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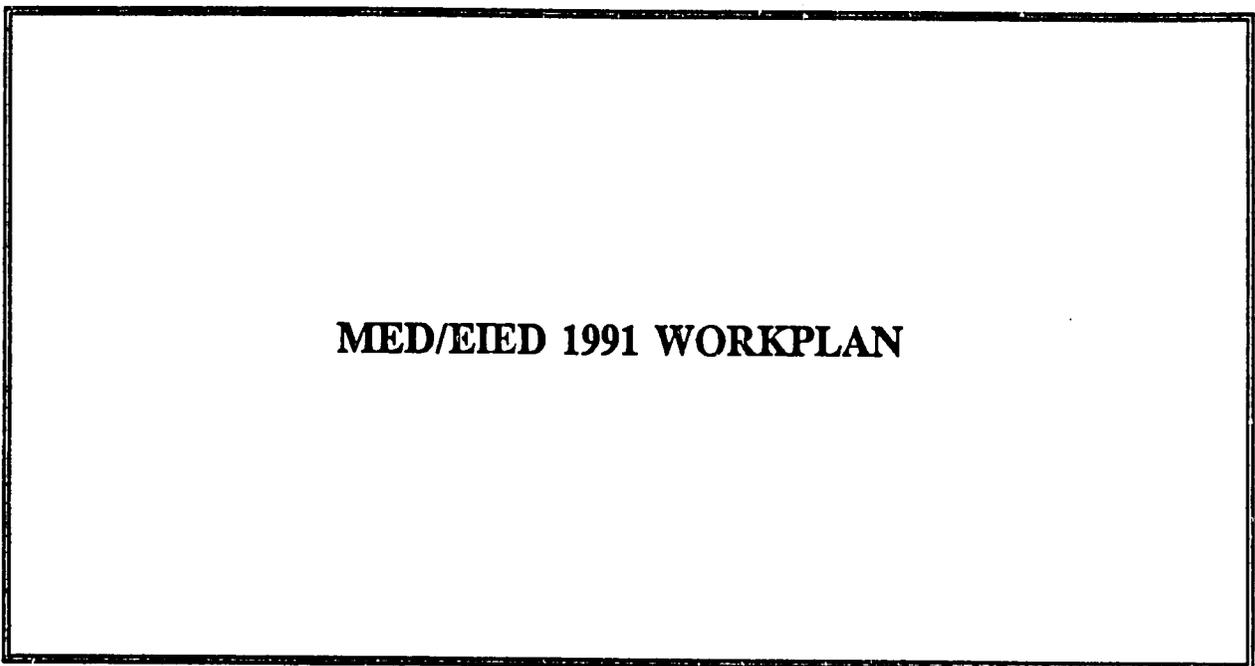
1991-1992

# MAHAWELI ENTERPRISE DEVELOPMENT

## MED/EIED PROJECT

(USAID/Sri Lanka Project No. 383 - 0090)

(Contract No. C-00-0031-00)



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INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE, INC.

WITH :

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

CONSULTANTS TO THE MAHAWELI AUTHORITY OF SRI LANKA

# MAHAWELI ENTERPRISE DEVELOPMENT

## MED/EIED 1991 WORKPLAN

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## 1991 MLE ACTIVITIES

1. PROVIDE SUPPORT TO INVESTORS, INCLUDING COMMERCIAL DEMONSTRATION FARMS, THROUGH PRE-INVESTMENT PROGRAMS  
Target: 15 PIPs presented, 12 PIPs approved and 10 PIPs carried out
2. PROMOTE MAHAWELI INVESTMENT IN SRI LANKA AND ABROAD  
Target: 20 Sri Lankan and two foreign investors present investment applications to EIED
3. OPERATE A MAHAWELI INVESTOR INFORMATION SERVICE  
Target: 100 MLE investors receive information
4. PROVIDE FIELD ADVISORY SERVICES, TECHNICAL ASSISTANCE AND TRAINING TO AGRIBUSINESSES AND OTHER INVESTORS  
Target: Field based assistance in commercial farm development provided to 15 agribusiness investors and in six product areas to 50 investors
5. DEVELOP EXPORT AND LOCAL MARKETS FOR MAHAWELI PRODUCTS  
Target: Marketing services provided to 50 firms
6. DEVELOP TOURISM RESOURCES  
Target: One tourism investment approved
7. DEVELOP MANUFACTURING, MINERALS, PROPERTY AND SERVICE SECTOR INVESTMENT OPPORTUNITIES  
Target: Three investments approved in non-agricultural sectors







MED/EIED 1991 PLAN

MEDIUM AND LARGE ENTERPRISE ACTIVITY #4

Provide field advisory services, technical assistance and training to agribusinesses and other investors

1991 Target      Field based assistance in commercial farm development provided to 15 agribusiness investors and in six product areas (to include dried fruit and tomatoes) to 50 investors

Comments            The weak condition of the farming operations of existing Mahaweli investors will be addressed by providing extension services to commercial farms, particularly those with the potential to increase employment and exports through outgrower schemes. Initial assistance in 1990 in fruit drying and tomatoes stimulated interest. Subjects for consideration in 1991 include product standards, post harvest handling, certification and quality control for high value export crops.

