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MAHAWELI ENTERPRISE DEVELOPMENT

MED/EIED PROJECT

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

PRE INVESTMENT PROGRAMMES OF ASSISTANCE TO MAHAWELI INVESTORS

by

Geoffrey Peters

June, 1992

Report 8/1992



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

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

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

**PRE INVESTMENT PROGRAMMES OF ASSISTANCE
TO MAHAWELI INVESTORS**

by

Geoffrey Peters
Credit Consultant

June 1992

P R E F A C E

Mr Geoffrey Peters carried out an assignment July 1990 - June 1992 as the MED Credit Consultant. He was, among other duties, responsible for developing the Pre-Investment Program for medium and large scale investors in the Mahaweli.

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PRE INVESTMENT PROGRAM

1. BACKGROUND

The writer was initially contracted to work as a credit consultant for one year from July 1, 1990 to assist design and establish the MED program of financial mobilization for small scale enterprises (please refer to page 1, Annex 1 - Revised Scope of Work). This credit work was crowned with the completion of a report on non farm small scale credit in October 1990. As the majority of the credit consultant activities had been completed by mid October 1991 the credit consultant was asked to assist with the design and implementation of the MLE Pre Investment Program (PIP). The terms of reference were later revised as from May 1, 1991 to June 30, 1992 to include work responsibilities that would identify and develop PIPs (refer Annex 1, page 2 - Revised Scope of Work).

Under the MED program a major Medium Large Scale Enterprise (MLE) activity is to provide support to selected investors, including commercial demonstration farms, through pre-investment programs (PIPs) which are custom-designed packages of assistance to support pioneer investors in the Mahaweli by sharing the unusual risks and extraordinary costs facing investors.

The credit consultant worked together with a STTA consultant, Mr Robert Lee from Sparks Commodities, to develop the framework for PIPs. Initial meetings were held with potential and existing Mahaweli investors, whose names were either provided by EIED or through PIP promotional letters, which set out PIP assistance guidelines (see Annex 2), over some six weeks to formulate a PIP pipeline. Once this pipeline was in place efforts were focussed on the establishment of a PIP document format and the initial PIPs formulated.

2. ESTABLISHING A PIP DOCUMENT

Basically the PIP document is an investment proposal covering details such as investor's background; proposed project concept; proposals including plans for management, production/operations, marketing and finance, technical assistance required and how the project will be funded (source and use of funds statement). A sample suggested PIP document format for an agri-business project including suggested Tables and Annexes, is detailed below.

1. Background including name of investor group, address, contacts and telephone numbers.
2. Fruit project concept
3. Processing/operations
4. Marketing

- 5. Proposals**
 - 5.1 The nucleus orchard**
 - 5.2 Horticultural nursery**
 - 5.3 Management**
 - 5.4 The out-grower system**
 - 5.5 Infra structure**
 - 5.6 Planting program**
 - 5.7 Conservation practices**
 - 5.8 Bumpers and Lautenberg amendments**
 - 5.9 Assistance required**
 - 5.10 Funding**

Tables:

- 1: Budgeted source and use of funds including Pre-Investment Program implementation and cost sharing arrangements.**

Annexes:

- 1. Estimated water requirements to drip irrigate 20 hectares of passion fruit**
 - 2.1 Land allocation (Company) hectares**
 - 2.2 Extents under inter-cropping fruit crops (Ha)**
 - 2.3 Passion fruit yield per hectare**
 - 2.4 Mango yield per hectare**
 - 2.5 Papaya yield per hectare**
 - 2.6 Guava and lime yields per Ha from inter-crops (MT)**
 - 2.7 Total output (MT) nucleus orchard/farmers plots**
 - 2.8 Price/metric tonne - Company and out-grower produce**
 - 3.0 Terms of Reference - Fruit Drying Specialist**
 - 4.0 Tentative work program for Fruit Production Specialist**

3. MAJOR EVENTS

To date technical support through PIP assistance has been relatively successful and has focussed on large companies that ideally have the management and financial capacity to undertake the proposed investment and more specifically those investors that intend having an impact on the Mahaweli by investing in Mahaweli based projects e.g., gherkin processing and bottling facility, tomato processing and packaging plants, asparagus trials and cold chain special projects. Other areas of assistance have been advisory services to commercial farmers and establishment trials of tomato and aromatic herbs and spices. Finally a large potential investor contact base has been developed.

4. MAJOR ACCOMPLISHMENTS

As at 31 December 1991, 9 PIPs were presented, 8 PIPs approved and 5 PIPs carried out against the first year (1991) target of 15 PIPs presented, 12 PIPs approved and 10 PIPs carried out. Of those approved, two PIPs were completed - silverskin onions (Sunfrost) and fruit processing (John Keells Holdings); one was extended - gherkin processing (Forbes & Walker); one implemented - aromatic herbs and spices (with five companies); three prepared for implementation early in 1992 - processing tomato production trials (Vanathawilluwa Vineyards and Richard Pieris); dried fruit (CTC) and cold chain in Uda Walawe (Aitken Spence).

As at 30 June 1992, one PIP for asparagus trials in Uda Walawe was presented and approved, and two PIPs amendments to develop market linkages (JKHL and Sunfrost) were submitted and approved against the second year (1992) target of 10 PIPs presented, 10 PIPs approved and 8 PIPs implemented respectively (refer to Annex 4 - 2nd quarter 1992 report). Two of those prepared for implementation in early 1992 above, were completed in 1st quarter of 1992; - processing tomato production trials (with Vanathawilluwa Vineyards and Richard Pieris); and cold chain design requirements in Uda Walawe (Aitken Spence); one amendment was implemented - silver skin onions (Sunfrost); one PIP was extended - aromatic herbs and spices (with five companies); and two PIPs prepared for implementation of Thailand dried fruit (CTC & JKHL) market tour in mid July. For PIP status as at 30 June 1992, please refer to Annex 5.

5. OTHER ACCOMPLISHMENTS

- o twelve reports were produced including: four reports on Mahaweli commercial demonstration farm investment; crop profiles of aromatics herbs and spices; gherkin brining and fermentation project; investment study on a packing facility for acidified foods; processing potential for silver skin onions in the Mahaweli; pre-feasibility study on integrated fruit; two reports on tomato production trials and an interim report on aromatic, herbs and spices trials establishment;

- o eight additional potential PIPs were identified and are still in the pipeline (see Annex 5 - PIP status as at 30 June 1992);
- o contacts on potential PIPs with investors were continued;
- o the PIP program was advertized and promoted; and
- o approval was received for the first Special Project - Uda Walawe cold chain business plan (Aitken Spence);

6. LEVEL OF EFFORT

To date the PIP program has provided the services of 17 short term MED technical assistance for 18 months for the following activities:

- o silverskin onion production;
- o brining, fermentation and packaging of gherkin;
- o integrated fruit development;
- o MASL farm development by private sector as commercial farms;
- o aromatic, herbs and spices;
- o tomato production trials in Systems C and H;
- o cold chain design requirements for ASAD at Uda Walawe;
- o pre-investment program development.

