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# QUARTERLY PROGRESS REPORT

(JULY 1 -- SEPTEMBER 30, 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  
ACDI/CSFD

PERIOD COVERED BY THIS REPORT: July 1, 1993 TO: September 30, 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: 12/31/93  
 4. PROJECT TITLE: Commercial Small Farm Development  
 5. PROJECT LOCATION(S): Bibile, Galqamuwa NWP, System B, Puttulam area, Colombo  
 6. PROJECT FUNDING CUMULATIVE EXPENDITURE TO DATE

USAID Grant	US\$1,919,065	US\$1,556,805 (**)	81 %
PVO Contribution	US\$ 197,370	US\$ (*)	(*) %
Other Funding	US\$ 526,136	US\$ 233,809	32 %
Total	US\$2,642,571	US\$1,790,614	68 %
Elapsed time	<u>36 months</u>		<u>92 %</u>
Grant period	<u>39 months</u>		

(\*) Included in Other Funding category.

(\*\*) Includes all expenditures through 9/30/93, including local currency expenditures not yet computerized by ACDI/Washington.

7. PROJECT PURPOSE (Project Description): ACDI 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/or exporting firms in such a manner to ensure farmers become equity partners over time. ACDI 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-governmental organization (NGO) involved in agricultural development become more self sufficient and to operate their production unit in a sound commercial manner. ACDI 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, ACDI 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 enterprises 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):

Agriculture  Environmental Conservation  
 Income Generation/Enhance.  Institution-Building  
 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 focused on the following items:

- a) General: Jerry Lewis, vice president Asia, Near East and Pacific completed his management visit on July 8th.
- b) Gherkins: Varietal screening and evaluation experiments were completed in NWP and the first report was issued.

The Peoples Agricultural Producers Company Limited held promotion campaigns and regular meetings of the board of directors. They agreed to set-up a check-off of about 1.25% of the value of the gherkins delivered to PCL.

A meeting of the five exporting companies was held late in the quarter and they agreed to work together, to establish a check-off to pay for research activities and to organize under the Sri Lanka Fruit and Vegetable Producers, Processors and Exporters Association (SLFVPPEA). This is a major breakthrough!

- c) Pickle Cultivators (Pvt) Ltd.: The board continued to hold regular meetings, the final end of year audit report was in process and will be submitted next quarter. A refrigeration study was agreed to and PCL agreed to share the results of the varietal screening and evaluations with the other gherkin companies.
- d) Pineapple: The tender was organized and 18 firms requested documents. However, not one proposal was received. ACDI began negotiating with one company, not among the original tender companies, to undertake a reduced farm for fresh export. A meeting was held with the Minister and he is interested in taking-over the farm somehow to give plants to small farmers without regard to any organized program. A well attended field day was organized on August 10th with many participants from the Department of Agriculture and the Provincial Council.
- e) Root Crops: Planting continued and so did training of the manager. Substantial time was spent sorting-out the land lease issue and in negotiations with the Board of Investment to obtain BOI status for the project. The new company completed procurement of tractor and related equipment. The farm went through a minor drought but at quarter end rains were most welcome.

- f) CDS: A brief visit was made to the CDS farm and some progress was noted, although they were experiencing a shortage of working capital. Agreement was reached on repayment of Agri-DEV's initial investment.
- g) Agri-DEV: The Annual General Meeting of Agri-DEV was held at the Colombo Marriott on July 27th. All the members and board of directors attended together with a representative from USAID. A good time was had by all. Two of the directors attended the Bibile pineapple field day to which over 60 DCA, Provincial Council and local authorities were invited. Discussions were held with the Irrigation Department regarding the possibility of undertaking a farmer organization development program and with Mr. Upali Dahanayake regarding a seed industry development program.
- h) VOCA: Volunteer Hamilton Manley, a root crop and ginger specialist from Hawaii departed on 7/11 on schedule. He found ginger production to be quite feasible in Sri Lanka and felt that given the varied climate, closeness to the Middle East markets, commercial ginger production would be a good business for Sri Lanka. He is discussing a return trip under private funding early next year.
- i) USAID SEMINAR: The chief of party and the ACDI/CSFD accountant attended a very useful one day seminar/workshop put-on by USAID for the PVO-Co-Financing grantees on July 15th. More of these workshops should be held on a regular basis to exchange ideas, lessons learned, etc.