- Tasks
- 1      Establish farming advisory services
  - 2      Prepare production and marketing profiles on dried fruit, tomatoes and four other products.
  - 3      Conduct six product based workshops
  4.     Provide on-going assistance to existing MLEs

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MED/EIED 1991 PLAN

MEDIUM AND LARGE ENTERPRISE ACTIVITY #5

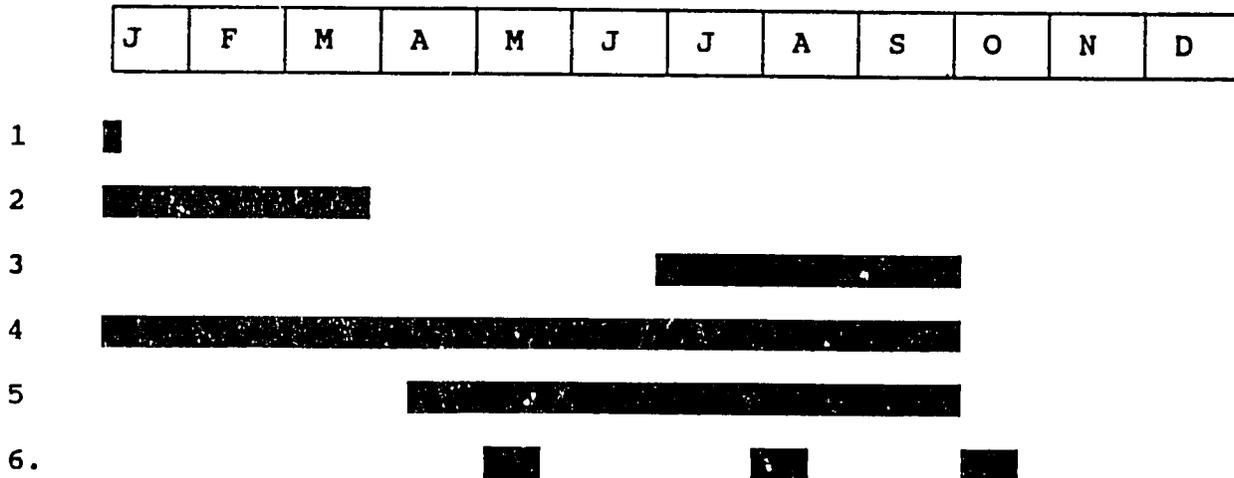
Develop export and local markets for Mahaweli products

1991 Target      Marketing services provided to 50 firms

Comments      The main marketing services component of MED is contracted to S.R.D. Research Group Inc. by USAID. EIED also has market services. The MED team is working with these two, as well as with MARD, to establish integrated services. The MED/marketing consultants during 1991 will reinforce other efforts by focusing on dried and juiced fruit, brined and pickled vegetables, specialty bananas and melons and wooden products. EIED/MED will carry out three local market surveys.

- Tasks
- 1      Identify target products
  - 2      Test production and market viability of Uda Walawe bananas and melons
  - 3      Carry out production and market surveys for four other products
  - 4      Prepare product/market profiles, market survey reports and host workshops and seminars (on the job practical training)
  5.      Conduct workshops in Systems B and H
  6.      Carry out local market surveys

Schedule



MED/EIED 1991 PLAN

MEDIUM AND LARGE ENTERPRISE ACTIVITY #6

Develop tourism resources

1991 Target One tourism investment approved

Comments MED carried out a rapid survey of Mahaweli tourism potential in 1990. Sites with potential for tourism development were identified in the Mahaweli. MED will assist to develop Mahaweli tourism investments that complement the national tourism policy and include the possible use of existing Mahaweli sites and facilities. (Under PPR Activity # 9 MED will assist to develop a Mahaweli tourism development policy.)