7. LESSONS LEARNED

a. Time constraints

Of the two main lessons learned the first is that it takes time to develop a PIP. For example, several PIPs approved in January 1991 are still being implemented.

b. Management and financial capacity

One of the minimum conditions for investors to be eligible for PIP consideration is to have the necessary **management and financial capacity** to undertake the proposed investment. Our experiences have shown that the majority of potential investors, who are large Sri Lankan companies based in Colombo, have a dearth of capable staff from top management levels down to field supervisors.

This is also the case where PIP investors state they will employ some 300/1,000 out-growers. When it comes down to implementing this in practice, many companies neither have the necessary management experience nor sufficient extension staff within their organizational structure to localize, train and supervise the out-growers. Furthermore most potential investors suffer from insufficient working capital and thus do not have the necessary financial capacity to commit to the proposed investment.

c. Problems dealing with investor companies

Most of the potential investors, identified through STTA in September 1991 and during the past 18 months, have decided not to go ahead with PIP assistance for a number of reasons, some of which are detailed below:

- o investors generally are reluctant to prepare bankable proposals (small investors) or business plans (large investors) no matter how much assistance we provided because this is a new concept to them. In the past they have only had to telephone their bank manager for additional financial assistance based on a satisfactory collateral base and seldom have had to prepare proposals. Most potential PIP investors have been given either: (i) a guideline on the preparation of business plans for big companies or conglomerates (see Annex 3 - The Business Plan), or (ii) a sample suggested PIP document format for an agri-business project and the respective contents explained in detail, yet many companies lack the capability to put a proposal together. In most cases one person is generally delegated to prepare the Company's proposal not knowing what company strategies and policies are in place.
- o investors are dissatisfied with the time taken with the decision making process on tenders for commercial farms and other MASL land and buildings.
- o investors are disappointed with poor Mahaweli infrastructural services available i.e., lack of year round water and the decision to cut off water after the paddy season resulting in loss of crops e.g., RPAE tomato trials in System H, poor communications, and the distance required to transport produce over poor roads before reaching the market.

d. Training

To date, very few investors have been desirous of seeking training as part of the MED PIP package of assistance. Part of our strategy should be to focus on providing T.A. for training of field supervisors in agronomic activities. To implement this strategy MED would need to advertise in the local newspapers and write to Mahaweli investors.

e. Other constraints

Efforts to attract investors to the Mahaweli have been thwarted as there are neither distinct incentive guidelines nor land and water policies available to place in the newly printed investor handbook for distribution to potential Mahaweli investors.

Satisfactory results have resulted from recent advertising for Mahaweli commercial farms and buildings however there is a need for professional advertising to capture the imagination of potential investors which recent advertisements have lacked.

8. RECOMMENDATIONS

(i) Guidelines on dealing with investor companies

- a. When a potential Mahaweli investor has been identified the MED business advisor should discuss the proposed project concept with the investor and assist them produce a bankable proposal. This can be achieved by: a) handing small investors (owner operators, small companies or partnerships) a copy of a sample suggested PIP document format for an agri-business project (see 2. Establishing a PIP document above), and b) handing large companies, who either plan to invest large sums of money or who plan to seek MED special project assistance, a copy of the business plan guideline (see Annex 3) and discussing the major categories of the proposal required as detailed below.

The advisor should discuss these requirements with the company's directors and management as they generally decide the company's strategies and policies. During these discussions the business advisor should identify who within the company can assist put the various aspects of the proposal together i.e., do they have someone in the organization that can assist with the:

- a) management plan tasks - who is going to do what and what is their experience in the planned business venture;
- b) marketing plan;
- c) production or operational plan;
- d) financial plan;
- e) project or business risks and how they will be addressed.

If the company does not have the above resource persons then the business advisor will have to assist the company put the proposal together on a plan by plan basis. Remember the main MED objective is to create employment therefore the company must be clear on where it wants to be in 5 to 10 years time and

know approximately how many jobs their project is likely to create and what the total estimated investment will be. If the company is still unable or unwilling to provide adequate information relating to their planned project then their *capacity and sincerity* must be questioned.

- b. In line with a) above MED should employ a strategy to continue to provide support to develop investors proposals ensuring investors have the *management and financial capacity* to undertake the proposed investment, as outlined in the PIP Investment Guideline handout, section B, "Investor Eligibility". The most important aspect of management relates to the respective experience of the proposed people responsible to undertake the proposed tasks in the related fields of operations and production.

For example experience in hiring out-growers and proposed work activities. Reference is also made to Section D, "Selection Criteria" of the above guideline, which states *"the investment is technically and financially viable"*. (see Annex 2).

(ii) **New directions and changes required for 1992**

- o major improvements are needed to the Mahaweli business climate to attract Mahaweli investors as there are conflicting statements on land and water policies. Investor guidelines for potential Mahaweli investors should be produced quickly for distribution together with up to date policies on land and water supply (see below) if the Mahaweli areas are to seriously compete with other areas of Sri Lanka.
- o appoint professional advertising agencies to handle Mahaweli advertisements.
- o as mentioned above land and water supply policies need to be resolved quickly as current policy timing and shutdown period of water supply remains a constraint for any potential commercial farm investment.
- o other land policy issues requiring immediate review are those relating to: commercial farmers accessing natural water rights in environmental zones which serve as drains; land preparation for banana plantations on Mahaweli land; and land policy guidelines relating to land availability, both irrigable and non-irrigable for the issuance of leases which are required as collateral for bank loans.
- o improved mechanisms acceptable to AID for funding MED Special Projects for private sector investment are required to move ahead with the cold chain, bottling plant investments and potential requests for grant assistance to fund trial transportation of Sri Lankan produce for export.

**REVISED SCOPE OF WORK
CREDIT CONSULTANT**

REVISED SCOPE OF WORK : CREDIT CONSULTANT

- DURATION OF SERVICES** : One year
- LOCATION OF ASSIGNMENT** : Colombo with frequent travel to Mahaweli
- RESPONSIBILITIES** : The following responsibilities to be carried out by the Credit Consultant covered the period July 1, 1990 through April 30, 1991.

