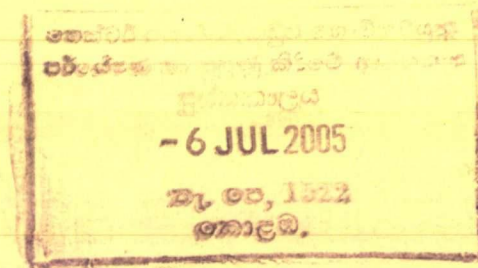


HECTOR KOBBEKADUWA
AGRARIAN RESEARCH AND TRAINING INSTITUTE



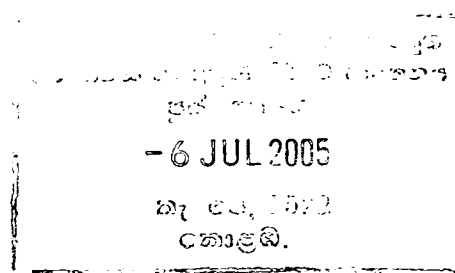
ANNUAL REPORT 2002



Hector Kobbekaduwa
Agrarian Research and Training Institute
114, Wijerama Mawatha,
Colombo 7

HARTI Annual Report English 2002

**HECTOR KOBBEKADUWA
AGRARIAN RESEARCH AND TRAINING INSTITUTE**



ANNUAL REPORT 2002

**Hector Kobbekaduwa
Agrarian Research and Training Institute
114, Wijerama Mawatha,
Colombo 7**

Board of Governors

Mr. Dixon Nilaweera	Chairman, Board of Governors and Secretary, Ministry of Agriculture & Livestock
Prof. M.O.A. de Zoysa	Director, HARTI
Mr. H.L.A. de Silva	Representative, Ministry of Finance
Mrs. Muthulatha M. Perera	Representative, Ministry of Policy Planning & Implementation
Mr. C.P. Siriwardena	Representative, Ministry of Rural Economy
Mr. K.A.S. Gunasekera	Representative, Ministry of Plantation Industries
Mrs. W.M.K.R. Balachandra	Representative, Ministry of Commerce & Consumer Affairs
Dr. (Mrs.) Anila Dias Bandaranaike	Representative, Central Bank of Sri Lanka
Prof. E.R.N. Gunawardena	Representative, Faculty of Agriculture, University of Peradeniya
Mr. P. Periyasamy	Director General of Agriculture
Mr. S.J. Pathirana	Land Commissioner
Mr. Lucas Indurugolla	Commissioner General of Agrarian Development
Mr. G.S.L. Fonseka	Commissioner of Co-operative Development
Mr. Mazlan Jusoh	Representative of FAO
Mrs. R. de Silva	Secretary, Board of Governors

Hector Kobbekaduwa Agrarian Research
and Training Institute
114, Wijerama Mawatha

26th May 2003.

The Hon. Minister of Agriculture, Livestock and Samurdhi.
Ministry of Agriculture, Livestock and Samurdhi.
"Govijana Mandiraya",
80/5, Rajamalwatta Avenue,
Battaramulla.

Annual Report and Audited Accounts 2002

In terms of section 14 (2) of the Finance Act No.38 of 1971, I submit herewith on behalf of the Board of Governors, the following documents for the year ended 31st December 2002

- (1) The Annual Report
- (2) The Audited Statement of Income and Expenditure
- (3) The Audited Balance Sheet
- (4) The observations made by the Auditor General on Accounts

I remain

Yours faithfully,

Dhanasena Hettiarachchi
Chairman
Board of Governors

Annual Report 2002

Overview

Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) was incepted as a statutory body in 1972 by an Act of Parliament titled Agrarian Research and Training Institute Act No. 5, of 1972. The Ministry of Agriculture started the institute with the assistance of the United Nations Development Programme and the Food and Agricultural Organization. Ever since its inception HARTI has remained under the purview of the Ministry of Agriculture and at present it functions under the purview of the Ministry of Agriculture and Livestock.

The Board of Governors appointed by the Minister of Agriculture governs the HARTI. The Secretary of the Ministry of Agriculture, by ex-officio, functions as the Chairman of the Board of Governors. The Board is responsible for the administration of affairs of the institute and the execution of the powers and duties of the institute. The Chief Executive Officer of the institute is the Director who is appointed by the Minister. An administrative staff headed by the Registrar assists the Director to run the day-to-day administration of the institute while the Deputy Director (Research) assists the Director to administer research activities of the institution. Research division has six departments as follows:

1. Agricultural Policy and Project Evaluation.
2. Agricultural and Environmental Resource Management.
3. Marketing, Food Policy and Agri-business
4. Irrigation, Water Management and Agrarian Relations.
5. Statistics and Data Processing.
6. Human Resource and Institutional Development

A senior research officer appointed by the Director for a period of two years heads each division.

Under the Act the HARTI is entrusted with following duties and functions.

1. to foster, assist, encourage and cooperate in agrarian research;
2. to coordinate agrarian research undertaken by Government departments, local authorities, public corporations and other institutions;
3. to carry out investigations and research relating to institutional factors affecting the development of agriculture;
4. to undertake investigations, research and studies relating to economic use of land for agricultural purposes;
5. to carry out socio-economic research relating to agricultural and rural development;
6. to provide or implement training facilities and programmes relating to agrarian research, either alone or in associations with other institutions in Sri Lanka and abroad and to award diplomas, degrees, prizes and distinctions in connection therewith;
7. to sponsor and hold conferences and seminars, and publish journals and magazines in connection with agrarian research and training.

According to the mandate given by the HARTI Act as mentioned above, the HARTI has to play a very important role in the country's agricultural development. It is the prime research organization established by the government to carry out research on socio-economic and political issues and problems relating to agriculture and agrarian services. Since its inception the HARTI has worked towards achieving the objectives assigned to it in the following manner:

1. Carrying out research on specific agrarian problems and issues identified by the HARTI research staff.
2. Conducting research on matters assigned to the institute by various ministries, departments and other government institutions.

3. Conducting research assigned by national and international organizations such as World Bank, ADB, FAO, CIRDAP, IWMI and WRS.
4. Conducting research on matters on contracts obtained through open competition with other research institutions.
5. Conducting training programmes for officials involved in agriculture and agrarian services and farmers.
6. Functioning as a data resources center catering a large number of users both in the public sector as well as in the private sector.

When the contributions made by the HARTI through its research and training programmes to the agriculture and agrarian services during the last thirty-two years are taken into consideration the HARTI can certainly be proud of its achievements. Its contributions through research findings, training, providing expert knowledge and data have immensely helped country's policy makers to plan out their policies towards agriculture and agrarian services.

The HARTI has got a new life after 2000, under the administration of Hon. S.B. Dissanayake, Minister of Agriculture, Livestock and Samurdhi, HARTI activities have been revitalized. New funds have been made available. New research officers have been recruited. Senior research officers have been able to secure a number of outside funded research projects. HARTI has been able to generate a considerable amount of income through hiring of its resources. Once again HARTI has started moving towards to fulfilling its objectives mandated by the Act. These activities are presented in detail in the following chapters.

Prof. M.O.A. De Zoysa

Director

Hector Kobbekaduwa Agrarian Research & Training Institute

114, Wijerama Mawatha,

Colombo 7.

10th April, 2003

Board of Governors (Changes during the year)

The following changes took place in the composition of the Board of Governors during the year 2002.

Mr. Ananda S. Gunasekera ceased to be the Chairman of the Board of Governors on his relinquishing duties as Secretary, Ministry of Agriculture & Livestock.

Mr. Dixon Nilaweera became the Chairman, Board of Governors on assuming duties as Secretary, Ministry of Agriculture & Livestock.

Dr. S.G. Samarasinghe ceased to be a member of the Board of Governors on relinquishing duties as the Director of the Institute.

Prof. M.O.A. de Zoysa became a member of the Board of Governors on assuming duties as the Director of the Institute.

Mrs. Malini Maduwegedara ceased to be a member of the Board of Governors on her leaving the Ministry of Irrigation, Power & Energy.

Mr. C. Maliyadda ceased to be a member of the Board of Governors on completing his period of service.

Mrs. Muthulatha M. Perera became a member of the Board of Governors to represent the Ministry of Policy Planning & Implementation.