- Tasks
- 1 Evaluate relevant/relative benefits of commercial tourism and present use of MASL facilities at Kotmale and Digana.
  - 2 Prepare inventory of Mahaweli attractions
  - 3 Prepare fact sheets for investors on five potential tourism sites in the Mahaweli
  - 4 Promote specific sites to private sector

Schedule

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MED/EIED 1991 PLAN

1991 SSE ACTIVITIES

1. PROVIDE FIELD BUSINESS ADVISORY SERVICES  
Target: 16 Field Business Consultants and 8 Business Centers providing services in the field
2. COMMENCE FIRST PHASE OF SAVINGS AND CREDIT ASSOCIATION PROGRAM  
Target: 8 Savings and Credit Associations (SCAs) formed
3. FACILITATE SSE ACCESS TO CREDIT OUTSIDE CREDIT AND SAVINGS ASSOCIATIONS  
Target: Credit assistance provided to 800 new and existing SSEs outside SCAs
4. EXPAND AVENUES OF MVCC FINANCE  
Target: Increased financial participation of private and other Sri Lankan financial institutions in MVCC
5. CONDUCT, MONITOR AND ASSESS ENTREPRENEUR DEVELOPMENT PROGRAM  
Target: 1200 aspiring entrepreneurs trained; 300 existing entrepreneurs trained; 360 new SSEs started; 150 existing enterprises expanded
6. DEVELOP STRATEGY AND ACTION PLAN FOR MLE-SSE LINKAGES INCLUDING THE HANDICRAFT SECTOR  
Target: 3 new MLE-SSE ventures established
7. ASSIST SSEs IN EXISTING PRODUCT AND SERVICE ACTIVITIES WITH HIGH EMPLOYMENT POTENTIAL  
Target: Assistance interventions carried out for 10 product and service groups of enterprises

MED/EIED 1991 PLAN

8. DEVELOP NEW SSE OPPORTUNITIES FOR INVESTMENT IN FOOD TECHNOLOGY AND OTHER AREAS

Target: 12 new products or services identified and business profiles completed; agro-industry data base installed; three tourism sector SSE's initiated

9. ASSESS AND PROMOTE SELECTED EIED SPECIAL PROJECTS FOR SSE INVESTMENT. STRENGTHEN MANAGEMENT AND ACCOUNTING SYSTEM OF KOTMALE'S TREACLE ASSOCIATION

Target: 2 pilot projects replicated. Operational efficiency of KTA improved

10. ESTABLISH WORKING LINKS WITH SELECTED SSE PROGRAMS (BOTH GSL AND NGO) AND WITH PRIVATE ASSOCIATIONS AND CHAMBERS

Target: 3 collaborative activities carried out with NGO & GSL organizations, associations and chambers

11. MONITOR EVALUATE THE PROGRESS

Target: Baseline data collected; mechanisms in place for (i) monitoring the results of enterprises served and (ii) tracking progress indicators on employment and business activity in the Mahaweli systems

MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #1

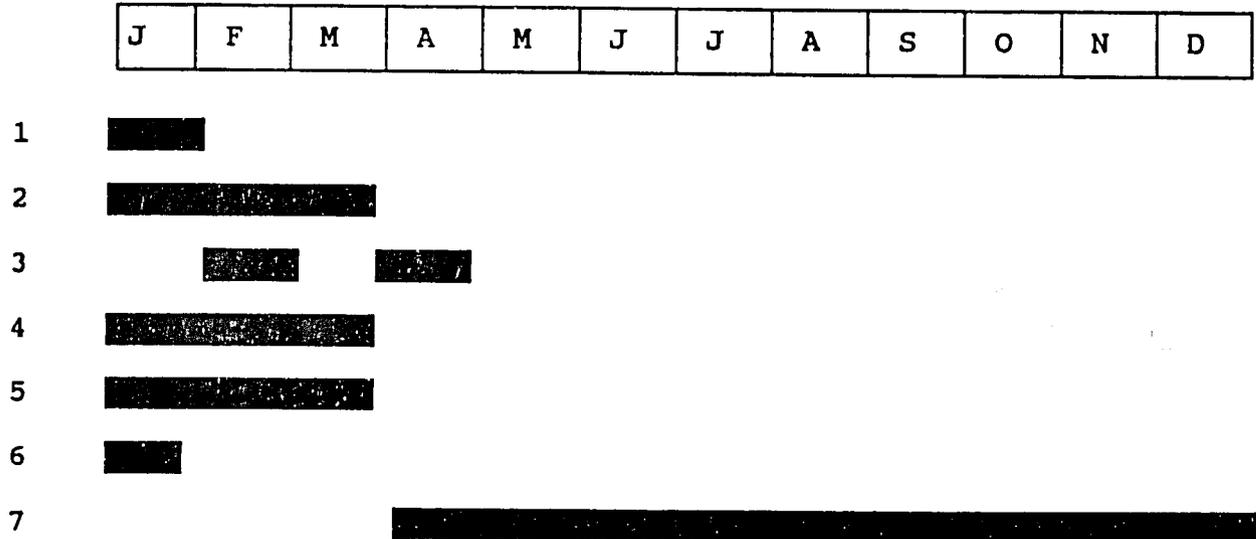
Provide field business advisory services