The Credit Consultant will assist to design and establish the MED program of financial mobilization for small scale enterprises. He (she) will assure that the financial program is economically, financially and administratively sound, responsible to small enterprise needs, appropriate to the social environment of the Mahaweli and viable to the lending and savings institutions involved. (While it is anticipated that MED financial assistance will take the form of an experimental group credit and savings program in which entrepreneur associations access existing bank credit programs, the Consultant may recommend an alternative approach if warranted.) The Consultant will supervise and work closely with the long term Credit Advisor who will remain to assist implementation of the program after the Credit Consultant's services are completed. Specifically, the Credit Consultant will:

- o review existing rural savings and credit facilities in Sri Lanka and in the Mahaweli in particular. (Original research is not anticipated it is expected that a review of existing literature and credit studies as well as selected interviews with local banks, savings and loan institutions and government agencies will suffice.)
- o assess the capability and feasibility of emerging entrepreneur associations in the Mahaweli to form group credit and savings associations for onlending to members
- o determine the legal and administrative requirements for the associations to initiate such programs
- o identify financial institutions interested in initiating loan and savings programs of this type. Identify their requirements.

- o prepare a plan for MED financial assistance to small enterprises in the Mahaweli including a work plan which: identifies the responsibilities of each party involved; includes a timed schedule for implementation; projects the flow of AID funds, savings, primary and secondary loans, and repayments; includes bylaws required by the associations and an accounting system for the associations appropriate to their abilities and needs; includes an accounting system for the primary lenders consistent with GSL and AID accountability requirements; describes any training required at any stage of implementation and a plan to implement such training; and which includes a plan consistent with the EIED Management Information System, to monitor key variables of the credit program's progress and impact.
- o other responsibilities as mutually agreed.

The scope of work is modified as from May 1, 1991 to June 30, 1992 to include the following among the above responsibilities.

- o identify and develop Pre Investment Programs with potential investors, manage the implementation of Pre Investment Programs and report on the status of potential, proposed and approved Pre Investment Programs.

Qualifications

The Credit Consultant will have a degree in business, finance, economics, accounting or a related field at the Masters level or above. He (she) will have had experience in commercial banking and at least 7 years experience with rural credit in developing countries. Prior experience with group credit and savings programs and/or small enterprise credit is highly desirable.

INTRODUCTION LETTER

TO

PRE-INVESTMENT PROGRAMS

June 30, 1992

Dear Company Representative

The Mahaweli Enterprise Development (MED) Project is a program of the EIED of the Mahaweli Authority to promote private enterprise development in the Mahaweli.

The purpose of this letter is to inform you of the ways MED can provide direct assistance to pioneer investors in the Mahaweli.

Through USAID grant funds made available to EIED and through the support of the ISTI consultant team contracted by USAID, MED can share the costs and lower the risks of firms investing in pioneer activities in the Mahaweli.

The attached documents describe: i) the MED project, its activities and project linkages; ii) the MED Pre-Investment Program and how investors can benefit; and iii) the current GCEC package of incentives, which are now also available to Mahaweli investors, for investments in sectors designed to facilitate development in the provinces and less developed areas (see Table 3) and expansion projects of existing export oriented companies (see Table 4).

We look forward to receiving your proposal.

Yours sincerely,

Dr James Finucane
Chief of Party
Mahaweli Enterprise Development Project

MED PRE-INVESTMENT PROGRAMS (PIP's)

A. GENERAL OVERVIEW

Pre-Investment Programs (PIP's) are custom-designed packages of assistance to support pioneer investors in the Mahaweli by sharing the unusual risks and extraordinary costs which pioneers face. It is intended that PIP's will give pioneer medium and large enterprises (MLE's) direct exposure to markets and direct access to expertise in production, processing, management and marketing techniques which investors themselves define as needed. PIP assistance can provide:

- * technical guidance and expertise in specialized fields (e.g., agronomy, production, post-harvest handling and transport, processing, marketing, and manufacturing of non-agricultural products);
- * overseas travel to investigate markets and establish market contacts; and
- * a limited amount of materials or equipment.

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 investments -preferably export oriented - in:

- commercial scale agricultural production (including nucleus/out-grower schemes) with priority on fruits and vegetables.
- post-harvest packing, processing, or storage of commercial agricultural crops being produced.

C. ELIGIBLE ACTIVITIES continued....

- 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 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 (Bumpers, and Lautenberg amendments; environmental).

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.
- * International travel for Sri Lankan employees of pioneer investor firms to other countries to gain training and make market contacts.
- * Costs of training programs in or outside Sri Lanka.
- * Assistance for the funding of minor equipment and/or materials - up to a maximum of US\$25,000.00 - required for PIPs that are approved as justified by EIED and USAID.
- * Market trial testing for PIP participants.

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.

G. PROCEDURES AND RESPONSIBILITIES

- * The MED consultants working with EIED identify investors, assess their needs and plan PIP's.
- * The MED consultant team proposes PIP's to EIED and USAID.
- * EIED and USAID approve PIP's
- * The MED consultant team manages (including logistics, funding, short term consultants, monitoring results) and reports to EIED and USAID on approved PIP's.

H. PROPOSALS

All proposals for PIP assistance should be prepared in the format of a bankable proposal and submitted to:

Mr Ariya Abeysinghe
Director EIED of MASL
8th Floor Unity Plaza
Colombo 4
Sri Lanka

THE BUSINESS PLAN

THE BUSINESS PLAN

This business plan guideline has been prepared for use primarily by companies planning to invest in agribusiness or agricultural production. However this guideline can be used to formulate a business plan for even small businesses as the concepts are the same and cover most of the questions banks, financial institutions and potential equity partners will want to know.

Small to medium sized companies seeking MED PIP program of assistance should prepare a project proposal (for sample format see main report 2. Establishing a PIP document). This format will consist on average of around 12 to 15 pages. Whilst it is not necessary for them to prepare a business plan they should be encouraged to do so if they are contemplating a large investment.

Large companies proposing a large investment or seeking special project assistance under the MED program are encouraged to prepare business plans or bankable proposals. The average business plan for large companies/conglomerates will take some time to prepare and will consist of around 50 to 75 pages.

This should not discourage you as this is YOUR business plan which is a planning tool for your business and clearly sets out your strategies and how you plan to implement them.

Remember this is only a guideline and many of the questions may not relate to what you are planning to do in business, therefore only attempt to answer what is relevant to your business but do attempt to provide information on all major categories including

- o management plan;
- o marketing plan;
- o production or operational plan;
- o financial plan; and
- o project or business risks.