Dr. S.D.G. Jayawardena ceased to be a member on his retirement. Mr. P. Periyasamy who succeeded him became a member of the Board of Governors.

Mr. P.W. Seneviratne ceased to be member of the Board of Governors on leaving the Ministry of Vocational Training & Rural Industries.

Mr. C.P. Siriwardena became a member of the Board of Governors to represent the Ministry of Rural Economy.

Dr. U. Vidanapathirana ceased to be a member of the Board of Governors on leaving the Ministry of Public Administration, Home Affairs & Plantation Industries.

Mr. K.A.S. Gunasekera became a member of the Board of Governors to represent the Ministry of Plantation Industries.

Mr. G.B.H. Liyanage ceased to be a member of the Board of Governors on leaving the Ministry of International Trade & Commerce, Shipping Development & Muslim Religious Affairs.

Mrs. W.M.K.R. Balachandra became a member of the Board of Governors to represent the Ministry of Commerce & Consumer Affairs.

Mr. S. Pussepitiya ceased to be a member on his leaving the post of Commissioner General of Agrarian Development. Mr. Lucas Indurugolla who succeeded him became a member of the Board of Governors.

Mr. S.J. Pathirana became a member of the Board of Governors on his appointment as Land Commissioner.

STAFF DEVELOPMENT

Post-Graduate Degree Programme

The following Research Officers were engaged in Postgraduate/Diploma studies.

Mr. M.S. Gowri Sanker	-	Ph.D in Agri. Economics at the Kobe University, Japan
Mrs. W.D. Wickramasinghe	-	Ph.D in Agri. Economics at the Glessen University, Germany
Mr. P.D.J. Ananda	-	Ph.D in Agricultural and Resource Economics at the La Trobe University, Australia
Mr. T.A. Dharmaratne	-	Ph.D in Development Economics at the Huazong University, China
Mr. M.S. Senanayake	-	Senior Scholar in the Programme of International Trade, University of Huazong, China
Mr. G.M. Henegedara	-	Senior Scholar in the Programme of International Trade, University of Huazhong, China
Mr. S.M.A. Samarakoon	-	Masters Programme in Rural Sociology University of Los Banos – Philippines

Prof. M.O.A. de Zoysa, Director attended the 18th CIRDAP Technical Committee Meeting held in Dhaka, Bangladesh from 9th – 20th August, 2002.

Prof. M.O.A. De Zoysa, Director attended the Regional Expert Consultation of the Asia Pacific Network for Food & Nutrition held in Thailand from 19th – 22nd November 2002.

Prof. M.O.A. De Zoysa, Director attended the Workshop on Governance, Partnership and Poverty held in Bangladesh from 14-17 December 2002.

Mr. M.M.M. Aheeyar, Senior Research Officer attended the “Sri Lanka South India Workshop on Ground Water Development for Agriculture Production” held in India from 10th – 14th February 2002.

Dr. W.G. Somaratne, Head/AERM Division attended the workshop on Integration of Agriculture Research Extension held in the Philippines from 17th to 23rd March 2002.

Mrs. N.Y.S. Abeygunawardena, Senior Asst. Registrar attended the Gardening for Food Around the World Programme held in the USA from 18th March to 10th June 2002.

Mr. L.P. Rupasena, Research Fellow attended the workshop on Trade Policy WTO and South Asian Agriculture held in Bhutan from 26th to 30th November, 2002.

Mrs. R de Silva, Registrar attended the training course in Solving Human & Organizational Problems held in Japan from 18th November to 10th December, 2002.

Dr. D. Gamage, Research Fellow attended the South Asia Water Forum II held in Pakistan from 14th – 16th December 2002.

STAFF POSITION

The staff position of the Institute during the year was as follows.

	Position as at 31.12.2001	Termination, Resignation During the year	Appointment	Position as at 31.12.2002
Director	01	01	01	01
Deputy Director (Research)	01	-	-	01
Head of Division	06	-	-	06
Research Staff	20	01	-	19
Administrative Staff	06	-	-	06
Senior Staff of Library	02	-	-	02
Data Development Unit	02	-	-	02
Computer Unit	01	-	-	01
Publication Unit	04	-	-	04
Statistical Staff	23	-	04	27
Technical Staff	03	01	-	02
Clerical, Secretarial & Parallel Grades	44	02	10	52
Operative & Allied Grades	36	-	-	36
TOTAL	149	05	15	159

AGRICULTURAL POLICY AND PROJECT EVALUATION DIVISION

Staff:

Mr. G.M. Henegedara	-	Head of the Division (up to 28.08.2002)
Mr. J.K.M.D. Chandrasiri	-	Research Fellow (Actg. Head since 01.11.2002)
Mrs. S.R. Bandara	-	Senior Research Officer
Mr. R.L.N. Jayatissa	-	Senior Research Officer
Mr. N.N.A. de Silva	-	Senior Statistical Officer
Mrs. S. Senanayake	-	Statistical Officer
Mr. M.S. Sri Gowri Sanker	-	Senior Research Officer (on study leave)

COMPLETED STUDIES

1. Rural Credit for Small Farming Sector; Achievements, Failures and Future Prospects

Researcher: J.K.M.D. Chandrasiri

Scope and Objectives:

This study concentrated mainly on the success of the Participatory Micro-Credit Institutions (PMCI) in combating credit issues of the smallholder farmers. The objectives of the study were to examine the achievement levels and reasons for the failure of the past credit programmes and the capacity of the PMCI in fulfilling credit needs of the smallholder farmers. Investigating the operational success of the credit component of the "Yaya Demonstration Programme" was an additional objective of the study.

Study Areas and Methods :

The credit situation of the paddy farming sector was given attention and locations from Rajangana and other small tank schemes in Anuradhapura were selected for the field surveys. The study was conducted by a literature review, a sample survey of paddy farmers and a survey on PMCI.

The Findings of the Literature Review:

The literature review revealed that in order to develop the smallholder farming sector during last five decades the government had implemented a number of credit schemes, one after the other with some changes to correct the weaknesses of the prevailing schemes though the result had been a total failure. The symptoms of this failures are indicated by various aspects of declines such as the amount of credit disbursed, the number of farmers who were able to obtain loans, the number of farmers who did repayments and the number of farmers who qualified to obtain loans. Both demand and supply sides have presented reasons for this failure.

One of the major issues presented by the demand side was that the poor farmers do not have access to the formal credit institutions. This appears to be linked with a number of other issues such as their inability to present the required types of collateral, bureaucratic procedures and the delays in granting loans and the high interest rates including high transaction cost etc.

The claims of the supply side have shown that a high interest is charged and strict rules are followed due to the high transaction cost lending institutions have to bear for lending to the small farming sector and also the high number default in the sector.

The Findings of the Field Survey :

1. The recent unattractive profits gained by paddy farming has encouraged almost all the farmers to find capital for investment in the following cultivation season through borrowings.
2. In farmers terminology the borrowings done in cash are considered "credit" but not the borrowings done in "kind" and "services" which are also prominent in the study areas. Hence the borrowings, done in "cash", "kind" and "services" have to be considered as three credit types.
3. In the rural credit market non-institutional sources of credit have become more prominent, followed by semi-institutional and institutional sources. The expansion of the role of paddy collectors and tractor owners who provide cash and services (ploughing) respectively on credit basis has become the major reason for this.
4. With the expansion of the role of paddy collectors and tractor owners as lenders, the dominant role played by the traditional money lenders, friends and relatives in the rural credit market has greatly diminished.
5. Additionally, village societies such as Death Donation Societies and Welfare Societies have also come into existence as prominent credit suppliers especially for agricultural purposes.
6. There are a large number of referenced type of Participatory Credit Systems (PMCSs) in the study area and they vary in their characteristics; some are community based organizations which are involved in savings mobilization and providing credit as their secondary or additional objective: some are organizations sponsored by a government institution or a NGO.
7. The concerned PMCs have been able to successfully overcome the credit issues of the smallholder farming sector. They have utilized various types of innovative tactics to overcome these; The farmer's inability to provide a collateral has been solved by creation of individual assets of the farmers through promotion of savings, taking hold of a part of land, Swarnaboomi deeds or the future benefits entitled from the welfare societies; The issue of cumbersome procedures and the delays in obtaining credit have been solved by the way of following a very simple method to give credit by the society office bearers themselves; The issue of high credit cost and high transaction cost has become automatically reduced as the credit institutions are located in the farmer's own villages; The high rate of default of the loans have been overcome by using pressure from of the group members.
8. The Yaya Demonstration Programme, which is an another credit programme prevailing in the study area has its two operational stages.
9. Under its first stage the AIs provided fertilizer on credit basis to the farmers directly from the Lanka Fertilizer Company. Under its second stage some selected farmers were given credit from the Govi Jana Bank. The way it operated under its first stage was more satisfactory because it provided an opportunity for farmers to apply fertilizer at the correct time with necessary advice from the AIs. But its second stage has created some problems for the farmers; non availability of credit at the correct time and the availability of credit only for a limited number of farmers etc.