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 4/1/93 - 6/30/93.

1. Administrative Items

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
- Technical quarterly reports	Report submitted on 8/23/93.
- Amend the Cooperative Agreement	Finally amended on 9/33/93.
- Obligate additional funds	\$519,065 obligated.
- Sign agreement w/Agri-DEV	Agreement submitted to USAID for approval late in the quarter.
- Coordinate w/Other Projects	On-going, meetings held with new AgENT project staff & with APAP COP & MED COP, MARD COP, to discuss seed project.
- Create Linkages w/Other AID Projects	On-going exchange of reports, letters & informal meetings.
- Consultation visit by COP to ACDI/W	Postponed. Possible next quarter.

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

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
- Sign agreement w/ACDI	Draft agreement was prepared and submitted to USAID. Awaiting USAID approval.
- Regular board meetings	Annual General Meeting on 7/27.
- Procedures to recover equity	No additional board meetings held. Investment discussed at Board Meeting of the Peoples Company. Board agreed to establish cess of Rs. 0.20/Kg in '93 -'94 and Rs. 0.40/Kg in 1994-95 to be used for company running costs and equity accumulation.
- Task orders signed for each project	As ACDI/Agri-DEV contract is still not signed, individual task orders have not been signed. Pending signature of ACDI/Agri-DEV agreement.
- Sign Articles and Memorandum of Association of Agri-Expo, the new root crop company	Signed, Company is incorporated
- VOCA Volunteer	Voca Volunteer Hamilton Manley advised EXPOLANKA on ginger production and possible commercial projects.
- Additional investments	Root crop Rs.2,073,957 by 9/13 PCL Rs. 0, pending PPGL investment
- Nominate additional board members to Agri-DEV	No progress. Hopefully next quarter when future known.
- Hold discussions with Ag-ENT to discuss possible collaboration with Agri-DEV	Some discussions held. Still no substantive progress. Will nominate 2 directors to Agri-DEV board.
- Recruit a respected Sri Lankan GM/CEO from outside the organization by August	Have interviewed several candidates but until future of CSFD is known, cannot recruit.
- Separate ACDI operations & staff from Agri-DEV basic staff	Impractical until end of current work contracts or until future better defined.
- Phase-over monitoring & reporting activities	Professional staff has had substantive input.
- Increase membership	Postponed until future certain.
- Submit proposal(s) for additional funding	Discussions in progress for seeds & irrigation association projects

3. Gherkin Joint Venture (PCL)

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
- Board meetings of PCL	Three Meetings held on: Aug/26, Aug/30 & Sep/8.

- Farmer meetings for strengthening farmer organizations. Meetings conducted in Rajangana, Puttalam, Padeniya, Ratmalgaswewe and Mawathagama. More than 100 farmers attended the meetings and showed a willingness to join the peoples company. In other production areas meetings were not held as the agents and the PCL were not supportive.
- Remaining equity invested Remaining equity Rs. 2 million not invested during the quarter as there were sufficient funds to meet the financial requirements for this period.
- Equity accumulation begins The PCL board has agreed to pay a cess matching the PC contribution. The PC is willing to contribute 1.25% of the value of gherkins delivered. This decision was approved at the board meeting of the PC on 9/22.
- Marketing agreement w/PPGL A draft agreement was discussed at the PCL board and agreed on terms and conditions.
- Variety trials/demonstration Variety trials continued through the quarter and ended in late September. In Kalpitiya and in Makandura 21 different experimental varieties were tested and the final report has been submitted. 18 conventional varieties were tested in four locations and field data collection was completed by late September and final report is in the process of completion.
- Field days & farmer training Four (4) farmer field days were conducted in Kalpitiya, Padeniya and Rajangane and Bakamuna. Farmers were shown the advantages of improved varieties and seed. Correct use of fertilizers, trellising, irrigation and harvesting for quality production. 114 farmers participated.
- Organize peoples company The board of directors was appointed from representations of seven (7) production areas. The company was registered under the companies act.
- Peoples Company Board Four meetings were conducted during the quarter and major decisions of running an office, opening bank accounts, preparation of a budget, work plan and initiation to appoint working