THE BUSINESS PLAN

1.0 EXECUTIVE SUMMARY

This summary provides the reader with an overview of your business plan. If the reader wants more information s/he can examine the detailed sections of your business plan.

- 1.1 The Request for the Investment
 - 1.11 The Business Entity
 - 1.12 The Amount Requested
 - 1.13 The Specific Uses:
Total sources of Funds (Equity and Debt) major categories of Uses of Funds (eg. equipment, land, vehicles, etc.)
- 1.2 The Business Concept
 - 1.21 Type of Business & Management Team
 - 1.22 Crops/Product
 - 1.23 Quantities
 - 1.24 Location of Production Facility
 - 1.25 Packing or Processing Description
 - 1.26 Market location: Where do they plan to sell?
- 1.3 Industry Overview
 - 1.31 General Description of Industry
 - 1.32 Size of Industry
 - 1.33 Number and Size of Competitors
- 1.4 Operational Goals of Project
 - 1.41 Size of Production Facility
 - 1.42 Planned Improvements and Expansions
 - 1.43 Expected Results of changes in 1.42 including Key Financial Indicators
 - 1.44 Schedules for changes & results from them.
Approximately when will everything happen after funding?
- 1.5 Project Risks & Opportunities
 - 1.51 Major Risks of the Project
 - 1.52 How Risks will be addressed

2.0 MANAGEMENT PLAN

- 2.1 Management Tasks: What needs to be done**
 - 2.11 Administrative**
 - 2.12 Production, Inventory and Shipping**
 - 2.13 Marketing & Sales**
 - 2.14 Finance & Accounting**

- 2.2 Management Team: Who is going to do it?**
 - 2.21 Management Structure. eg. Who will be the Managing Director, Marketing Manager, etc?**
 - 2.22 Assignment of Management Tasks to Whom?**
 - 2.23 Education, Experience & References of Management Team.**

3.0 MARKETING PLAN

- 3.1 Product Description**
 - 3.11 Brand Name**
 - 3.12 Packaging, Label and Case Design and Construction.**

- 3.2 Market Data**
 - 3.21 Countries: Import Requirements.**
 - 3.22 Estimated Total Market Size**
 - 3.23 Estimated Market Share (percentage & dollar volume)**

- 3.3 Type of Customer**
 - 3.31 Processor**
 - 3.32 Retail Customer**
 - 3.33 Supermarkets**
 - 3.34 Wholesalers**

- 3.4 Pricing Strategy and Basis**
 - 3.41 Based on Cost**
 - 3.42 Based on Competition**
 - 3.43 Based on Quality**
 - 3.44 Based on what market can bear**
 - 3.45 Reasoning (Rationale)**
 - 3.46 Volume Pricing**

- 3.5 What Sales Methods Are To Be Used:
 - 3.51 Salesmen
 - 3.52 Direct to Buyers
 - 3.53 Representatives
 - 3.54 Distributors
 - 3.55 Brokers
 - 3.56 Other/Combinations

- 3.6 Buyers Agreements: Are there any? If so what are they?
 - 3.61 Purchase Contracts
 - 3.62 Letters of Intent
 - 3.63 Buyers Enquiries (eg. Telexes, letters, etc.)
 - 3.64 Brokers "market Information & Product Specifications.
 - 3.65 Sales Terms & Conditions (eg. FOB vs. CIF Credit Terms, Discount Provisions, etc.)
 - 3.66 Industry Marketing Norms

- 3.7 Product Quality:
 - 3.71 Quality Standards Required or Established for Products.
 - 3.72 Project's Means of Attaining Desired Quality.

- 3.8 Promotional Strategies: Do You Have Any?
 - 3.81 Promotion methods
 - 3.82 Advertising
 - 3.83 Sales Incentives
 - 3.84 Other product Awareness Techniques

- 3.9 Competitors: Who are they?
 - 3.91 Names
 - 3.92 Locations
 - 3.93 Estimates of Business Volume/Market Share
 - 3.94 Product information: Quality, sizes, Visibility, Packaging etc.
 - 3.95 Price Comparisons
 - 3.96 Aggressiveness of Marketing Strategy
 - 3.97 Strengths and Weaknesses.
 - 3.98 Expected Reaction by Competitors

- 3.10 Sales Costs (eg. Tables: Salesmen commissions, Bad Debts, Returns and Allowances, Promotion & Advertising Costs.)

4.0 PRODUCTION OR OPERATIONAL PLAN

- 4.1 Product Description (eg. Crops or MFG Product; growing, Packaging or Processed Product).
- 4.2 Projects Data (For Agricultural Produce)
 - 4.21 Site Location
 - 4.22 Acreage
 - 4.23 Soil Quality
 - 4.24 Topography
 - 4.25 Climatic Conditions
 - 4.26 Rainfall
 - 4.27 Irrigation
 - 4.28 Portable Water Supply.
- 4.3 Crop Data
 - 4.31 Planting Materials to be used and sources of Planting Materials.
 - 4.32 Planting Details (Depths, Distances and Seasons)
 - 4.33 Cultural Practices (Fertilizers, Water)
 - 4.34 Pest Control (Pesticides/Biological)
 - 4.35 Length of Growing Season
 - 4.36 Harvesting Procedure
 - 4.37 Equipment & Labour Needed
 - 4.38 Justification for expected Yields
(Expected Yields vs. max. text yields)
 - 4.39 Quality Control Program and Personnel
(Availability of qualified personnel and Training Program)
- 4.4 Packaging & Storage/keeping qualities.
 - 4.41 Packing Sheds
 - 4.42 Tables
 - 4.43 Conveyor Belts
 - 4.44 Box Formers
 - 4.45 Container Sizes
 - 4.46 Net Weight per container
 - 4.47 Container Markings
 - 4.48 Storage Space & Storage Conditions needed
 - 4.49 Length of Storage Period

- 4.5 Processing, Plant & Equipment
 - 4.51 Raw Material Description/Purchasing Terms & conditions.
 - 4.52 Site, Building and Plant & Equipment Descriptions: Land Location, Acreage, Building Square Footage and Age, Electricity, Boiler, Feedlines, Holding Tanks, etc.
 - 4.53 Plant capacity and % Utilization
 - 4.54 Product Preparation & Processing Description.
 - 4.55 Labour Requirements, Skill Level Needed, Availability & Costs.
 - 4.56 Raw Material Conversion Ratios/Waste Product Disposal.
 - 4.57 Filling, Sealing & Labelling.
 - 4.58 Sterilization & cooling.
 - 4.59 Casing, Palletizing and/or finished good storage.