2. The Factors Affecting the Cost of Production of Rice in Sri Lanka

Researchers: Mr. G.M. Henegedara
Mr. L.P. Rupasena
Mr. M.M. Aheeyar

This study was transferred to the Irrigation Water Management and Agrarian Relations (IWAR) Division on 01st October 2002. All the preliminary work of the study including the preparation of the proposal, field data collection and data analysis were done by the APPE division and the report writing was done by the IWAR Division and the findings of the study are presented under that division.

3. The Role of Non-Farm Sector in Diversifying the Rural Economy of Sri Lanka: Potentials and Problems.

Researchers: Mrs. S.R. Bandara
Mr. R.L.N. Jayatissa

Objectives of the Study :

The overall objective of the study is to examine the socio-economic consequences of non-farm activities in the peasant sector and its impact on producing alternative income sources and employment opportunities to enhance the total income of the rural households. The specific objectives are:

1. To assess the size of non-farm sector in the selected areas in terms of production and generating employment and income.
2. To find out the constraints in terms of policy, institutional support, technology and infrastructure facilities (such as roads and communications).
3. To identify the factors that influences the emergence of a non-farm economy in selected areas.
4. To formulate policy guideline to foster development of the non-farm sector in rural Sri Lanka.

Due to the financial constraints faced by the institute within the period under review conducting of the survey was postponed to the following year. Accordingly a literature review was initiated and completed during the year. Based on that an article was prepared for the Journal of Agrarian Studies . The findings of the literature review are mentioned below.

The findings:

1. According to many definitions rural non-farm activities include non-agricultural ventures such as manufacturing, processing, repairing, trade, transport, construction, services and other activities operated on a commercial basis.
2. The non-farm activities facilitate an additional source of income for rural households and reduce the farm based subsistence dependency and encourage farmers to look for alternative income sources to get rid of the poverty while performing a considerable role for reducing income disparities and improving the income levels of the poor. Further in organizing a more productive rural sector, initiating, labour intensive non-farm activities is a more appropriate effort.

3. Types and the patterns of the non farm employment desired by the poor are different than the rich. The poor farmers are engaged in self-employment projects or mostly as the wage labourers irrespective of the low rate of return.
4. By the year 1998 there had been around 400 large scale enterprises, 25,000 small and medium-scale enterprises and 100,000 micro enterprises scattered all over the country.
5. The rural industrial enterprises are predominantly household enterprises; the average number of workers per enterprise is only 3.2 and this includes the owner and the members of his family; 24 per cent of the workers are engaged on a part-time or casual basis, 26 percent of the workers are female and 43 percent of the workers are hired.
6. The proportion of the rural labour force engaged in rural industries has shown a declining tendency since 1971.. Especially the liberalization policies pursued since 1977 have had adverse consequences for rural industries.
7. Among the major constraints the non-farm employment opportunities are the absence of a sufficient market for non-farm products and the absence of adequate infrastructure facilities.

4. Training Programme on Participatory Techniques for Planning and Management of Rural/Community Development Projects

Co-ordinator: Mr. J.K.M.D. Chandrasiri

Resource Persons:

Mr. I.R. Perera	Dr. D. Gamage
Mr. R.M.G.K.B. Ratnayake	Mr. W.M.G.B. Giragama
Mr. G.M. Henegedara	Mr. R.L.N. Jayatissa
Mr. S.M.A. Samarakoon	Dr. W.G. Somaratne
Dr. D. Tennakoon	Mr. L.P. Rupasena

This was a joint training programme between HARTI and CIRDAP. The CIRDAP provided necessary financial as well as technical supports including a resource person. HARTI bore the full responsibility for conducting the training programme in addition to providing of resource persons, accommodation and other facilities.

The general objective of this training programme were;

- i. To enhance participant's knowledge about the concepts and methods used in participatory planning and management of rural/community development projects and programmes.
- ii. To develop participants skills in using of participatory techniques such as RRA/PRA and PCM in planning and managing rural/community development projects and programmes.

Specific Objectives were;

At the end of the programme the participants will be able to:

- i. Describe the participatory concept and emphasize its importance in project planning and management.

- ii. Define RRA and PRA
- iii. Explain principles, guidelines and important steps involved in RRA/PRA
- iv. List different data collection methods and tools under RRA/PRA and demonstrate application of RRA/PRA methods and tools.
- v. Explain participatory project cycle management concept
- vi. Draw problem tree, objective tree and project planning matrix.

Time Period:

This was conducted between 22nd to 24th 2002 at the HARTI .

The Participants:

Twenty six officers representing various government institutions and NGOs participated in the programme. Those were divisional and local level officials involved in planning, implementing, monitoring and evaluation of various community and rural development projects.

The Outputs:

The main output of this programme was the training given to twenty six officers in the referenced aspect. The other output was the community development plans prepared for two villages selected for conducting the field exercises.

ON-GOING STUDIES

1. Sustainable Village Development Programme

Overall Coordinators: Mr. M.G. Henegedara
 Dr. D. Gamage (since October 2002)
 Mr. J.K.M.D. Chandrasiri (Asst. Coordinator)

Project Coordinators:

Dr. D. Tennakoon	Mr. I.R. Perera
Mr. J.K.M.D. Chandrasiri	Mrs. C. Hathurusinghe
Mr. R.M.R. Bandara	Dr. G.B. Giragama
Miss. S. Dharmalingam	Mr. R.L.N. Jayatissa
Mr. R.M.G.K.B. Ratnayake	

Researchers:

Mr. T. Ravichandran and Mr. P. Piyyaratne

Introduction:

This is a new development project initiated for finding a new approach for rural development based on agriculture. The project was originated by a concept of Hon.. S.B. Dissanayake, Minister of Agriculture, Livestock and Samurdhi. It is being coordinated and implemented by the HARTI with the support of Department of Samurdhi Commissioner General and other government organizations belong to the Ministry of Agriculture and Livestock and other ministries and non-government organizations. This is an integrated, participatory and sustainable development project. The project has major two components. One is village development and the other is collection of information.

The aim of the development component is to develop the villages, selected from different agro-climatic zones for field laboratories, as models. In these villages new experiments which would be useful for the development of surrounding areas are being conducted on the basis of new techniques, farming systems, management and organizational methods etc. These experiments are targeted towards efficient and effective use of resources, crops and product diversification etc.

The second aspect of this programme is, collecting information relevant to attitudes and responses of the people about agricultural and rural development policies and programmes of the government and making policy makers and planners knowledgeable on such matters.

Project Objectives:

There are long term as well as short term objectives of the Sustainable Village Development Project. Those are:

Long Term Objectives:

- i. Establishment of model villages based on sustainable production system
- ii. Enhance the living standard of the people

Short Term Objectives:

- i. Increase the incomes of people
- ii. Increase the employment opportunities
- iii. Increase the productivity and cropping intensity
- iv. Ensure the food security
- v. Obtain the peoples participation for development.

Strategies:

A number of strategies are expected to be followed in order to achieve the above objectives. Some of those are:

- i. Decrease the cost of production
- ii. Expand the available opportunities to obtain a higher price
- iii. Increase the productivity
- iv. Increase the cropping intensity
- v. Promote agro and other industries and self-employments
- vi. Promote people for thrift, savings and investment
- vii. Protect the environmental stability
- viii. Promote people's participation for development activities
- ix. Link the services of government and non-government organizations with the village
- x. Do new experiments

Funding

The necessary funds for the project are being provided by the Samurdhi Social Security Fund of the Samurdhi Commissioners Department. The financial requirements needed for each development activity are being borne by the organization which initiate the respective development activity.