1991 Target 16 Field Business Consultants and 8 Business Centers providing services in the field

Comments 1990 recruitment has been delayed due to difficulty in attracting highly qualified candidates. Remuneration package is two years out of date. Lack of four-wheeled transport is a major drawback.

- Tasks
1. Recruit 16 FBCs
  2. Develop personnel and operational policies
  3. Train FBCs
  4. Renovate & furnish quarters
  5. Establish 8 Field Business Centers
  6. Design implementation plan
  7. Provide field business services

Schedule







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SMALL SCALE ENTERPRISE ACTIVITY #4

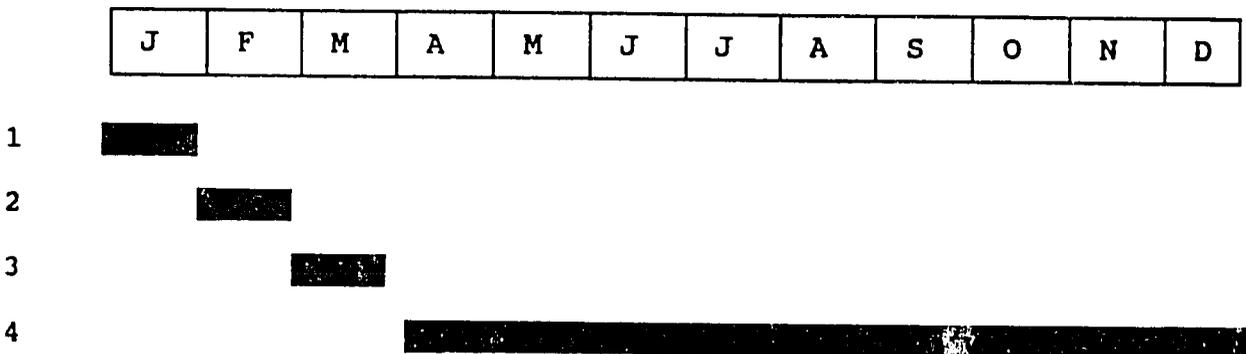
Expand avenues of MVCC finance

1991 Target      Increased financial participation of private and other Sri Lankan financial institutions in MVCC

Comments        MVCC is a key financial institution for Mahaweli SSE's. MVCC operations can be made more effective by an expanded capital base and measures to improve operations.

- Tasks
1. Meet with MVCC Board to plan a strategy for expansion
  2. Conduct study of current position and constraints
  3. Develop corporate business plan with MVCC Board
  4. Assist in mobilizing capital in support of MVCC business plan

Schedule





MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #6

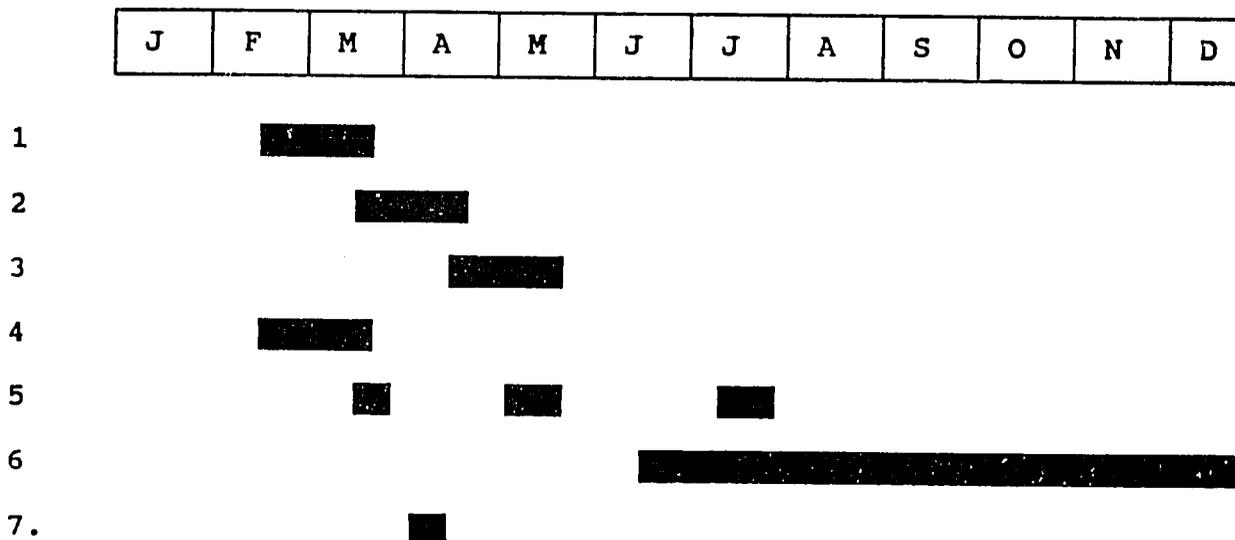
Develop MLE-SSE linkages including those in the handicraft sector

