activity	Results	Target Date
- Complete permanent building of stores, workshop office and pump house	Buildings occupied	02/20
- Continue planting mother plants	Five more acres completed	On going
- Complete irrigation installation	Installation completed	02/20
- Complete Agro-well for pumping station	Rains and encountering rock affected excavation	03/31
- Commence elephant control fencing	Complete work to further corner of fence	03/31
- Maintain 30 acres planting	Planting	On going
- Fertilizing, weed control, pest and disease control	Fertilizing	On going
- Gouging/CF 125, irrigation and hormone treatment	Pest control	On going
- Complete chili harvesting	Completed about 2 acres hormone treatment	03/31
	Harvesting completed	03/31

7. Environmental Plan

Activity	Results	Target Date
- Final EIA, TOR, Action plan wetlands reports submitted	Quarterly reports	04/10
- Regular reporting plan Approved TOR submitted to on mitigative measures		
- Use of chemicals by small farmers ameliorated	Small farms have not yet got involved in project activities.	
- Inventory and protect wetlands and springs	Done, no activity this quarter	On-going
- Implement protective measures as nursery is cleared, land prepared	Last jungle cleared in previous quarter. All protective measures taken	On-going
- Coordinate with the DEA and the participatory forestry program being	No endangered and sensitive plant species found and tree seedlings were	On-going

implemented under the NORAD funded Moneragala IRDP in regards to transplanting identified endangered and sensitive plant species.	planted in wetlands and riverine forest land	continues
- Road, drainage & flood control measures for 25 year storm event	Roads done. Sandbags are being built-up in areas prone to soil erosion	On-going
- Borrow pits monitored	Done	On-going
- Riverine forest mapped	Done	N/A
- Discourage and disperse any TES wildlife	Electric elephant fence to be installed - extend to 94	
- Use only EPA general use and GSL approved agro-chemicals	Done	
- Conduct semi-annual water quality tests	Tests done	
- Water quality standards set by CEA for Dahammal Oya. Quarterly reports compare test results with norms	CEA has not yet responded.	
- Ensure water quantity in Dahammal Oya does not drop below 1/2 flow rate	Monitor flow rates	On-going
- Water quantity standards set by Irrigation Dept. in Medagama AGA Division.	Set	On-going
- Traditional uses of forests is not disturbed	Farmers villagers have free access	On-going
- Environmental impacts of second and third phases of nursery (or commercial farm) development	No plans made for further development at this time	
- Site restoration plan	One plan if no investment extended to next quarter	

18. QUANTITATIVE TARGETS FOR RESULTS (OUTPUTS) FOR THE NEXT PERIOD:

See item #17 above for details.

19. ADDITIONAL COMMENTS/INFORMATION OF INTEREST TO USAID (AS APPROPRIATE):

See Appendix I for Output Indicators.

20. CONTINUATION SPACE FOR PREVIOUS QUESTIONS (AS APPROPRIATE): N/A
 N/A

By (Print Name): Ranjit A. Perera

Signature:



Title: General Manager Agri-DEV
 Date: February 28, 1994

19.0 Appendix I

OUTPUT INDICATORS
Commercial Small Farm Development
Quarterly Report – 10/1/93 – 12/31/93

Agri-DEV

	ITEM	TOTAL TARGET	TARGET 1993	TARGET TODATE	COMPLETED TODATE	REMARKS
A.	<u>Set up non-profit Guarantee Company</u> <u>Incorporation of the Company</u>	1	-	1	1	The Peoples Company for the Gherking Farmers – Seemasahitha (Janatha) Krushi Nishpadana Govi Samagama was formally incorporated. First Board meeting held on 7/10.
B.	<u>Sign Agreement with ACDI</u>	1	1	1	1	Draft approved by ACDI and obtained AID approval
C.	<u>Sign Joint Venture Agreements</u>	3	2	3	3	The agreement signed with Expolanka for the root crop project.
D.	<u>Expand Board</u>	2	2	2	2	Mr. Richard Hurelbrink was appointed to to board during this quarter. (Board member in place of Mr. Robert Flick)
E.	<u>Monetary Returns</u> (a) Joint venture (b) NGO's (c) Pineapple Nursery	100% 100% 100%	- 20% 50%	0 0 0	0 0 0	