Selection of Villages

For this project nine (9) villages were selected from eight (8) districts and five (5) provinces. In selection of these, attention was given to select one village for each important commercial crop. The villages selected from each district are:

Polonnaruwa	:	Sansungama,
Moneragala	:	Nikawewa,
Badulla	:	Kappetipola,
Badulla	:	Uma Ela/Lunuatugama,
Kurunegala	:	Mahapothangama,
Matale	:	Digampataha,
Anuradhapura	:	Galkiriyagama,
Nuwara Eliya	:	Udawela,
Puttalam	:	Paneyadiya/Ilanthiadiya.

Implementation

A large number of researchers and other officers in all research divisions of the institute were involved in implementation of this project. It is coordinated by the Agricultural Policy and Project Evaluation Division. The sub-projects are handled by separate divisions.

The Present Progress

The selection of villages, awareness building about the project, formulation of project planning and decision making committees have already been completed. By this time in all the project sites the development activities have been started based on the priority issues identified by the communities.

2. Sustainable Village Development Programme /Moneragala:Nikawewa (Sub Project)

Coordinator: Mr. J.K.M.D. Chandrasiri

Introduction:

This is a sub project site of the Sustainable Village Development programme. It is located in Thanamalwila Divisional Secretariat and Agrarian Services Centre area. The project is implemented in all three villages in Nikawewa Gramaseva Division. Those are; Nikaara, Nikawewa and Weerapuragama. There are 250 families in the project site. Chena farming is the major economic activity of most of the people.

Project Objectives:

The objectives of this sub-project are also same as well as the main project about which the details are given above.

The progress of the project:

After selection of the project site local officers as well as villagers were made knowledgeable about the project and a PRA exercise was conducted to identify available resources, priority issues and solutions for them. Based on that information necessary actions were taken with the support of local situations to solve certain issues. Those are:

- i. A demonstration of paddy farming. - This action was taken to increase productivity of paddy farming which remains at a very low level at present. The institute provided 20 bushels of seed paddy for 7 farmers free of charge to encourage them.
- ii. Establishment of a collective farm. - This was done to provide an income earning opportunity for women in the area during the off season of chena farming. The HARTI provided funds necessary for purchasing red onion seeds.
- iii. Introductory Training for Vocational Activities: - Many of the educated youth in the area are unemployed. Hence a training was organized for them with the support of the vocational training institute in Thanamalwila in order for the trainees to have access for suitable area of training in the future. Twenty Five trainees participated in this programme.
- iv. Planting of wood trees - By distribution of 2500 teak plants free of charge by the Forest Department all the families were encouraged to plant wood trees.

In addition, there are many activities which have been planned to be implemented including the rehabilitation of minor irrigation schemes.

3. Sustainable Village Development Programme / Polonnaruwa: Sansungama (Sub Project)

Coordinator: Mr. R.L.N. Jayatissa

Introduction:

This project village is located in the area of Medirigiriya Divisional Secretariat Division and Gal Amuna Agrarian Services Centre area. There are 339 families in the project site. The target groups is the 3rd and 4th generation members of the settlers who were settled in 1948 under the Minneriya colonization scheme. Hence most of them are paddy farmers cultivating small plots.

Project Objectives:

The objectives of this sub-project is also as same as the main project about which details were given above.

The Progress

After identification of the project site a number of preliminary activities were performed. Those include linking farmers as well as local officers to take joint actions for developing the area, establishment of a local level technical committee to prepare plans and take decisions, conduct a PRA to identify resources, major issues and possible solution and the preparation of a village development plan.

Based on the village development plan the following development activities have been performed to solve the issues identified through the study.

- i. Initiation of a seed production programme through the farmers. The above action was taken to solve the issue of non availability of proper seeds at the beginning of the cultivation season. Necessary seed paddy was arranged to be provided from the Department of Agriculture.

- ii. Commencement of a Yaya Demonstration programme
The idea of this was to increase the productivity of the paddy farming which was below the potential levels.
- iii. Initiation of a community forestry programme.
Conservation of the environment is sought through the programme. Three thousand Teak plants were given free of charge by the Forest Department and were distributed among the farmers to be grown in their home gardens.

Among other activities which are already planned to be implemented are the rehabilitation of the available lift irrigation system, providing vocational training and generation of self employments, provision of facilities to develop livestock etc.

OTHER ACTIVITIES

- 1. Mr. J.K.M.D. Chandrasiri participated in a workshop on "Quality and Productivity Improvement in the Public Sector" conducted by the Sri Lanka Institute of Development Administration (SLIDA), Colombo from 9-13 September, 2002.
- 2. Mrs. S.R. Bandara participated in a training course on "Training of Trainers" held at Sri Lanka Institute of Development Administration (SLIDA), Colombo from 10-23 January, 2002.
- 3. Mr. J.K.M.D. Chandrasiri prepared an article on the "New Trends in Fulfilling the Credit Needs in Smallholder Farming Sector" to the December, 2001 volume of the "Prajashakthi" Magazine of the Rural Development Research Institute, Colombo.

AGRICULTURAL AND ENVIRONMENTAL RESOURCE MANAGEMENT DIVISION

Staff:

Dr. W.G. Somaratne	-	Head of the Division
Miss. S. Dharmalingam	-	Research Associate
Mr. M.S. Senanayake	-	Research Associate
Mr. R.M.G.K.B. Ratnayake	-	Senior Research Officer
Mr. S.M.A. Samarakoon	-	Senior Research Officer
Mrs. P.R. Weerakkody	-	Senior Research Officer
Mr. P.D.J. Ananda	-	Senior Research Officer (on study leave)
Mr. S. Epasinghe	-	Statistical Officer

ON-GOING STUDIES

1. Farmer Centered Agricultural Resource Management (FARM) Programme: The Second Round Action Research in Dematawewa Village in Anuradhapura District.

Research Team :

Mr. S.M.A. Samarakoon (Co-ordinator)
Mr. R.L.N. Jayatissa (Co-researcher)

The main aim of the FARM programme is to focus on resource poor, rain-fed agriculture systems, trying to improve the agricultural production and encourage farmers in natural resource conservation. From the lessons learnt in Thirappane an attempt was made to replicate the positive aspects in Dematawewa.

The Project Objectives

The primary objective was to try and enhance the capability of the resource poor farmers in the following specific areas.

- Encourage soil and water conservation and optimal utilization of farm and natural resources available in the village;
- Provide necessary inputs and technology to increase productivity of land.
- Initiate activities for market integration and entrepreneurial ability;

Project Activities Carried out by HARTI and Other Agencies During Year 2002

- Demonstrations of paddy and other field crops cultivation (chillies, capsicum, beet, cabbage, etc.);
- Distributed improved planting materials (Mango, lime, orange);
- Soil conservation programme (eg. soil bunds);
- Life saving irrigation (established - plants with pitcher irrigation);
- Bee keeping programme - 25 bee keeping boxes were distributed among farmers;
- Training programme on bee keeping, seed production, mushroom cultivation, and other field crop cultivation;
- Training programme on soil conservation and pitcher irrigation system;
- Vegetable cultivation under agro wells;
- Farmer field day;
- Kitchen development programme;

- Established women development society and introduce group saving habits;
- Established medicinal plant collecting committee;
- Training programme on women participation and group saving habits;
- Training on importance of medicinal plant and marketing.

Experience Learned from the FARM Programme

Project Operation and Implementation :

The FARM programme consisted of a multidisciplinary team of five Implementing Agencies. Out of these five two IAs were under the Provincial Administration while the other three were attached to the Central Government Organization. The overall operation of the project was given to the Site Co-ordinator who is a complete outsider functioning under the PDOA. Advantages in the type of implementations were as follows :

- Foster horizontal integration and co-ordination among different institutes through which effective integrated input could be provided to the FARM programme;
- Set an example for replication of natural resource management projects and for other development programmes where integration of activities and holistic approach is necessary;
- Encourage vertical integration at the national level, provincial level and field level institutions and operation in a formal and practical basis.