1991 Target      3 new MLE-SSE ventures established

Comments            Significant employment creation is expected through the promotion of MLE-SSE links. Focus will be on industries. Specific handicraft opportunities will be identified related to MLE/SSE linkages.

- Tasks
1. Review status of work done
  2. Develop strategy
  3. Prepare action plan
  4. Identify opportunities
  5. Develop financial instruments that facilitate linkages
  6. Promote investments & linkages
  7. Organize meeting of buyers and sellers

Schedule



MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #7

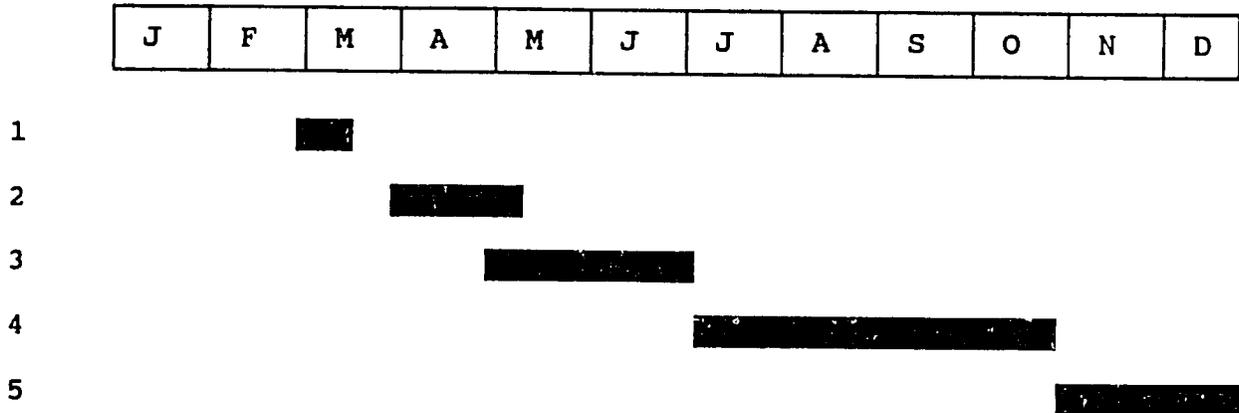
Assist SSEs in existing product and service activities with high employment potential

1991 Target Assistance interventions carried out for 10 product and service groups of enterprises

Comments This will be a priority activity carried out by the FBCs in conjunction with local consultants. The activity requires the study, design and implementation of training and other interventions for specific product and service based groups of entrepreneurs. Tentative list of enterprise product/service groups includes: rice mills, bakeries, pottery, hotels, bicycle repair shops, welding shops, wholesale trade, furniture making, printing and tourism services.

- Tasks
1. Develop TORs for local consultants
  2. Identify consultants/award contracts
  3. Carry out studies
  4. Implement recommended actions
  5. Monitor results