- Peoples Company workshop
  - Peoples Company membership
  - Continue to assist with bee keeping in gherkin fields
  - PCL books closed, financial statements prepared, audit
  - First farmer representative on the PCL board
- staff were made. Initiated PCL to  
 1) assist peoples company to receive a service charge for work done for PCL. 2) Sign a marketing agreement with PCL. 3) Arrange training activities.  
 Two workshops were held with the board of directors to prepare a workplan for the next year and prepare a budget based on the same.  
 Seven meetings were conducted to create awareness and interest among each of the board of directors' territories. 105 participated at the meetings. A format was prepared for membership applications and 200 copies were circulated among the board members.  
 Fifteen bee boxes have been issued to gherkin farmers, out of which 12 are already colonized. These farmers were given an initial training in bee keeping. Further training is planned for next quarter.  
 The PCL books are being audited by the appointed auditors M/s B.R. de Silva & Co.  
 This representative has not been selected. The peoples company has been informed. The appointment is expected to be made soon.

4. Root Crop Investment (Expolanka)

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
- VOCA volunteer	Mr. Hamilton Manly did a study on ginger. He also gave advice on the root crop project, particularly on Taro (kiriala).
- Incorporate company	Agri Expo Ltd. was formally incorporated and dully registered Draft for BOI agreement is ready. Agri Expo Ltd., has requested that modifications be made to enable them to do indirect exports. This request will be presented to the BOI board at their October meeting. The agreement is pending on this decision.
- Prepare documents and enter into agreement with BOI	

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| <ul style="list-style-type: none"> <li>- Revise business and production plans</li> <li>- Paid-in capital invested</li> <li>- Land preparation/planting</li> <li>- First board meeting</li> <li>- Marketing agreement w/ EXPOLANKA</li> <li>- Prepare nursery for Innala</li> <li>- Planting pineapple</li> <li>- Select first outgrowers</li> <li>- Commence training on root crop cultivation</li> <li>- Form peoples company</li> </ul> | <p>Business plan completed as scheduled and new section in relation to out growers will be finalized as 10/15/93. ACDI contribution is Rs 1.5 million and Expolanka 1/2 million during this quarter. Planting is going as scheduled, except for pineapple. A number of unofficial meetings had been held with Agri-DEV and Expolanka. The official board meeting will take place when BOI agreement is finalized. No agreement with Expolanka has been made so far. Nursery continued. Two hectare pineapple planting is completed. Planting expected to drop to 1.6 ha by next quarter. No selection has been made so far. No training has been made to date for outgrowers. Farm workers and manager trained. Peoples company has not been formed as of date of this report as outgrowers have not been selected.</p> |
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5. CDS/Medagama Nucleus Farm

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- Amend agreement to cover payment of principle over an extended period.</li> <li>- Monitor activities on farm</li> </ul>	<p>Amendment agreed to but not yet finalized. Payments are to start in 1994.</p> <p>Messrs. Flick and Samarakoon visited the farm on 8/11 and the manager was actively trying to farm. They had planted various crops for seed production including chilies, bitter gourd, spinach, etc. The usual problems were being experienced - lack of working capital, decision making, etc. Some recommendations were left with the manager.</p>