The disadvantages:

- The activities not included in the IA's general programme were seen as external work of the IA, and this became a serious limitation to the progress of the project.
- Both co-ordinating mechanisms have their inherent weakness. The Central Co-ordinating Committee (CCC) is fairly distant from the IAs and regular interaction of CCC on day-to-day basis of project activities is not practical. The next level of Site Co-ordinator has virtually no administrative power over the IA to monitor the performance of the project activities. Therefore unless each IA takes the implementation responsibility very seriously, the project has a risk of failure.

Sustainable Use of Natural Resources:

The project has many activities, which foster natural resource management while attempting to improve the farm production. Soil and water conservation, improving chena productivity and proper social mobilization. Implementation of these activities led to a sustainable use of dry zone natural resources. The project is thus environmentally friendly. However, certain aspects led to failure due to poor coordination and lack of finances.

Involvement of Women :

As observed in the RRA sessions, there was a notable women's involvement in farming in this village. Inclusion of activities such as livestock, use of agriculture waste, bio-gas, composting, dairy processing, goat farming and training on credit mobilization will initiate and encourage women participation in the project activities. However, this did not take place as planned in the project due to various reasons such as poor participation, coordination among the sub programme and financial constraints.

Entrepreneurship Development :

Entrepreneurship development was one of the project objectives which were to be achieved through increasing product development and processing of both crop and livestock products. Assistance was provided for rice milling, poultry production and to increase credit mobilization.

2. Contract Farming in Sri Lanka: Potential and Problems in Market Integration

Research Team:

Dr. W.G. Somaratne - Co-ordinator

Mr. R.M.G.K.B. Ratnayake - Co-researcher

Introduction:

In most developing countries development through market-friendly approaches is accepted, however since of late there is a concern about whether constraints in micro level interventions such as contract farming or out-grower schemes will help in the development process. The partners in economic development are not only the state but also the private sector in an open market policy scenario. However, in the agricultural sector due to low growth it is seen that the private sector has not utilized the sectoral potential in over all development. Under utilization of potential is mainly due to under-investment in agriculture by both the private and estate sector.

Objectives of the study:

The broad objective of this study was to analyze the potential, market opportunities and weaknesses of contract farming (i.e. out-grower scheme) to identify possibilities for market integration as a strategy to develop the non-plantation agricultural sector in Sri Lanka.

Findings of the project :

- **Financial Analysis of Contract Farming of Agro-Enterprises**
Financial analysis shows that possibilities are enormous to generate profits by introducing new products (i.e. green and organic), packages of technologies and investment through encouraging the private sector.
 - **Analysis of Market Potential in Selected Tradable Crops in the Sri Lankan Agriculture**
Product and market potential for integration was identified with organic farming, and agro-based market integration in catering to the 'niche' export markets as well as super market chains and the others.
 - **Behavioral Aspects of Market Integration in Contract Farming**
Farmers were well aware of benefits in market integration, technological advancement and diversification of the product base even from traditional products to organic or 'green products'.
 - **Policy Mix: New Directions for Strategic Development of the Sri Lankan Agriculture**
The proposed policy mix in strategic development of the Sri Lankan agriculture should be concerned with giving high priority for both macro and micro sectoral policy reforms.
- Also the formulation of the National Agricultural Policy (NAP) is an absolute necessity for a country to achieve the long-term goals of the agricultural sector.
- **New Institutional Mechanism for Attracting Investment and Technology**
It was observed that absence of policies, strategies and programmes contributed negatively in encouraging the private sector to invest within targeted high value tradable agricultural crops sectors (eg. horticultural, floricultural, gherkin, spice, and other sectors).
 - **Opening Options for Market Integration**
The necessity of market integration was identified as a strategy for diversification of the agricultural sector.

Transfer of New Technologies in Agriculture

There is a greater potential to grow tomatoes, bell pepper, zucchini, lettuce and selected cut flowers (eg. roses, carnations and gerbera), under the controlled environment of greenhouses and poly-tunnels.

Shifting from Traditional Products to New 'Organic or Green' Products

Farmers should be encouraged to produce organic products with a clear 'brand name' for export markets rather than sending 'generic' products.

A Mechanism for Getting 'ISO' and 'Green' or 'Organic' Standards

The proposed institutional mechanism could be facilitated to get ISO certification for the Sri Lankan agricultural products including standards for green or organic products.

There is a need for future research in areas such as:

- (a) Identify the integration problems in 'organic' or 'green' products in international 'niche' markets;
- (b) Recognize the needs in technological advancements in production and marketing of green products, floricultural and herbal products;
- (c) Spell out the necessity of improvement in human resource development (HRD) to adopt new technologies - green houses, poly tunnels, micro irrigation, and hybrid seed production;
- (d) Estimate the investment potential of the private sector.
- (e) Find possibilities to establish e-commerce ventures in agriculture

3. Benefit Evaluation and Monitoring of the Project (FAO/Special Program for Food Security TCP/SRL/8923(D): water control component

Research Team

Miss Sharmini Dharmalingam (Co-ordinator)

Mr. S.M.A. Samarakoon (Co-researcher)

Mrs. P.R. Weerakkody (Co-researcher)

- The objective of the Sri Lanka Special Programme for Food Security (SPSF) was to increase productivity, while protecting the environment and ensuring equity and people's participation. This project was designed to test and demonstrate selected technologies for intensive crop production, with a special focus on On-Farm Water Management. Recommendations prepared from pilot demonstrations were to be expanded into national and regional development programmes. The pilot project was to be in two locations Kombuwa and Abakolowewa in the Kurunegala district.

Findings of the project:

Despite proven technical appropriateness of the introduced low water demanding technologies, only two upland farmers could be categorized as effective micro-irrigators, which accounts for 20% of the total upland beneficiaries. Observations also revealed that many farmers have failed to derive potential capacities of innovations even after three respective seasons of application. This is evident by the great variation in the degree and nature of changes and improvements that has taken place within the farming systems of project beneficiaries.

Natural Environment:

Adverse dry weather conditions in project areas during the first two seasons and the heavy rainfall in the last season restricted the practical utilization of the intervention to its full capacity. Potential benefits

cannot be derived unless a water source is available. Introduction of technologies with a considerable capital cost is less cost effective since potential benefits cannot be derived. Therefore close monitoring for another 2-3 seasons are required to identify further problems and constraints.

Institutional Framework:

Since the inception of the project there were a series of delays in the project implementation due to a multitude of reasons. From poor co-ordination among line agencies poor project co-ordination, a gap between the bureaucracy and the farmers, and problems in the choice of beneficiaries and field locations.

Technical Constraints:

There were several technical problems with water pumps, and the sprinklers .

Attitudinal Constraints:

Even though farmers understood that the project was an experiment, which could ultimately benefit island wide farmers, project beneficiaries were worried about gains to themselves rather than using these systems to their optimal capacity. These attitudes were reflected from beginning to the end of the project (inputs to awards).

Market Challenge:

The project tried to apply some indirect measures instead of direct measures. Introduction of high value crops and identification of advantageous cropping patterns through record keeping to promote off season cultivation.

Training and Building Awareness:

From our observations, farmers were of two extremes, some farmers experiment with the systems and fix them to suit their needs while others are scared of altering any minor areas. Gaps exists in the knowledge enhancement among farmers, from which one could conclude that the training component has not paid attention on some of the essential components of the project.

Some Recommendations for Application of Micro Irrigation Technologies

1. Under the scenario of food and water security issues, upland farming under micro-irrigated conditions should be promoted at national level. For this all relevant authorities including irrigation and agriculture ministries, private sector and non government organizations should work out a national level program.
2. A demand driven and target oriented approach for farmer selection is recommended in order to assure the choice of high rank farmers. Replication among average farmers should be considered, subject to close monitoring and availability of water and fertile lands.
3. A participatory approach is required for the selection of proper sites where optimal benefits from micro irrigation systems can be derived.
4. Training component should be strengthened giving more attention to the major intervention rather than introducing a number of innovations.
5. More attention has to be paid on the specifications of systems. In particular irrigation department has to play a major role in this regard since the innovation is under their purview.

6. More attention should be paid to promote user-pay and revolving fund approaches since aid agencies are moving away from aid approaches.
7. National workshop and exhibition on micro irrigation for farmers and encourage to establish a Micro Irrigators Association (MIA) to make farmers independent and empowered. Co-ordination among new farmers and previous users.