Schedule



MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #8

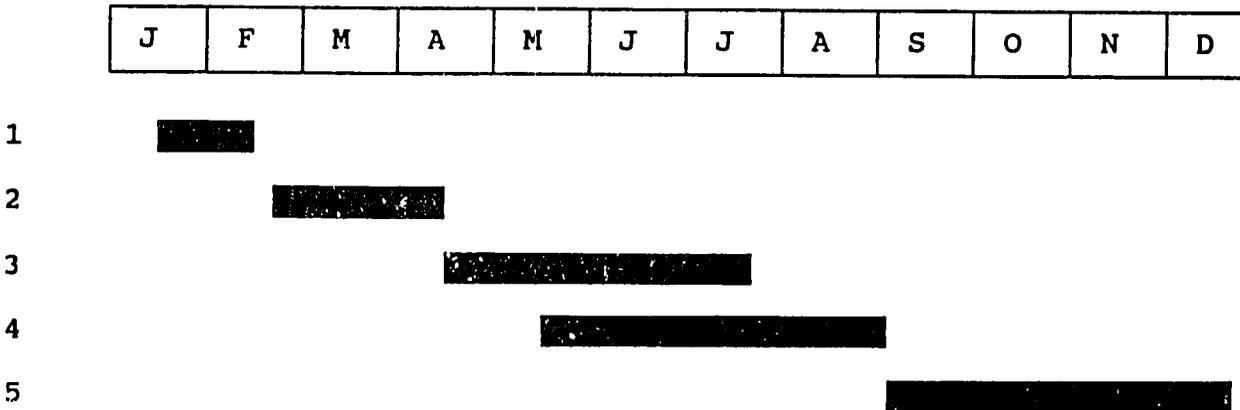
Develop new SSE opportunities for investments in agro-industry and other areas

1991 Target      12 new products or services identified and business profiles completed; agro-industry data base installed; three tourism sector SSE's initiated

Comments              While a number of industry profiles exist for enterprise start-ups, new ideas are required to develop high value added opportunities which are innovative to the Sri Lankan context. Contact will be made with Sri Lankan R&D institutes like IFS and CISIR to search for viable innovations. Production of building material for housing and building construction appears to be promising for SSE investment. A study is required to assess feasibility of bricks, tiles, concrete blocks, building lime, and other materials. Additional ideas can be brought from abroad. This can be accomplished by a combined team of expatriate and local consultants.

- Tasks
1. Prepare Terms of References
  2. Identify consultants and award contracts
  3. Carry out studies
  4. Prepare 12 pre-feasibility studies
  5. Make available to EDPs

Schedule



MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #9

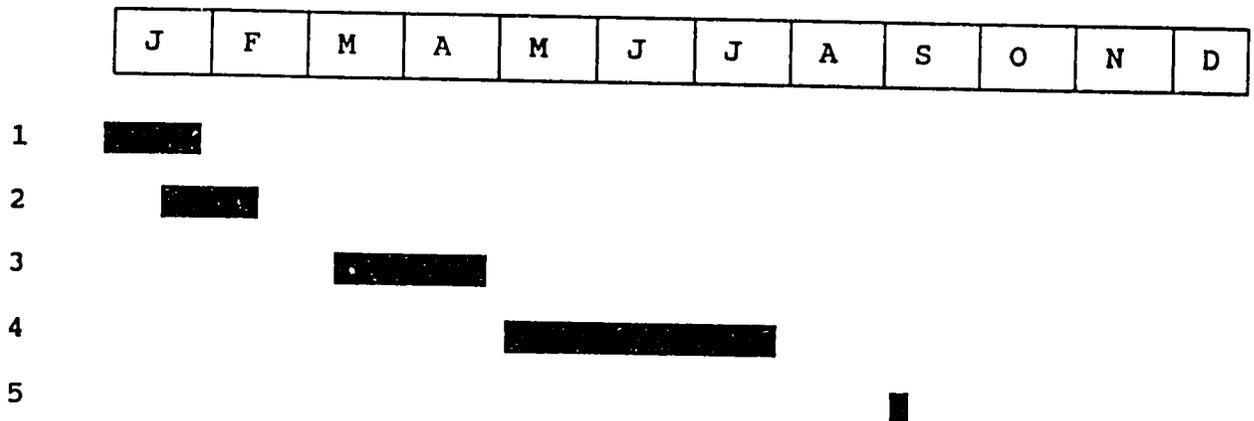
Assess and promote selected EIED SSE special projects including Kotmale Treacle Association

1991 Target      2 pilot projects replicated.      Operational efficiency of KTA improved

Comments      EIED has set up a number of special pilot projects to demonstrate their commercial potential. Promising projects need to be assessed in terms of their technical and economic viability and their potential for wide scale commercialization. Prawns and inland fisheries may have potential for private sector involvement given the GSL's new policy shift on the fisheries sector. The Kotmale's Treacle Association (KTA) has recorded a degree of success in generating income for local produce. Sustainability however, requires building overall management and institutional capacity of the KTA.

- Tasks
1. Terms of References
  2. Identify consultants and award contracts
  3. Conduct management audit of KTA, design accounting system and train staff
  4. Study of commercialization potential of selected projects
  5. Submit report with recommendations

Schedule



MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #10

Establish working links with selected SSE programs, promote associations and chambers

1991 Target      3 collaborative activities carried out with NGO & GSL organizations, associations and chambers

Comments        There are a number of NGO and GSL SSE programs that provide training, credit and technical assistance to the SSE sector. MED program must establish working links with such programs to multiply MED impact.