6. Pineapple Nursery Farm (Pineapple Project)

6.A. Pineapple Investment Project

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- Advertise for calling bids in the local newspapers</li> <li>- Bid documents complete and sent</li> <li>- Bid evaluation - completed</li> <li>- Negotiations begin on either divestiture or a joint venture company</li> </ul>	<p>Completed as schedule.</p> <p>Tender documents completed and sent as schedule.</p> <p>As no bids were received for the purchase a new alternate strategy is being devised.</p> <p>Agri-DEV has begun negotiations with three separate companies and is awaiting firm written offers.</p>

6.B. MARD/MASL Pineapple Nursery

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- Wind-up nursery.</li> </ul>	<p>Last plants purchased in August and all stock, including mother plants, were uprooted and transferred to Kotabowa.</p>

6.C. Bibile Pineapple Nursery (Kotabowa)

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- Complete land clearing</li> <li>- Temporary buildings &amp; site development, stores, work shop &amp; office</li> <li>- Ripping and Rough Leveling</li> <li>- Bed preparation/road lay-out</li> <li>- Continue planting mother plants</li> <li>- Complete irrigation installation</li> <li>- Complete Agro-well for pumping station</li> <li>- Commence elephant control fencing</li> <li>- Hire stores asst/general clerk</li> </ul>	<p>Completed as schedule.</p> <p>Construction in progress about 70% completed. Will be finished during October.</p> <p>Completed as scheduled.</p> <p>Completed as scheduled.</p> <p>277,000 plants planted during quarter. Total of 950,000 plants planted to date.</p> <p>Installation completed as scheduled.</p> <p>Work could not be completed as scheduled due to non availability of blasting powder for rock removal. Schedule to be completed next month.</p> <p>Work has been temporarily interrupted.</p> <p>One person hired as scheduled.</p>

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| <ul style="list-style-type: none"> <li>- Maintain 16 acres planted area, fertilizing, weeding, pest control, gouging &amp; irrigation</li> <li>- Gouging/CF 125</li> <li>- Purchase Disc Harrow</li> <li>- Diesel Generator</li> </ul> | <p>Plants in good condition &amp; pest free.</p> <p>Gouging postponed due to uncertainty of commercial project. Machine arrived and is working. Purchase postponed for budgetary reasons.</p> |
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6.D. BIBILE HORTICULTURE FARM

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- Transfer all plants to Kotabowa.</li> </ul>	<p>All activities at the Bibile horticulture farm have now ceased as all planting material have been transferred to Kotabowa.</p>

7. Environmental Plan

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- Approved TOR submitted for EA on 5,000 acres to AID/W</li> <li>- Approved TOR submitted to CEA for future use</li> <li>- Regular reporting plan on mitigative measures</li> <li>- Use of chemicals by small farmers ameliorated</li> <li>- Inventory and protect wet-lands and springs</li> <li>- Implement protective measures as nursery is cleared, land prepared</li> <li>- Coordinate with the DEA and the participatory forestry program being implemented under the NORAD funded Moneragala IRDP in regards to transplanting identified endangered and sensitive plant species.</li> <li>- Road, drainage &amp; flood control measures for 25 year storm event</li> <li>- Borrow pits monitored</li> <li>- Riverine forest mapped</li> </ul>	<p>Submitted to USAID by 9/30</p> <p>Submitted to CEA by 9/30</p> <p>Quarterly Reports</p> <p>No activity planned</p> <p>Jungle clearing is completed and wet lands have been protected              Drains cut, wet-lands protected</p> <p>Nursery manager has regular meetings.</p> <p>Contour and road drains have been cut as land is cleared, plowed and planted              Nursery manager reports unauthorized use to highway engineer              Action completed</p>