- 4.6 Transport and Shipping
 - 4.61 Trucking Availability
 - 4.62 Trucking Distances
 - 4.63 Distances to Port
 - 4.64 Availability of Space: Air Cargo and Shipping frequency, Can space be reserved?
 - 4.65 Schedules for Exports on Ships, Airlines
 - 4.66 Distances to Overseas Destinations & Shipment time to Buyer.
 - 4.67 Freightng Costs: Ocean and/or Air Freight.

- 4.7 Implementation Schedule
(Chronological Bar Chart Recommended)
 - 4.71 Orders for Equipment
 - 4.72 Time for arrival of New Equipment
 - 4.73 Construction Duration
 - 4.74 Installation Times
 - 4.75 Start-up Dates

- 4.8 Production Costs: (eg. Production costings for agricultural produce or processed products if separately required).

5.0 FINANCIAL PLAN

- 5.1 Equity Structure & Share Valuation of the Business Firm/Company**
- 5.2 Debt Finance Position**
 - 5.21 Short and Long Term Loans**
 - 5.22 Special Lines of Credit (eg. Trade Credit)**
- 5.3 Assumptions for each Projected Financial Statement (Each set of Assumptions should immediately precede the Statement to which it applies).**
 - 5.31 Related to Income Statement**
 - 5.32 Related to Balance Sheets**
 - 5.33 Related to Sources & Usage Reports**
 - 5.34 Related to Cash Flow Tables**
- 5.4 Financial Projections**
 - 5.41 Depreciation Schedules and Tables**
 - 5.42 projected Income Statements (5 Years min.)**
 - 5.43 Projected Balance Sheets (5 years min.)**
 - 5.44 Projected Sources & Usage of Funds Reports**
 - 5.45 Cash Flow - Monthly (For 2 years min/1 year for small. projects)**
- 5.5 Financial Evaluation**
 - 5.51 Internal Rate of Return**
 - 5.52 Return on Investment**
 - 5.53 Current Ratio**
 - 5.54 Acid Ratio (Quick Ratio)**
 - 5.55 Burden Coverage**
 - 5.56 Total Debt - Total Assets**
 - 5.58 Break - Even Analysis**

6.0 PROJECT RISKS

- 6.1 Operational Risks**
- 6.2 Business Environment Risks**
- 6.3 Quantitative Sensitivity Analysis**
- 6.4 Implications of Sensitivity analysis (Narrative of Key Variables which could significantly influence the success/failure of the Project).**

SECOND QUARTER 1992 REPORT

MEDIUM AND LARGE ENTERPRISE ACTIVITIES

Activity and 1992 target	Actions planned 2nd quarter	Actions taken 2nd quarter	Actions planned 3rd quarter 1992	Issues
<p><u>MLE Activity #1</u></p> <p>Provide support to investors through pre-investment programs</p> <p><u>1992 Target</u></p> <p>Implement 10 Pre-Investment Programs</p> <p><u>3rd Quarter Target</u></p> <p>Implement 2 PIPs</p> <p><u>To date</u></p> <p>1 PIP and 2 PIP amendments presented and approved.</p>	<p>Continue implementing essential oils PIP</p> <p>Advertize and promote PIPs</p> <p>Implement dried fruit PIP.</p> <p>Present two PIPs for approval</p>	<p>Diseased Indian ginger planting material (essential oils PIP) and clearance delays resulted in ginger being destroyed. Castor yield results sent to HVH.</p> <p>Continued advertising and promoting PIP program.</p> <p>Coordinated dried fruit PIP market development visit to Thailand for Ceylon Tobacco and John Keells.</p> <p>One PIP for asparagus trials in Uda Walawe with Heron Agro Products submitted and approved.</p> <p>Assisted prepare a PIP proposal for crop research trials with Forbes and Walker for submission for approval early July.</p> <p>Two PIP amendments were submitted and approved to assist John Keells and Sunfrost develop market contacts for dried fruit and silver skin onions respectively.</p>	<p>Continue implementing essential oils PIP. HVH essential oils specialist to return to provide 3rd phase assistance during this quarter.</p> <p>Advertize and promote PIPs</p> <p>Following marketing trip to Thailand implement technical assistance phase of dried fruit PIP with CTC.</p> <p>Implement asparagus trials PIP.</p>	<p>Guidelines required for Mahaweli processes including issuance of land titles land leases, infrastructural services and credit facilities.</p> <p>Inability of investors to develop bankable proposals/ business plans.</p>

	<p>Assist four companies develop PIP proposals</p> <p>Meet with GCEC, EDB and Ministry of Agriculture to discuss PIP program and make arrangements for collaboration.</p>	<p>Continued contacts on potential PIP proposals with investors. These included SMAK fruit drinks for fruit production; Informatics Agrotech for a pilot cashew processing facility; Ceylon Supply and Development for a cold chain in System H; Heli Restaurant to produce vinegar; and Mr Kavikara to produce senna.</p> <p>Continued dialogue with FAS and Richard Pieris to develop a potential Special Project commercial R & D farm.</p> <p>Distributed acidified foods and tomato production manual to potential investors.</p> <p>Attended GCEC promotion and discussed PIP program with potential investors.</p>	<p>Assist companies to develop proposals for 3 PIPs and develop PIP pipeline. Possible projects include PIP pipeline including SMAK (fruit crop production); Heli Restaurant (vinegar); Informatics Agrotech (cashew processing); CSD (System H cold chain and storage); and Startechs (rambutan and foliage plants).</p> <p>Assist develop special projects with FAS and RPAE.</p> <p>Collaborate with GCEC EDB and Ministry of Agriculture to promote PIPs.</p>	
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PIP STATUS AS AT 30 JUNE 1992

APPROVED PRE INVESTMENT PROGRAMS (PIPs)