- Tasks:
1. Identify organizations/programs
  2. Establish linkages

Schedule

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MED/EIED 1991 PLAN

SMALL SCALE ENTERPRISE ACTIVITY #11

Monitor and evaluate progress

1991 Target                      Baseline data collected; mechanisms in place for (i) monitoring the results of enterprises served and (ii) tracking progress indicators on employment and business activity in the Mahaweli systems.

Comments                              After re-keying of the ARTI survey, additional survey work is required in Uda-Walawe and Kotmale. A sample survey of enterprises included in the ARTI survey will measure changes since 1988 and test reliability of earlier work. In addition to setting up a management information system to monitor the impact of business advisory services on clients assisted, a mechanism is needed to track overall employment trends and private sector activity, such as new business start-ups, failures, expansions and contractions within the Mahaweli systems.

- Tasks
1. Design monitoring and tracking system
  2. Carry out baseline surveys and establish project benchmarks
  3. Monitor results of business advisory services
  4. Track key indicators for Mahaweli systems

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MED/EIED 1991 PLAN

1991 PPR ACTIVITIES

1. CONDUCT AN AUDIT OF THE LAND AVAILABLE IN MAHAWELI AREAS FOR INVESTORS  
Target: Location and extent of land available in Mahaweli for investors recorded
2. ESTABLISH A LAND BANK CONSISTING OF RELEVANT INFORMATION ON MAHAWELI LANDS AVAILABLE TO INVESTORS  
Target: Land profiles for 100 allotments for investors published
3. ISSUE TRANSFERABLE LEASES  
Target: 1,000 leases issued
4. ESTABLISH POLICIES ON ACCESS TO WATER FOR MAHAWELI INVESTORS  
Target: Policy for water use by investors issued by MASL
5. IMPROVE LABOR AVAILABILITY FOR MAHAWELI INVESTORS  
Target: Recommendations on actions to improve labor availability accepted by MASL
6. IMPROVE EIED POLICIES, PROCEDURES AND REGULATIONS  
Target: EIED's Inventory of Policy, Procedures and Regulations revised
7. ESTABLISH A DIALOGUE AMONG INVESTORS AND POLICY MAKERS  
Target: Constraints on investors due to Mahaweli policies identified and resolved

MED/EIED 1991 PLAN

8. FORMULATE POLICIES FOR MANUFACTURING, TOURISM AND HOUSING DEVELOPMENT

Target: Mahaweli policies for manufacturing, tourism and housing development formulated

9. IMPROVE TRANSPORT FACILITIES IN MAHAWELI AREAS

Target: Plan for improving the transport facilities in the Mahaweli areas developed

10. PREPARE AND MAKE AVAILABLE TO INVESTORS AN INVENTORY OF MAHAWELI MINERAL RESOURCES

Target: Document on availability of mineral deposits in Mahaweli areas for potential investors published

MED/IED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #1

Conduct audit of the land available in Mahaweli areas for investors

1991 Target      Location and extent of land available in Mahaweli for investors recorded

Comment              The land policy of the Mahaweli Authority of Sri Lanka in respect of investors is being reviewed and a draft policy and new procedures, based on present policies and practices, is under discussion with MASL officials. At the same time it is necessary to carry out an audit of Mahaweli lands to ascertain the actual availability of land for distribution and to make available to investors details of these lands.

- Tasks
1. Draft terms of reference for land audit
  2. Contract and complete land audit
  3. Submit land details to Director General Mahaweli Authority for decision on utilization of these lands

Schedule

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #2

Establish a land bank consisting of relevant information on Mahaweli lands available to investors

1991 Target      Land profiles for 100 allotments for investors published

Comments            The pricing and allocation of Mahaweli land, as well as the promotion of allotments to potential investors, will be improved by the establishment of a "bank" of identified lands complete with the relevant soils, rainfall, temperature, etc. information on each site. This information will also support a program of well-founded advisory services to commercial farmers.

- Tasks
1. List lands presently available for distribution to investors
  2. Establish list of information to be gathered
  3. Collect details on soils, topography, water availability, labor availability, power etc.
  4. Prepare fact sheets on specific allotments for issue to investors as soon as land details are available.