4. Role of Farmer Companies in Commercializing Smallholder Farming Sector in Sri Lanka.

Research Team:

Mr. M.S. Senanayake (Co-ordinator)

Dr. W.G. Jayasena (Co-researcher)

Mr. R.L.N. Jayatissa (Co-researcher)

Introduction:

The Ministry of Agriculture accepted the formation and strengthening of Farmer Companies in all districts under its "Agricultural Policy" recognizing the viability of these companies in the transformation of traditional, small farm agriculture a commercialized profitable economic ventures (Ministry of Agriculture, 2000; Jayaratne, 2000). A number of Farmer Companies were set up in various districts of the country to achieve the social and economic objectives. But proper economic evaluation has not been undertaken to assess the realization of expected objectives and its benefits on the smallholder farming sector.

Objectives of the study:

The main objective is to study the performance of Farmer Companies focussing attention to its contribution made towards the strengthening of bargaining power of small farmers, enhancing their competitiveness and transforming subsistence small farm agriculture into a commercialized agriculture.

Research Methodology:

The quantitative, qualitative data and other information required for this research study will be collected from two sources, namely:

- (a) Secondary Sources
- (b) Formal and Informal Interviews/ Discussions

Findings of the project :

1. Farmer companies should be established according to farmers' requests. The members of a company should have the authority to select their own leaders plus carry out business activities. There should be no outside influence from officials or politics in the running of the company.
2. Institutional set up of the present farmer companies should be altered.
3. For leadership and the board of directors of farmer companies, younger members should be recruited having the business capacity and knowledge of agri business activities. Women's participation is also essential and they should have sufficient education to understand the open market behaviour.
4. It is very essential for the board of directors of farmer company to have a clear understanding and knowledge regarding concept of farmer company. They should have a good knowledge on business and financial management, human resource management, production and marketing management and company act.

5. The board of directors should be able to promote a competitive, independent and profit oriented organization.
6. Farmer companies should have a vital role in transferring new technology and services to farmers. Models and Exercises of agriculture conducted by various projects should be carried out by the farmer companies.

5. Sustainable Village Development Project – Hevanakumbura, Keppetipola

Research Team

Ms. Sharmini Dharmalingam (Co-ordinator)
Mr. S. Epasinghe (Field Officer)

Introduction :

This study is a component of a major study coordinated by the APPE division where the introduction and objectives are given.

Location of village: Hevanakumbura GN in the Keppetipola Agrarian Service Center in the Welimada Divisional Secretariat area.

Grama Niladhari Division No.: 50F

Population: 963 (Male 485 and Female 478)

Total no. of families: 247

Population density: 602 Square miles

Main livelihood: farming.

Agricultural methods: 85% of families mainly cultivate potato in Yala and paddy in the Maha in the lowlands, and such vegetables as beans tomatoes etc. in the highlands.

Approach and Method of Study:

From data obtained from the Badulla Agriculture Development Department five villages were chosen - Hevanakumbura, Alakolagala, Sidurupola, Silmiyapura, Keppetipola. After discussion with officials due to the following reasons Hevanakumbura GN Division was chosen as the project site;

Current problems, issues and priorities:

- a) Problems faced by farmers in the cultivation of potatoes: unavailability of certified seed potatoes, high price and unreliability of seed potatoes bought at the retail market, lack of efficient extension service in the use of agro chemicals and fertilizers, potato import during harvesting seasons. Cultivation of other crops: lack of knowledge in use of new technologies such as micro irrigation systems, poly tunnels etc., lack of knowledge on the growth of new types of exotic vegetables such as bell pepper, tomatoes, cut flowers.
- b) Common problems faced by villagers: access road to village has been damaged which thereby inconveniences travel, poor facilities in village school, need of better health service, and water scarcity for Yala cultivation.

Activities/ programmes:

- Base line survey - trained educated village youth to carry out questionnaire survey of the entire households of the village.

- Selection of farmers for demonstration plots for cultivation of seed potatoes.
- A training programme was held on the 07th and 08th November 2002 to train 32 farmers and 12 young people from the village on the 'cultivation of seed potato for multiplication purposes' at the Seed Potato Research Station, Seetha Eliya.
- Organized for the issue of 6.4 MT of Isna variety of certified seed potato of the G3 generation to the 32 farmers.
- Organized collection of soil sample for a soil test for the 32 farmers.
- Initiated the setting up of an Information Center in the village with posters and other relevant materials.
- Formation of the village committee.
- Organized two field days with researchers of Seetha Eliya to observe cultivation of the demonstration plots.

Problems faced by Researchers:

The main problem faced by our team was the lack of cooperation from the relevant officials since there is no official document which has been sent to them from their higher authorities.

6. Sustainable Village Development Project – Uva Paranagama, Badulla district

Research Team :

Mr. R.M.G.K.B. Ratnayake (Co-ordinator)

Mr. N.A.K.S. Anurasiri (Field Officer)

Introduction :

Location: Uva Paranagama, Badulla district.

Field site: Uma Ela and Lunu Atugama

Grama Niladhari Division: Uma Ela

Main livelihood: Farming and Animal husbandry (paddy, up-country vegetables, potato and livestock).

Current problems and issues Livestock :

- Need for better breed of milking cows.
- Veterinary facilities are insufficient due to the distance and lack of telecommunication.
- Quantity of milk obtained from cows are insufficient.
- Due to dry climate lack of food.
- No grazing land for animals.
- Lack of sufficient water.
- Lack of sufficient scientific knowledge of animal husbandry practices.

Other problems :

- No proper marketing facilities for cut flowers and fruits.
- Lack of job opportunities for young people.
- No self employment and other sources of income.

Programmes which need to be implemented in the village:

- Discussions have been initiated with the Department of Livestock to provide villages with better breed of cattle.
- Training programmes on practices of animal husbandry have been organized.
- Programmes have been organized to provide knowledge on preparing silage feeds during the dry periods.
- Discussions have been initiated with Colombo Florists for sale of cut flowers.
- Discussions held with the Department of Export crops to provide plants for villagers.
- Discussions held with Provincial Dept. of Agriculture to hold field workshop.
- Discussions with private sector (Bours and CIC) to conduct demonstration.
- Practical training on self employment facilities such as bee keeping, mushrooms, cut flowers and carpentry for youth.
- Discussions have been initiated with Upper Watershed Management Project for soil conservation.

Problems and constraints for project implementation :

District officials are unaware of the project, therefore support for the project has been lacking. Therefore, there is a need from the ministry to build awareness among district and institution officials.

OTHER ACTIVITIES

- Two-Day Workshop on Sri Lankan Agriculture for the Next Decade: Challenges and Opportunities (4th -5th April 2002) – organized by AERM division.

Dr. W.G. Somaratne

- ‘Macroeconomic Policies and Their Implications on Non-Plantation Agriculture in Sri Lanka’ - Paper presented at the Seminar on ‘Macroeconomic Policies and Their Implications on Agriculture’, Organized by Council for Agricultural Research Policy - CARP, SLASS Auditorium, 25th January, 2002;
- Paper presented at the Seminar on ‘The Sri Lankan Agriculture for the Next Decade’ to commemorate the 30th Anniversary of HARTI, Colombo, 21st February, 2002.
- ‘Globalization and the Sri Lankan Agriculture: Challenges and Opportunities’, Paper presented at the National Workshop on ‘the Sri Lankan Agriculture for the Next Decade: Challenges and Opportunities’, Colombo, 4-5, April, 2002.
- ‘Trade Policy Liberalization and Non-Plantation Agriculture in Sri Lanka: New Strategies for Development’, ‘Economic Review’, Vol. 28, No 02-05, Research Department, Peoples’ Bank, Colombo, May-Aug. 2002;
- ‘The Study on Knowledge Levels of National Water Resources Policy’, Consultancy Report Submitted to the Water Resources Secretariat, Colombo, Irrigation, Water Management and Agrarian Relations Division, HARTI, Colombo, 2002, (Joint Author), July, 2002.

Ms. Sharmini Dharmalingam, Mrs. P. R. Weerakkody and Mr. S. M. A. Samarakoon

- Workshop organized by FAO on Water Control Component of the Special Programme for Food Security, 12th June, 2002.