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| <ul style="list-style-type: none"> <li>- Discourage and disperse any TES wildlife</li> <li>- Use only EPA general use and GSL approved agro-chemicals</li> <li>- Conduct semi-annual water quality tests</li> <li>- Water quality standards set by CEA for Dahamal Oya. Quarterly reports compare test results with norms</li> <li>- Ensure water quantity in Dahamal Oya does not drop below 1/2 flow rate</li> <li>- Water quantity standards set by Irrigation Dept. in Medagama AGA Division.</li> <li>- Traditional uses of forests is not disturbed</li> <li>- Environmental impacts of second and third phases of nursery (or commercial farm) development</li> <li>- Site restoration plan</li> </ul> | <p>Have not had any problems with elephants. Installation of electric fence postponed to see if elephants become a problem. SOP. Tried to obtain authorization to import the following chemicals: Hivar - herbicide, Vydate - insecticide, Velpar - herbicide, Mocap - pre-plant soil insecticide from DOA. <u>Rejected by Dept. of Agriculture.</u> Rescheduled to 4th quarter</p> <p>No response from CEA</p> <p>Nursery manager reports no problem as rains have now come and river is flowing well. Same as before - 1/2 flow rate.</p> <p>Nursery manager to allow free access to villagers through corridors &amp; on road forms prescribed by EIA consultant Tolisano will be used as appropriate time.</p> <p>Pending final outcome of investment proposals.</p> |
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8. Training

<u>Activity</u>	<u>Results Obtained, Status &amp; Comments</u>
<ul style="list-style-type: none"> <li>- ACDI staff trained in ginger production</li> <li>- Farmers trained in gherkin production</li> <li>- Farm manager trained in root crop &amp; pineapple cultivation</li> <li>- Farmer leaders trained in farmer organizations</li> <li>- DOA, Provincial Council, ADA people trained at pineapple field day</li> <li>- PCL agronomist received OJT in gherkin production, trials.</li> </ul>	<p>2 staff trained by VOCA volunteer Hamilton Manley</p> <p>Field days &amp; farmer meetings held throughout quarter train 120</p> <p>Root crop farm manager trained in on-going OJT</p> <p>19 leaders trained - People's Company board of directors</p> <p>Pineapple field day held in Bibile with over 60 participants</p> <p>ACDI consultant worked with PCL agronomist on variety trials</p>

- Farmers received additional training in bee keeping.
  - Women trained in pineapple nursery practices at pineapple field day.
- | 10 gherkin farmers received OJT training by ACIDI agronomist & local bee specialist  
 | 40 women from Bibile horticulture school attended pineapple field day in Kotabowa

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

<u>ITEM</u>	<u>WHERE PURCHASED</u>	<u>COUNTRY OF MFG</u>	<u>COST</u>
Disks for disk plow	SL	Unknown	181.74

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

a) Pineapple project: No foreign or local investors have been located for the pineapple project so we are now negotiating with one specific local company join Agri-DEV to farm for fresh export.

14. DIRECT BENEFICIARIES OF PROJECT ACTIVITIES:

	<u>Planned Total</u>	<u>This Period</u>	<u>To date</u>
a) Adult Male	1,250 (*)	204	3,777
b) Adult Female		40	81
c) Children		-	0
d) Nature of benefits received (Training, Loans, etc.):			
2 ACIDI staff trained in ginger production.			
120 farmers trained in gherkin production.			
1 farm manager trained in root crop & pineapple cultivation.			
10 farmer leaders given training in farmer organization matters.			
60 DOA, Provincial Council, ADA people trained at pineapple field day			
1 PCL agronomist received OJT in gherkin production, trials.			
10 farmers received additional training in bee keeping.			
40 women trained in pineapple nursery practices at pineapple field day.			
<u>244</u> 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) Dr. Stanley Kurupparachchi, PhD, a Sri Lankan consultant was contracted to undertake gherkin trials in two locations and to evaluate several experimental varieties of gherkins brought by

VOCA volunteer Richard Bowman. Results - Trials completed. One report received. Several new varieties to Sri Lanka seem promising. Additional trials will be needed next year. PCL has agreed to share results of trials with other companies.