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #4

Establish policies on access to water for Mahaweli investors

1991 Target Policy for water use by investors issued by MASL

Comments The main concern of investors has been the availability of water throughout the year. In view of the MASL's policy that priority will always be given to the settler at times of water shortages, there may not be sufficient water for the investor. This study will look at water availability and pricing and the possibility of issuing water in the canals throughout the year for agri business to meet the need of export markets. MARD is conducting a water study, which will conclude in February 1991, which looks at the possibilities of carrying out canal maintenance whilst water continues to be issued.

- Tasks
1. Determine the water needs of the agro processing industry.
  2. Follow-up on MARD water study.
  3. Ascertain availability of sufficient water in Mahaweli system for agro-industries.
  4. Submit report to Mahaweli Policy Makers.

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #5

Improve labor availability for Mahaweli investors

1991 Target      Recommendations on actions to improve labor availability accepted by MASL

Comments      It is necessary to ascertain the availability of labor in each Mahaweli area to cater to the different industries and enterprises to be set up and to identify constraints to labor mobility. The Ministry of Policy Planning has already ascertained labor availability in different AGA's areas.

- Tasks
1. Draw up terms of reference for study of labor supply, demand and constraints in the Mahaweli
  2. Contract study
  3. Carry our study and submit report
  4. Submit report to Mahaweli Policy Makers.

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #6

Improve EIED policies, procedures and regulations

1991 Target      EIED's Inventory of Policy, Procedures and Regulations revised

Comments        The EIED Inventory of Policy, Procedures and Regulations is now being reviewed. 1990 results of this exercise have been:

- a) Appointment of Ministry representative on EIED Evaluation Panel;
- b) Draft land policy circulated; and
- c) Decision taken in principle by DG/MASL that investors pay for water used.

- Tasks
- 1. Complete ongoing review of PPR inventory
  - 2. Carry-out opinion surveys for SSE & MLE
  - 3. Propose changes to Mahaweli policy makers

Schedule

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #7

Establish a dialogue among investors and policy makers

1991 Target      Constraints on investors due to Mahaweli policies identified and resolved

Comment            MED will assist in the formation and strengthening of associations and chambers, including product based groups such as in the case of gherkins. MED will link them with the policy makers so that they will be able to articulate their problems related to Mahaweli policy. This will help in the identification and resolution of policy and procedure constraints. This activity will be coordinated with the SSE activity to set up Savings and Credit Associations through private associations and with the Policy Support Project, a separate national project under which ISTI has been contracted by USAID to strengthen private associations and chambers.

- Tasks
1. Formation and strengthening SSE and MLE groups, including product based groups
  2. Organize meetings of policy makers and SSE/MLE groups
  3. Policy changes necessary intimated to Mahaweli policy makers.

Schedule

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #8

Formulate policies for manufacturing, tourism and housing development

1991 Target Mahaweli policies for manufacturing, tourism and housing development formulated

Comments To encourage the diversification of Mahaweli investments in non-agricultural projects, policies need to be formulated for the guidance of both officials and investors. Manufacturing and tourism offer opportunities to increase employment. Housing development is necessary to improve labor availability. With a large number of potential investors moving into the Mahaweli areas, it is envisaged that there will be a major demand for housing. The Mahaweli infra-structure constructed so far, does not cater for this need. Presently, only bare land is available for housing. The objective is to identify areas where extra housing would be needed and to invite property developers to extend their activities to these areas.

- Tasks
1. Develop policy for manufacturing industries (including incentive structure)
  2. Develop policy for tourism development
  3. Develop policy for housing development

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #9

Improve transport facilities in Mahaweli areas

1991 Target Plan for improving the transport facilities in the Mahaweli areas developed

Comment The availability of transport in the Mahaweli areas, both for goods and people, is poor. A study to look at the present position in respect of roads, train and bus services is proposed so that the existing needs are identified. This will form the basis of a plan to supply these needs.

- Tasks
1. Draw up terms of reference of transport study
  2. Identify person to carry out study and assign tasks.
  3. Carry out study to ascertain the present position and transportation needs within and in/out of Mahaweli areas.
  4. Develop a plan to cater to the future transport needs of the Mahaweli.

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MED/EIED 1991 PLAN

POLICY PROCEDURES & REGULATIONS ACTIVITY #10

Prepare and make available to investors an inventory of Mahaweli mineral resources

1991 Target Document on availability of mineral deposits in Mahaweli areas for potential investors published

Comment A study has already been concluded with respect to the mineral resources available in the country including the Mahaweli areas. It is now necessary to review this study and prepare a document which makes information on locations and quantities in the Mahaweli available to potential investors.

- Tasks
1. Draw-up terms of reference for review
  2. Contract and complete review
  3. Prepare document and submit to DG/MASL
  4. Publish document

Schedule

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