PINEAPPLE PROJECT

	ITEM	TOTAL TARGET	TARGET 1993	TARGET TODATE	COMPLETED TODATE	REMARKS
A.	Establish Commercial Kew Pine in S.L.					60 acres of land is cleared. 35 acres planted. Planting on remaining area is in progress.
	<u>Nursery/Planting Material</u>					
	1. Obtain land from the Govt.	300 acres	--	0	0	
	2. Set-up Nursery	60 acres	50 acres	50 acres	35 acres	
	3. No of Plants	1.7 million	1.7 million	1.7 million	1.06 m	
B.	<u>Technology Transfer/Training</u>					
	Introduction of at least 5 new technologies in pineapple production	5	5	5	5	
	- Gouging	1	1	1	1	
	- Planting spoon	1	1	1	1	
	- Use of P/A crowns	1	1	1	1	
	- densities	1	1	1	1	
	- dipping	1	1	1	1	
	Training in					
	- pine nursery management	3	3	3	3	
	- proper soil preparation	3	3	3	3	
	- commercial pineapple prodn.	3	--	3	3	
- fesibility study preparation	1	--	1	1		
Technnical Training to farm workers	80	40	70	70		
C.	<u>Investor Promotion</u>					Investors will be called upon no sooner question of land is resolved
	1. Foreign or local Investor	1	1	1	0	
	2. Commercial Pineapple Project	1	1	1	--	
	3. Pineapple project promotion	3	2	2	2	
	- model project reports	2	1	2	2	
	- radio talks	--	--	--	--	
	- newspaper articles	3	3	3	2	
	- TV shows	1	1	1	1	
	- Workshop	2	--	2	2	
	- Technical notas	10,000	--	10,000	10,000	

GHERKINS

	ITEM	TOTAL TARGET	TARGET 1993	TARGET TODATE	COMPLETED TODATE	REMARKS
A.	<u>Setting-up of Company</u>	1	0	1	1	Joint venture company formed in September 1992.
B.	<u>Appoint Management Staff</u>	6	2	6	6	No appointments this quarter
C.	<u>Extension/Training</u> - # of farmers training - # field days/training sessions - farmer visits gherkin brochure - draft gherkin brochure - final - Newsletter - Workshops/staff	850 16 1620 625 1300 8 5	850 16 1620 625 300 5 5	850 16 1620 625 - 5 5	306 13 1450 350 - 0 8	Field training groups brochures and gherking information issued among gherking growers
D.	<u>Gherkin Production</u> - # of outgrowers - Acres - tons	1500 750 acres 1800 mt	1440 720 acres 1800 mt	1440 750 1800 mt	2400 1200 1500	
E.	<u>Research & Development</u> - variety trials - varietal screening - location trials	18 4	18 4	18 4	Completed completed ongoing	First trials have been completed and report issued. Final report on 18 commercial varieties completed and report issued
F.	<u>Formation of F.O.</u> - Farmer survey report - Formed	1 1	1 1	1 1	1 1	Semasahitha (Janatha) Kushi Nishpadana Samagama - a Peoples Company was incorporated on Jul/7th
G.	<u>Share Purchase</u> - mechanism established/funds collection begins. - First shares purchased - PCL Share Purchase	1 1 400,000 200,000	1 1 1,000 1,000	1 - 60 0	0 - 60 0	Sixty farmers have purchased one share each and signed as first shareholders. ACDI/Agri-DEV has conducted a number of promotional meetings with gherkin farmers

CDS FARM

	ITEM	TOTAL TARGET	TARGET 1993	TARGET TODATE	COMPLETED TODATE	REMARKS
A.	<u>Achieve Commercial Viability</u>					
	1. Commercial Production	9 acres	* 9 acres	9 acres		
	2. Cumulative Cash Flow - income - expenditure - nett					
	3. Repay Agri-DEV	Rs 664,609	0	0	0	CDS repayment scheduled for Mar '94 and to be completed by 1999. Being re-discussed.
	4. Decision to continue/discontinue Assistance					Board decided to terminate the Agri-DEV agreement and recover its investment.

ROOT CROPS

	ITEM	TOTAL TARGET	TARGET 1993	TARGET TODATE	COMPLETED TODATE	REMARKS
A.	<u>Setting-up of Joint Venture Company</u> Agri-Expo (Pvt) Limited	1	1	1	1	Joint venture signed. Company was incorporated on 26 Aug. 1993 BOI agreement is pending
B.	<u>Nucleus Farm</u> - Acres	100	60	35	35	35 acres of land preparation completed. Planting of Kiriala, Innala and Mauritius Pineapple has been completed in the acreage indicated.
C.	<u>Extension/Outgrowers.</u> - Issue of planting material (acres) - Farmer visits - Field day/tour - # of farmers trained - Extension brochures	100 - - 400 -	10 20 9 300 -	0 0 0 0 0	0 0 0 0 0	Main thrust has been on the nucleus farm. Farm visits have commenced. Some farmers of Gampaha district were visited. Met some of the existing Farmer Organizations.
D.	<u>No of outgrowers</u>	100	40	0	0	
E.	<u>Formation of Farmer Organization</u> - Establish F.O.	1	1	0	0	
F.	<u>Share Purchase by F.O.</u> - Financial & Mgmt Training F.O. - First Share Purchase - Mechanism established - J.V. Partner Purchase Shares	- 240,000 1 240,000	- 0 1 -	0 0 0 0	0 0 0 0	