- 2) VOCA Volunteer Hamilton Manley - Root crop and ginger specialist, U.S.A. from 6/23 - 7/11. The purpose of this visit was to review the ginger industry in Sri Lanka and provide advice and counsel to EXPOLANKA on the possibility of commercial ginger growing as well as to train several farmers in ginger production and to advise Agri-DEV and EXPOLANKA on taro production on the root crop farm near Negombo. Results - Some preliminary results reported last quarter. The final outcome is that ginger growing in Sri Lanka can be profitable if the right variety and correct commercial practices are used. Local ginger farmers need to improve cultural practices, harvesting and storage practices, etc.

b) Nature of Consulting Assignment and Results: See individual paragraphs above.

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

a) Dr. Stanley Kuruppuarachchi: Results indicate several new varieties are very promising. Additional variety testing needs to be carried-out next year from January - August in several areas.

b) VOCA Volunteer Hamilton Manley: Some Chinese ginger is being grown locally but the majority is a local variety, which is not suitable for export as it is too small, fibrous and quite pungent qualities not appreciated in the major export markets. Farmers trying ginger have little technical knowledge and almost no assistance from the Department of Agriculture in up-dating their production practices. Many parts of the Mahaweli region are unsuitable for Ginger.

C. PLANS AND TARGETS FOR THE NEXT PERIOD

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

1. Administrative Items

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Sign Agri-DEV/ACDI agreement and individual task orders for specific sub-activities	Agreement approved by USAID & signed Task orders signed	11/15 11/30
- Complete 4th quarter 1993 technical report	One report	12/15
- Complete COP end of tour report and COP departs	One report COP departs	12/31 12/15

- Settle property issue with USAID	USAID agrees with ACDI proposal	11/30
- Management visit by ACDI/W	Jerry Lewis visits	11/10
- Extend ACDI cooperative agreement until 3/31/95	Agreement extended	11/30

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

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Regular board meetings	3 meetings	1/month
- Sign agreement w/ACDI	1 agreement signed	11/15
- Sign task orders for each Agri-DEV activity	4 - 5 task orders	11/30
- Additional investments	Rs. 2.0 million PCL Rs. 2.0 million Root Crops	12/15 12/15
- Start-up grant to gherkin people's company for operations & office set-up	Rs. 450,000 sub-grant	11/30
- Additional board members from AgEnt Project	Two additional members appointed	11/1
- Settle working relationship with AgEnt	MOU or letter of agreement signed	11/30
- Recruit respected Sri Lankan from outside to become GM/MD	One person recruited	11/30
- Finalize agreement to switch ACDI staff to Agri-DEV by departure of COP	New LOA's drafted & signed	12/15
- Phase over monitoring & reporting activities	Agri-DEV staff has major role in next quarterly report	12/15
- Proposals for additional funding	1 proposal	11/30
- Decision on office for 1994	Lease agreement renewed	12/15

3. Gherkin Joint Venture (PCL)

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Board meetings of PCL	Meetings	Monthly
- Farmer Meetings for strengthening People's Co. and board of directors & field days/farmer training	8 meetings	10/28 11/17-18 12/1-3 12/10-25 12/28
- Remaining equity invested	Agri-Dev Rs. 2 mil. PCL Rs. 2 mil.	12/15 11/30
- Equity accumulation begins	First funds raised	11/30
- Marketing agreement with PPGL in place	Re-scheduled Agreement	10/20
- Variety trials/demonstration plots completed	Final report submitted	11/30