Company/address	Description of PIP	Status
<p>1. Dasa Timber Works Moraketiya Road Embilipitiya Uda Walawe</p>	<p>To install and commission a box making business in Uda Walawe to produce wooden fruit packing boxes for an integrated fresh fruit production operation planning to export to the European market.</p>	<p>Awaiting confirmation of an acceptable market and an adequate price for the box products through the proposed "Cold Chain" PIPs. No change to March quarter status.</p> <p>A. Private Sector Contributions</p> <p>1. Budgeted Amount \$ 81,400</p> <p>2. Amount To Date \$ NIL</p> <p>B. MED Technical Assistance</p> <p>Level of effort 0 days</p>
<p>2. John Keells Holdings PO Box 76 130 Glennie Street Colombo 2</p> <p>Possible location: Girandurukotte, System C.</p>	<p>To conduct a review of a fruit juice and pulping production and processing venture that could be established in the Mahaweli. This work will help to confirm viability of the venture.</p>	<p>A fruit cultivation and processing pre-feasibility study for JKHL concluded: a) dried fruit is a viable, profitable venture; b) juicing and pulping are not viable because it is expensive and requires high technology; and c) recommended JKHL carry out R & D of several fruit varieties. JKHL applied for 150 acres of land (Lots 409 and 410) in System C and await a Cabinet decision.</p> <p>As part of the PIP assistance JKHL plan to visit Thailand mid July 1992 to study fruit production and processing operations and to develop market contacts. Pac Rim Group a Thai company are facilitating this visit. A PIP amendment was approved during the quarter to enable JKHL to develop market linkage.</p> <p>A. Private Sector Contributions</p> <p>1. Budgeted Amount \$ 21,000</p> <p>2. Amount This Period \$ Nil</p> <p>3. Amount To Date \$ 24,442</p> <p>B. MED Technical Assistance</p> <p>Level of effort 100 days</p>

APPROVED PRE INVESTMENT PROGRAMS (PIPs)

Company/address	Description of PIP	Status								
<p>3. Sunfrost/Hayleys P.O.Box 70 400, Deans Road Colombo 10.</p> <p>Location: Systems B, C, and Uda Walawe</p>	<p>To provide a silver skin onion expert that can help to implement the effective commercial production of the crop on Sunfrost and out-grower lands.</p>	<p>A silver skin onion production advisor, Mr Walt Neuberg assisted Sunfrost to do further planting, harvesting of previous trials and post harvest handling of silver skin onions. Sunfrost advise latest crop trials planted during January 1992 are now due to be harvested. An Australian buyer has placed an order with Sunfrost for three containers requiring yields of up to 35 tonnes. Production of onions has commenced aiming for an August/September harvest. Sunfrost and have applied for commercialization fund assistance through MARD. Sunfrost have now targeted Japan as a potential market for their silver skin onions and additional PIP assistance to develop Japanese market contacts was approved through a PIP amendment this quarter.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 23,000</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 3,100 ^(a)</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 26,620</td> </tr> </table> <p>^(a) Includes \$650 labour cost, \$1,260 input costs and \$1,200.00 on market promotional tour.</p> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort</td> <td>45 days</td> </tr> </table>	1. Budgeted Amount	\$ 23,000	2. Amount This Period	\$ 3,100 ^(a)	3. Amount To Date	\$ 26,620	Level of effort	45 days
1. Budgeted Amount	\$ 23,000									
2. Amount This Period	\$ 3,100 ^(a)									
3. Amount To Date	\$ 26,620									
Level of effort	45 days									

APPROVED PRE INVESTMENT PROGRAMS (PIPs)

Company/address	Description of PIP	Status												
<p>4. Forbes & Walker 46/38, Nowam Mawatha P.O. Box 60 Colombo 2.</p> <p>Contact: S. Rabindranath Tel: 431272</p> <p>Location: System C</p>	<p>Provide assistance to help improve the fermentation and brining technology being used by the gherkin industry.</p>	<p>Mr Wolfgang Pach, a brining and fermentation specialist, upgraded a pickle packing plant feasibility study, which may lead to a major investment upwards of Rs.200 million. FAS have applied for Mahaweli land for a processing and bottling plant site and still await a cabinet decision. FAS report a net loss to 31/03/92 of some Rs 4 million due to project start up, however incoming orders indicate a profit turnaround during next financial year.</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>\$ 68,500 ⁽ⁱ⁾</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 565,500</td> </tr> </table> <p>⁽ⁱ⁾ Estimated figures as at 30/06/92 include labour costs, input costs, development of collection centres and packaging materials.</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	\$ 68,500 ⁽ⁱ⁾	3. Amount To Date	\$ 565,500	Level of effort Apr 03 - Jul 03	90 days	Level of effort Aug 23 - Oct 22	60 days		
1. Budgeted Amount	\$ 91,150													
2. Amount This Period	\$ 68,500 ⁽ⁱ⁾													
3. Amount To Date	\$ 565,500													
Level of effort Apr 03 - Jul 03	90 days													
Level of effort Aug 23 - Oct 22	60 days													
<p>5. 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 Sunfrest.</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>Imported Indian ginger had to be destroyed due to poor quality and presence of nematodes. Maha Farms castor yields data sent to HVH for their assessment and their response passed on to Maha Farms. As the other four participating companies have yet to advise crop and yield data on castor, coriander, and lemongrass trials, EIED have requested them to call at this office. Dr Davies is due back in August/September to assist with further trials.</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>\$ 5,000 ⁽ⁱ⁾</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 35,000</td> </tr> </table> <p>⁽ⁱ⁾ Estimates include 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 04 Nov - 05 Dec</td> <td>32 days</td> </tr> <tr> <td>Level of effort 10 Feb - 03 Mar</td> <td>32 days</td> </tr> </table>	1. Budgeted Amount	\$ 47,500	2. Amount This Period	\$ 5,000 ⁽ⁱ⁾	3. Amount To Date	\$ 35,000	Level of effort - up to	150 days	Level of effort 04 Nov - 05 Dec	32 days	Level of effort 10 Feb - 03 Mar	32 days
1. Budgeted Amount	\$ 47,500													
2. Amount This Period	\$ 5,000 ⁽ⁱ⁾													
3. Amount To Date	\$ 35,000													
Level of effort - up to	150 days													
Level of effort 04 Nov - 05 Dec	32 days													
Level of effort 10 Feb - 03 Mar	32 days													

APPROVED PRE INVESTMENT PROGRAMS (PIPs)