Ms. Sharmini Dharmalingam and Mrs. P. R. Weerakkody

- Workshop on “Gender Sensitization for Scientists”. Center for Women’s Research, 2nd August 2002.
- Gender Mainstreaming in Rural development – The Concept paper submitted to Freedom from Hunger Campaign.

Mrs. P.R. Weerakkody and Mr. S.M.A. Samarakoon

- Distance Learning Course on “Reaching the Rural Poor – Strategies for Rural Development for the East Asia Region” organized by the World Bank Institute at Distance Learning Center Ltd., Colombo, 3-6 June, 2002.

Ms. Sharmini Dharmalingam

- Participated in a seminar on ‘Perceptions of stakeholders on the proposed National Water Resource Policy’ organized by the Water Resources Secretariat on 03rd July 2002 at Trans Asia Hotel, Colombo.
- Participated in a workshop on ‘Equal Distribution of Water for All Organisms and Eco-systems’ organized by the Environmental Foundation Ltd. On 18th July 2002 at Mahaweli Auditorium.
- Participated in a workshop on ‘Gender Sensitization for Scientists’ organized by the Centre for Women’s Research in collaboration with the Ministry of Women’s Affairs on 02nd August 2002 at the CENWOR Auditorium, Colombo.
- Participated in a workshop on ‘Land Rights’ on 26th September 2002 at CENWOR, Colombo.
- Participated in a workshop on ‘Science for the Needs of the New Millennium: Young Scientists Perspective’ and the Annual General Meeting of YSF on 05th December 2002 the University of Colombo.

Mr. M.S. Senanayake

- Organized a seminar on “Role of Farmer Companies in Commercializing Smallholder Farming Sector in Sri Lanka”, HARTI, July 2002.

Mr. R.M.G.K.B. Ratnayake

- Participated in a National Workshop on Sri Lankan Agriculture for the Next Decade: Challenges and Opportunities, HARTI, 4-5 April 2002.
- Worked as a Resource Person: HARTI- CIRDAP joint training programme on “Participatory Techniques for Planning and Management of Rural/Community Development”. 22-24 May 2002.
- Participated in a seminar on Hi-Tech Agriculture at Hotel Taj Samudra, 8th April 2002.

Mr. S.M.A. Samarakoon

- Resource Person for the Training Programme on “Participatory Rural Appraisal Techniques and Approaches (P.R.A. Tools)”, 2002, HARTI, Sri Lanka.
- Participated the training programme on “Reaching the Rural Poor : Strategies for Rural Development for the East Asia Region”, a distance learning course from June 3-6 2002, SLAAS, Colombo, Sri Lanka

IRRIGATION WATER MANAGEMENT AND AGRARIAN RELATIONS DIVISION

Staff:

Dr. W.M.G.B.Giragama	-	Head of the Division
Mr. M.M.M.Aheeyar	-	Senior Research Officer
Mr. D.G.Karunaratne	-	Statistical Officer

COMPLETED STUDIES

1. The Study on Knowledge Levels of National Water Resources Policy

Research Team: M.M.M. Aheeyar
I. Ranasinghe Perera
W.G. Somaratna

The project was funded by the Water Resources Secretariat HARTI was requested to examine the knowledge levels, perception and misconceptions regarding the proposed National water resources policy among various stakeholders. The main finding of the project is that, although a large number of stakeholders claimed for having an awareness of the policy, they were ignorant on the actual contents of the policy. Therefore, study concludes that the negative reactions shown by the stakeholders towards the proposed policy were entirely based on hypothetical policy devices and not on actual contents of the policy. The study recommends to educate target stakeholders such as politicians, farmers, state officials, domestic water users through regional level workshops, field level discussions and various other measures.

2. Factors affecting the cost of production of paddy in Kurunegala and Kegalle Districts of Sri Lanka

Research Team: M.M.M. Aheeyar
G.M. Henegedara
L.P. Rupasena

The prime objective of the study was to identify technical and socio-economic factors currently affecting paddy farming in Sri Lanka. The study measures the technical and economic efficiency of paddy farming in regard to different agro-climatic and water regime conditions and also analyzes the factors, which influence the production of rice and associated costs. The study was conducted in Kurunegala and Kegalle Districts.

According to frontier production analysis value of the mean technical efficiency is not closer to 1 in any of the study locations. Nevertheless, paddy cultivation is relatively efficient in major irrigation areas (0.76) compared to rainfed areas (0.68) and minor irrigation areas (0.61). However, technical efficiency in the rainfed areas of Kegalle district is only 0.54. Multiple regression analysis indicates that the land size has a significant impact on increasing production in all areas. Though there is no clear relationship between labour use and the level of production, it has a positive effect on rainfed areas in both districts. Considering the existing yield gap between efficient farmers and low efficient farmers, the yield level of low efficient farmers could be increased by 24%, 39% and 32% respectively in major and minor irrigation and rainfed areas without any additional cost. This can be achieved by use of production factors in an efficient manner, especially giving attention in the use of seed, fertilizer and agro-chemicals. The study findings also indicate that, farmers' age, farming experience and level of education are significant factors causing inefficiency among farmers in minor irrigation systems.

ON-GOING STUDIES

1. Sustainable Village Development Programme - Matale District

Team : Dr. W.M.G.B. Giragama.
Mr. R.L.N.Jayatissa

The study was initiated as a component of the major study co-ordinated by the APPE Division. The study seeks to fulfill two requirements:- To document farmer's responses to various policies and actions taken by the government and other parties. Secondly to improve the economy of big onion cultivators by participatory and integrated agriculture. This approach consists of preparation of a development plan and implementation by farmers, divisional level officers with the assistance of district level officers, NGOs and private sector. According to the study various problems faced by farmers (Digampatha village) include water scarcity, damages by wild elephants, illicit liquor and scarcity of quality seed. Further, the study noted the prevalence of high cost of production and marketing problems for big onions.

2. Application of Micro Irrigation Technologies in Sri Lanka: Potentials and Constraints

Researchers: M.M.M. Aheeyar
S. Dharmalingam

The project aimed to assess the level of success of micro irrigation projects implemented in various parts of the country by various organizations through an economic appraisal. The study seeks to identify the problems and constraints for adopting existing micro irrigation technologies and to provide recommendations for future policy formulations.

OTHER ACTIVITIES

Dr. Giragama participated in a seminar on "National Climate Change Public Awareness, Information and Outreach in Sri Lanka" Organized and conducted by CCCS, Dept. of Meteorology and Lanka International Forum for Sustainable Development at Hotel Galadari, Colombo on 13-14 December 2002.

Dr. Giragama participated in a workshop on "IPCC-TAR and Climate Change Research for Sustainable Development", at Ceylon Continental Hotel, Colombo, Organized by IPCC and LASS, in June 2002.

Dr. Giragama served as a resource person for the "In-country Training on Participatory Planning and Management of Rural Development Projects", Jointly organized by HARTI and CIRDAP, May 2002.

Dr. Giragama presented a research paper on "Human contribution for disaster reduction in the Dumbura Hills" at Abstracts of the Faculty of Arts, University of Peradeniya, Postgraduate Seminar-April 2002.

Dr. Giragama served as a resource person for the Training Programme on "Institutional Development" organized by HARTI for Institutional Development Officers (IDOs), IMD, Ministry of Irrigation and Water Management, February 2002.

Dr. Giragama served as a resource person for a Training Programme organized by NITESL on "Project Management Evaluation and Implementation" at NITESL Ratmalana, January 2002.

Dr. Giragama served as a member of the National Technical Advisory Committee of the Center for Climate Change Studies, Dept of Meteorology, Bauddhaloka Mawatha, Colombo 7.

Dr. Giragama was elected as the Vice President of Section E of the Sri Lanka Association for the Advancement of Science (SLAAS), 2002/3, 120/10, Wijerama Mawatha, Colombo 7, Sri Lanka.

Mr. Aheeyar presented a paper on "Comparative Analysis of Using Groundwater and Surface Irrigation for Cultivation in the North Central Dry Zone of Sri Lanka", at the workshop on Critical Issues Facing Ground Water Sectors in Sri Lanka and Tamil Nadu, Kodaikkanal Tamil Nadu, India. 11-14 Feb 2002.