- People's Co. agreement w/PCL	1 agreement in place	11/30
- People's Company Board Meetings	Continue monthly	10/15 11/17 12/15
- Peoples company membership increases w/new farmers	200 farmers by	12/31
- Continue to assist w/bee keeping in gherkin fields	25 more bee boxes placed	12/31
- First farmer representative on PCL board	One board member	11/15
- Training programs for PCL employees	Training for PCL field staff on gherkin production, basic management/record keeping	12/15

4. Root Crop Investment (Expolanka)

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Prepare documents and enter into agreement w/BOI	Sign agreement by	10/30
- Revise business & production plans	Business revision by	10/31
- Paid-in capital invested	Expolanka Rs.4 million ACDI Rs. 4 million	12/15 12/15
- Land preparation & planting	Planting	On going
- First board meeting	Re-Scheduled for	10/30
- Marketing agreement w/Expolanka	Re-scheduled for	11/15
- Continue land preparation	Continues	To qtr end
- Prepare nursery for innala	Continues	On going
- Pineapple and kiriala	Continues	On going
- Hire new manager	Recruited by	11/1
- Train tractor driver/helper	Trained by	10/20
- Start accounting system	Schedule for	11/1
- Start monthly reporting system	Scheduled for	11/15
- Develop block plan	Plan developed by	11/15
- Farm visits by ACDI staff	24 visits (8/mo)	12/31
- Visit by consultant	One visit planed	12/31
- Establish office at farm	Planned by	11/15
- Train employees	Train a driver in tractor/implement use.	12/31
	Training in growing innala	12/31

5. CDS/Medaqama Nucleus Farm

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Sign renegotiated agreement for investment repayment	Amended agreement	11/15
- Site visits to monitor farm activities	2 visits by ACDI agronomist	12/15

6. Pineapple Project

6.A. Pineapple Investment Promotion

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Meet Min. of Agriculture Chair of ADA, to finalize strategy for commercialization of nursery project	Strategy and concepts accept or agreed by Minister and ADA	20/10
- Negotiate w/the parties interested in the project and sign one draft letter of understanding/agreement with one company	One company finally agreed in principle purchase or Joint Venture with Agri-DEV for divestiture of pineapple nursery	11/1
- Joint venture/purchase agreement signed.	One agreement in place	11/30
- Handing over the Farm	Farm handed over	12/15

6.B. Bibile Pineapple Nursery (Kotabowa)

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Complete permanent building of stores, workshop office and pump-house	3 buildings completed	12/15
- Continue planting mother plants	Five more acres completed	On going
- Complete irrigation installation	System completed	11/15
- Complete Agro-well	Rock blasted and work completed	11/30
- Commence elephant control fencing	Complete work to furthest corner of fence	12/15
- Maintain 30 acres planting fertilizing, weed control, pest and disease control	Planting	On going
	Fertilizing	On going
	Pest control	On going
- Gouging/CF/125, irrigation etc.	Complete in about two acres	10/30
- Complete chili nursery	Nursery of 10 acres completed	10/10
- Complete commercial planting of chili	10 acres planned	10/30
- Maintaining chili	10 acres maintained	On going

7. Environmental Plan

<u>Activity</u>	<u>Results</u>	<u>Target Date</u>
- Final EIA, TOR, Action Plan, wetlands reports submitted	4 reports submitted	10/20
- Regular reporting plan on mitigative measures	Quarterly reports	12/15
- Use of chemicals by small farmers ameliorated	No activity planned	on-going
- 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 implemented under the NORAD funded Moneragala IRDP in regards to transplanting identified endangered and sensitive plant species.	No endangered and sensitive plant species found and tree seedlings will be planted in wetlands and riverine forest land	on-going 12/15
- Road, drainage & flood control measures for 25 year storm event	Done. Sandbags are being built-up in areas prone to erosion	on-going 11/15
- Borrow pits monitored	Done	on-going
- Riverine forest mapped	Done	
- Discourage and disperse any TES wildlife	Electric elephant fence to be installed	12/15
- 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 Dahamal Oya. Quarterly reports compare test results with norms	Once again - ask CEA for standards	11/15
- Ensure water quantity in Dahamal 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

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

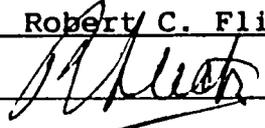
See item #17 above for details.