Company/address	Description of PIP	Status											
<p>6. Vanathawilluwa Vineyard 441/1A Razoendale Gardens Colombo 4</p> <p>Location: Girandurukotte System C</p> <p>Richard Pieris Agricult' Enterprises Ltd 69 Hyde Park Corner. Colombo 2</p> <p>Contact: Mr Cumararatunga Director</p> <p>Location: System H.</p>	<p>To assist two companies: Vanathawilluwa Vineyards Ltd (VVL) and Richard Pieris Agricultural Developments (RPAE) carry out production trials and assist VVL with preliminary processing work on processing tomatoes that will help to confirm the viability of an integrated tomato paste project in the Mahaweli.</p> <p>RPAE processes paddy for Mahaweli farmers in System 'H' and is planning to cultivate fresh tomatoes for the local market and to develop chili and curry powder for export.</p>	<p>Mr Peter Florance, the tomato production agronomist specialist assisted two companies, VVL and RPAE conduct tomato trials. He also conducted an tomato production workshop and prepared a field manual on production of processing tomatoes.</p> <p>VVL are providing Dept of Agriculture 121 varieties of seed to do further trials. After completing his terms of reference, Mr Florance voluntarily assisted RPAE prepare 14 acres for tomato trials at their Anuradhapura site. RPAE are awaiting a decision on their application submitted in December 1991 for Malwanegama commercial farm in System 'H'.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted amount</td> <td>\$ 119,530</td> <td></td> </tr> <tr> <td>2. Amount this period</td> <td>\$ 6,000</td> <td>(1)</td> </tr> <tr> <td>3. Amount to date</td> <td>\$ 17,000</td> <td></td> </tr> </table> <p>(1) Estimates only includes \$1,500 for VVL and \$4,500 for RPAE. Awaiting confirmation from companies.</p> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort to date</td> <td>46 days</td> </tr> </table>	1. Budgeted amount	\$ 119,530		2. Amount this period	\$ 6,000	(1)	3. Amount to date	\$ 17,000		Level of effort to date	46 days
1. Budgeted amount	\$ 119,530												
2. Amount this period	\$ 6,000	(1)											
3. Amount to date	\$ 17,000												
Level of effort to date	46 days												

APPROVED PRE INVESTMENT PROGRAMS (PIPs)

Company/address	Description of PIP	Status								
<p>7. Aitken Spence & Co. 13, Sir Baron Jayatilake Mawatha Colombo 1</p> <p>Contact: Mohon Ratwatte Tel: 434843</p> <p>Location: Uda Walawe</p>	<p>ASAD will be a pioneer producer in the large scale export of fresh fruit and vegetable. ASAD seek PIP assistance for the services of three specialists to assist ASAD design the cold chain facility, train ASAD staff in cold chain procedures and to carry out sound environmental practices. Transport and marketing development assistance is also sought.</p>	<p>Refrigeration design specialist Mr Fred Henry designed the Uda Walawe cold chain facility requirements for Aitken Spence (ASAD).</p> <p>a) Building: ASAD have arranged for specifications to be redrawn and sent to contractors. Quotations expected by 30 June. Estimated building completion time is 90 days. One acre of land identified at Uda Walawe for the factory is now not available, however Mahaweli have offered another block close by.</p> <p>b) Production: Baby corn, sweet corn and melon trials on Uda Walawe plots were destroyed by a dissatisfied employee.</p> <p>c) Management: ASAD advise Ace Processing has been allegedly accepted as the cold chain management company.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 37,800</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 11,100 ⁽¹⁾</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 22,300</td> </tr> </table> <p>⁽¹⁾ Includes production costs, overheads costs, R&D and marketing.</p> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort to date</td> <td>18 days</td> </tr> </table>	1. Budgeted Amount	\$ 37,800	2. Amount This Period	\$ 11,100 ⁽¹⁾	3. Amount To Date	\$ 22,300	Level of effort to date	18 days
1. Budgeted Amount	\$ 37,800									
2. Amount This Period	\$ 11,100 ⁽¹⁾									
3. Amount To Date	\$ 22,300									
Level of effort to date	18 days									

APPROVED PRE INVESTMENT PROGRAMS (PIPs)

Company/address	Description of PIP	Status										
<p>8. CTC Foliage Limited P.O. Box 18, 108 George R.de Silva Road Colombo 7</p> <p>Contact: Mr Ethvi Kurian - General Manager</p> <p>Location: System C</p>	<p>Processing of tropical fruits for pulping or drying and production of soya and maize used in the production of milk substitutes (Thripsha) for Government of Sri Lanka contracts.</p>	<p>Approved PIP supports a CTC project proposal for tobacco production, accepted by GCEC, by providing off season income to some reported 5,000 farmer families in Systems C and H and other North Central Province areas. CTC have identified a candidate for the dried fruit technologist position however will defer implementation of dried fruit T/A until they return from Thailand (see below).</p> <p>As part of the PIP assistance CTC and JKHL plan to visit Thailand mid July 1992 to study fruit production and processing operations and to develop market contacts. Pac Kim Group, a Thai company are facilitating this visit.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 403,277 ⁽¹⁾</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ 8,150</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ 150,000 ⁽²⁾</td> </tr> </table> <p>⁽¹⁾ Includes \$232,500 estimate to purchase dehydration equipment which appears excessive.</p> <p>⁽²⁾ Includes all expenditure from 1987 thru June 1992</p> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort</td> <td>Nil</td> </tr> <tr> <td>To date</td> <td>Nil</td> </tr> </table>	1. Budgeted Amount	\$ 403,277 ⁽¹⁾	2. Amount This Period	\$ 8,150	3. Amount To Date	\$ 150,000 ⁽²⁾	Level of effort	Nil	To date	Nil
1. Budgeted Amount	\$ 403,277 ⁽¹⁾											
2. Amount This Period	\$ 8,150											
3. Amount To Date	\$ 150,000 ⁽²⁾											
Level of effort	Nil											
To date	Nil											
<p>9. Heron Agro Products (Pvt) Ltd. 87 Cemetery Road Ethukala Negombo</p> <p>Contact: Martin van Asseldonk Managing Director Tel: 031 3274 (messages only) Fax: 031 4281 (bureau)</p> <p>Location: Uda Walawe</p> <p>Approved April 1992</p>	<p>Heron a foreign owned company plan to conduct asparagus trials and produce bananas and mangoes on Lot 8, Uda Walawe special area, for the export market. The asparagus trials will be conducted on an experimental pre-investment basis before a final decision on full investment will be made. Assistance sought includes: a) the services of an agronomist to conduct asparagus trials; b) funding of irrigation equipment which can be used as a demonstration farm; c) marketing development for asparagus trials; and d) training for out-growers.</p>	<p>PIP assistance submitted and approved this quarter to assist Heron Agro Products develop asparagus trials in Uda Walawe. Heron have applied for land at Lot 8, Uda Walawe special area and await a cabinet decision. They are currently conducting land and water surveys. Providing the surveys are positive they will then commence operations to meet European March - May markets. Other planned activities include a study on outgrowers including availability, capability and hiring process.</p> <p>A. Private Sector Contributions</p> <table border="0"> <tr> <td>1. Budgeted Amount</td> <td>\$ 48,948</td> </tr> <tr> <td>2. Amount This Period</td> <td>\$ Nil</td> </tr> <tr> <td>3. Amount To Date</td> <td>\$ Nil</td> </tr> </table> <p>B. MED Technical Assistance</p> <table border="0"> <tr> <td>Level of effort</td> <td>Nil</td> </tr> <tr> <td>To date</td> <td>Nil</td> </tr> </table>	1. Budgeted Amount	\$ 48,948	2. Amount This Period	\$ Nil	3. Amount To Date	\$ Nil	Level of effort	Nil	To date	Nil
1. Budgeted Amount	\$ 48,948											
2. Amount This Period	\$ Nil											
3. Amount To Date	\$ Nil											
Level of effort	Nil											
To date	Nil											

PROPOSED PRE INVESTMENT PROGRAMS (PIP'S)

Company/address	Description of PIP	Status
<p>Forbes & Walker 46/38, Nowam Mawatha P.O. Box 60 Colombo 2. 4 Loc: System C</p> <p>Contact: S. Rabindranath Managing Director Tel: 431272</p>	<p>Provide assistance to carry out selected crop trials of sweet peppers for export, and other crops such as baby corn and onions that can be processed through the proposed pickle bottling factory facility.</p>	<p>FAS are preparing a proposal for PIP technical assistance to cultivate crop trials in System C. Proposal is expected to be completed early next quarter.</p>
<p>Country Style Foods Ltd. 201 St. Anthony's Road Kirimetiyyagala -Kandy Rd</p> <p>Contact: Mr Sarath Alahakoon Tel: 525027</p> <p>Location: System H Tambuttegama area.</p>	<p>To assist the company - the manufacturers of "SMAK" natural fruit and milk drinks - in the production of tropical fruits, including mango, papaya, lime and possibly guava for their fruit juice operations.</p>	<p>Mr Alahakoon visited System 'H' in December to identify suitable land for fruit production. Mr Indra Phillips agreed to assist Mr Alahakoon prepare his proposal for Mahaweli land and PIP assistance to increase his source of raw material supplies. Mr Alahakoon called late June to discuss production plan and crop data based on SMAK's next > 5 years supply requirements. He is to research estimated water requirements and crop inputs. Estimate PIP will be finalized in coming quarter.</p>

POTENTIAL PRE-INVESTMENT PROGRAM (PIP) INVESTORS.

Company/address	Potential project	Status
<p>Heli Restaurant 233 Kandy Road Wakapola</p> <p>Contact: Mr Chamika Chandradasa Tel: none</p>	<p>Interested in producing rice vinegar and/or fruit vinegar for gherkin processors. They have paid CISIR Rs.40,000 for vinegar research and a study report. Estimate they will need Rs 5 lakhs to start the project. rs.150,000 for buildings, Rs. 250,000 for distillery equipment and remainder for working capital.</p>	<p>Mr Chandradasa and CISIR officials will meet with MED/EIED team on 2 July 1992 to discuss their proposal. Company state Forbes & Walker and Sunfrost have expressed interest in this vinegar project.</p>
<p>Informatics Agrotech Ltd., 65 Walukarama Road Colombo 3 Contact: General Manager Chandra Wijayatilake</p> <p>Tel: 575545/574789</p>	<p>Company project concept is to erect a cashew processing facility and to develop cashew on an additional 411 acres totalling 1,000 acres in System C.</p>	<p>Company envisage supplementary cashew production and processing facility on additional land in System C resulting in total land to be held by company at 1,000 acres. Unfortunately their main requirement is working capital assistance, which is not available under a PIP. We have advised them to consider a pilot processing facility under PIP assistance before seeking extensive assistance under a special project. We await company proposal.</p>
<p>Pure Beverages Co. Ltd 74 Union Place Colombo 2 Contact: S. de Silva - Manager General Accounting Tel: 20603, 447497 Fax: 447320</p>	<p>The company's main business is the bottling of Coca-Cola and other soft drinks. PBL are keen to develop an out-grower scheme for commercial fruit production of tropical fruits for processing into squash drinks and juice products.</p>	<p>No change from previous quarter. If taxes are reduced PBL are confident of submitting their corporate plan and proposal for PIP assistance, which will include future Mahaweli investments. We await PBL proposal.</p>
<p>Startechs 4A Perahera Mawatha Colombo 3</p> <p>Contact: Mrs S. Athauda</p> <p>Tel: 446605</p>	<p>Startechs plan to cultivate rambutan, foliage plants, papaya and passion fruit and will require technical assistance in agronomy and marketing.</p>	<p>No change since last quarter. Mrs Athauda still awaits a decision from EIED on her application for land of approximately 10 acres at the Pallekela area of Victoria dam project area for production of rambutan, papaya and passion fruit. Depth of management and financial position considered doubtful. Any PIP assistance would be small.</p>
<p>Bary and Company 20 Malwatte Road Dehiwela</p> <p>Contact: Mohamed Bary Proprietor</p>	<p>Company are interested in the cultivation of specialty bananas. They are interested in land at Hingunukanamediyara (close to the Presidents bungalow) in Embilipitiya, Uda Walawe. State they would like 1,200 hectares and desire land with adequate water for cultivation.</p>	<p>No change from previous quarter. Earl Guise has been requested to arrange a meeting to discuss bananas and other alternate crops.</p>

POTENTIAL PRE-INVESTMENT PROGRAM (PIP) INVESTORS.

<p>Ceylon Supply and Development Co Senanayake Building 7 Station Road Colombo 3</p> <p>Tel: 574511-5</p> <p>Contact: Priantha Dias</p>	<p>CSD intend to establish four collection centres and a cold chain distribution system in Mahaweli System 'H'. CSD plan to seek PIP technical assistance design the cold chain facility, train CSD staff in cold chain procedures. Some travel and marketing assistance may be sought.</p>	<p>CSD management have submitted a proposal for a cold chain in System H based on the MARD System B 50 tonne throughput facility. We have advised them to scale down their proposal to a 10 tonne facility. Further advised them that under PIP assistance, we are not in a position to provide similar funding assistance offered by MARD for the establishment of the System B cold chain facility. Discussions are to continue next quarter.</p>
<p>Ceylon Botanicals Ltd. 69 Sri Jinaratna Road Colombo 2</p> <p>Contact: Mr Candappa - Chairman of Directors Tel: 422694, 435213 436778/82, Telx: 21324CBL</p>	<p>CBL propose to lease 50 acre of Mahaweli land to set up a nucleus farm for the cultivation of organic rice and sesame for export. The company plan to demonstrate organic cultivation practices and help outgrowers convert their existing plantations to organic under certification. CBL also plan to function as a purchasing and processing centre for organic produce.</p>	<p>No change from previous quarter. We propose the organic farming specialist, now expected during 3rd quarter, inform Ceylon Botanicals (CBL) on market requirements and potential as well as develop the existing draft PIP proposal on organic rice and other potential PIPs.</p>