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

By (Print Name): Robert C. Flick

Signature: 

Title: Chief of Party CSFD/Country Director ACDI

Date: October 18, 1993

## 19.0 Appendix I

**OUTPUT INDICATORS**  
**Commercial Small Farm Development**  
**Quarterly Report – 7/1/93 – 9/30/93**

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	0	Draft approved by ACDI/Washington. Pending AID approval.
C.	<u>Sign Joint Venture Agreements</u>	3	2	3	3	The agreement signed with Expolarika for the root crop project.
D.	<u>Expand Board</u>	2	2	2	2	Mr. Gunathileka was appointed to the board during this quarter.
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 TO DATE	COMPLETED TO DATE	REMARKS
A.	<b>Establish Commercial Kew Pine in S.L.</b>					60 acres of land is cleared. 30 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	40 acres	30 acres	
	3. No of Plants	1.7 million	1.7 million	\$50,000	950,000	
B.	<u>Technology Transfer/Training</u>					A "field day" was conducted for officials of the Department of Agriculture, ADA, UVA Provincial Council and Private Sector Agribusiness and other USAID funded projects on 10/9/93 at the nurser site. Over 75 participants attended the field day.
	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		
	Technical Training to farm workers	80	40	70	70	
C.	<u>Investor Promotion</u>					No foreign investor came forward. Bids or proposals were invited from local investors. No response to the tender. Subsequently two local companies have shown interest in the 300 acre commercial project.
	1. Foreign or local investor	1	1	0	0	
	2. Commercial Pineapple Project	1	1	--	--	
	3. Pineapple project promotion	3	2	1	2	
	- model project reports	2	1	2	2	
	- radio talks	--	--	--	--	
	- newspaper articles	3	3	2	2	
	- TV shows	1	1	1	1	
	- Workshop	2	--	2	2	
	- Technical notes	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	850	850	560	306	Field training groups
	- # field days/training sessions	16	16	12	12	
	- farmer visits	1620	1620	1200	1200	
	gherkin brochure - draft	625	625	300	350	brochures and gherking information issued among gherking growers
	gherkin brochure - final	1300	300	-	-	
	- Newsletter	8	5	0	0	
	- Workshops/staff	5	5	3	8	
D.	<u>Gherkin Production</u>					
	- # of outgrowers	1500	1440	-	2400	
	- Acres	750 acres	720 acres	750	1000	
	- tons	1800 mt	1800 mt	1500	1900	
E.	<u>Research &amp; Development</u>					
	- variety trials-variatal screening	18	18	18	completed	First trials have been completed and report issued. Final report on 18 commercial varieties pending for next quarter
	- location trials	4	4	4	ongoing	
F.	<u>Formation of F.O.</u>					
	- Farmer survey report	1	1	1	1	Semasahitha (Janatha) Kushi Nishpadana Samagama - a Peoples Company was incorporated on Jul/7th
	- Formed	1	1	1	1	
G.	<u>Share Purchase</u>					
	- mechanism established/funds collection begins.	1	1	0	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
	- First shares purchased	400,000	1,000	60	60	
	- PCL Share Purchase	200,000	1,000	0	0	

**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 completed by 1999
	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 BCI agreement is pending
B.	<u>Nucleus Farm</u> - Acres	100	60	25	25	25 acres of land preparation completed. Planting of Kiriala, Innala and Mauritius Pineapple in progress.
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	No progress made in this area. Main thrust has been on the nucleus farm. Farm visits have commenced
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 Purchased - Mechanism established - J.V. Partner Purchase Shares	- 240,000 1 240,000	- 0 1 -	0 0 0 0	0 0 0 0	