Mr. Aheeyar presented a resource paper on "Measures to Improve Main System Management and Farm Level Management, (In) Linking main system management for Improved Irrigation Management" organized by the Asian Productivity Organization, Tokyo at Colombo Hilton 3-8 June 2002.

Mr. Aheeyar presented a paper on "Socio-economic Issues Pertinent to Agro-well Farming in Sri Lanka" In S. Pathmaraja (ed.) Proceedings of the Symposium on Use of Groundwater for Agriculture in Sri Lanka, 30th September 2002, Agricultural Engineering Society of Sri Lanka, Peradeniya.

MARKETING, FOOD POLICY AND AGRIBUSINESS DIVISION

Staff :

Mrs. C.P. Hathurusinghe	-	Head of Division
Dr. D. Gamage	-	Research Fellow
Mr. L.P. Rupasena	-	Research Fellow
Mr. T. Ravichandran	-	Senior Research Officer
Mr. R.M.R. Bandara	-	Senior Research Officer
Mr. T.A. Dharamaratne	-	Research Associate (On Study Leave)
Mrs. W.D. Wickramasinghe	-	Research Officer (On Study Leave)

ON-GOING STUDIES

The Marketing, Food Policy and Agribusiness Division -MFPAD (earlier Marketing and Food Policy Division) was established in the Agrarian Research and Training Institute (ARTI) in 1979 by an Act of Parliament to provide market information to the Cost of Living Review Committee, which was conducted by the Ministry of Trade, Commerce and Food. Later on the committee looked into broader aspects of the food sector and it was called the National Food Security Committee. This committee was conducted by the Ministry of Food and Marketing Development.

In addition to the above, there was another committee was formed to evaluate the food procurement by the Government Departments, Forces and the CWE. One member of this committee is selected from this division.

Estimated cost Rs. 5.047 mn for the Year 2002.

Funding Agency - HARTI (Treasury Funds)

Expenditure for the year - Rs. 3, 314,077.54

No of officers in the division:

- | | |
|-----------------------------|------|
| 1. Research Fellows | - 02 |
| 2. Research Associates | - 03 |
| 3. Senior Research Officers | - 01 |
| 4. Research Officers | - 01 |
| 5. Statistical Assistants | - 12 |
| 6. Casual Investigators | - 19 |

Regular Work Programme

1. Food Information Project

The MFPAD's main role is to provide accurate market information on time to the National Food Security Committee and to the Cabinet Appointed Tender Board for Food Procurement. To collect market information and relevant data with regard to each category of food in 9 retail markets in Colombo and suburbs (Pettah, Thotalanga, Dematagoda, Borella, Wellawatte, Kirulapone, Nugegoda, Kadawatha and Kiribathgoda) and Pettah wholesale market. In addition, data and information were collected from 20 markets in major food producing districts and food consuming districts. To collect above mentioned data and information 06 Statistical Assistants and 04 Casual Investigators were used. For the data collection in outstations six Statistical Assistants and 11 Casual Investigators were used.

The locations covered in year 2002 were Kurunegala, Nikaweratiya, Dambulla, Matale, Anuradhapura, Thambuttegama, Polonnaruwa, Kalutara, Nuwara Eliya, Kandy, Hanguranketha, Badulla, Bandarawela, Hambantota, Matara, Moneragala, Ampara and Marandagahamula, Ratnapura.

Under this project, food commodities prices are collected daily from Pettah, Kandy, Dambulla and Marandagahamula. These data are disseminated daily through the electronic media, to enable producers and traders to be aware of the prevailing commodity prices in the main wholesale markets in time. Both wholesale and retail prices in Colombo and outstations and also producer prices in outstations are analyzed for the Weekly Food Commodity Bulletin. This bulletin is issued on Friday. These data and information were provided to the policy makers in time.

Progress for the Year 2002 :

- Weekly Food Commodities Bulletin – Published for the whole year.
- Weekly Food Prices provided to the National Food Security Committee - Published for the whole year.
- Monthly Food Information Bulletin - This was not published due to financial problems.
- Provided daily and weekly information to the media
- Finalized the Commodity Prices - Statistical publication. Due to financial problems it was not published.
- Provided price data and other market information to the following government and private sector agencies throughout the year. Data was not provided free of charge to the private sector.

Government Sector Institutions :

1. The Presidential Secretariat
2. The Prime Minister's Office
3. Ministry of Agriculture, Livestock and Samurdhi
4. Ministry of Cooperatives
5. Ministry of Consumer Affairs
6. Co-operative Wholesale Establishment
7. Ministry of Finance
8. Central Bank of Sri Lanka
9. Bank of Ceylon and Peoples' Bank
10. Sri Lanka Broadcasting Corporation - Lakhanda, Ruhunu Sewaya, Rajarata Sewaya and other channels.
11. Wayamba Development Authority

Private Sector Agencies :

1. Private radio Services "Sirasa, Isira (TNL radio) Tharu and Hiru F.M"
2. Private sector television services " MTV, TNL"
3. Seylan Bank
4. Elephant House
5. Sanasa
6. Private companies and persons

2. Sustainable Village Development Project - Puttalam

Research Team:	Mrs. C.P. Hathurusinghe (Co-ordinator) Mr. T. Ravichandran Mr. T.G. Somaratne Mr. A Ratnasiri
Village :	Paneiadiya, Ilanthiadiya

This study was initiated as a component of the major study co-ordinated by the APPE Division. Under the Integrated Rural Development Approach environmentally friendly farm income generation

programmes have been introduced. The sub programmes have been identified and implemented according to the problems identified by conducting a PRA by the research team. The programmes implemented have been monitored by the research team.

3. Poultry Sector Development

Researchers :

L P Rupasena
R M R Ratnayake
T Ravicahndran

Funding Agency : Ministry of Agriculture and Livestock

The principal objective of the study is to undertake a detailed review of the poultry sector, which includes input supply, production, processing, marketing, and consumption. The study is based on both primary and secondary data. Primary data was collected from a sample survey covering four major production districts, namely Colombo, Gampaha, Puttalm and Kurunegala. Secondary data related to production, consumption imports/exports and government rules/regulations were obtained from Department of Census and Statistics, Central Bank of Sri Lanka, Department of Custom and Department of Animal Science and Health. Data collection is over. Data analysis and report writing is in progress.

3. Sustainable Development Village – Nuwara Eliya

Research Team : Mr. R.M.R. Bandara (Co-ordinator)
Mr. L.P. Rupasena
Mr. N.S.J.K. Nissanka

Village - Hanguranketha, Udawela

(This study was initiated as a sub component of the major study coordinated by the APPE Division.)

Environmentally friendly income generation programs have been introduced in the project area using Integrated Rural Development Approach. The research team to identifying farmer problems and solutions used PRA techniques. The programs have been identified and implemented were monitoring by the research team. Two training program on Bee Keeping and Organic Fertilizer were conducted to the selected farmers in the village.

OTHER ACTIVITIES

Mrs. C.P. Hathurusinghe

1. Participated in Inter ministerial committee on Food Security.
2. Data and Information were provided to the Food Security Committee regarding paddy procurement in Sri Lanka.
3. Participated in the Food Procurement Committee Meetings at the Ministry of Cooperatives
4. Participated in the meetings related to Food Commodities in the Ministry of Consumer Affairs.
5. Participated in the Food Procurement Progress Review meetings at the Prime Minister's Office.
6. Supervised a Thesis of the Student of Jaffna University.

Dr. D. Gamage

During the year Dr. Gamage authored or co-authored several publications given below.

- “Some Issues Related to Sustainability of Two Farming Systems in the Central Highland Region of Sri Lanka.” Authored by Dr. Gamage, this research report was published in 2003 by HARTI and available for sale.
- Dr. Gamage prepared “the Country Position Paper on Water, Poverty and Health” during the year. The International Water Management Institute and Lanka Jalani funded this work.
- Dr. Gamage had presented a paper on “Rural Poverty in Sri Lanka: Nature and Alleviation Strategies” at the Ruhuna University organized “Second Workshop on Education for Planning in Regional and Community Development” on 7-8 September 2000. The Ruhuna University has published this work as the proceedings of the workshop in 2002 under above title.
- Author. “Coming to Terms with Rural Poverty: A Critical Assessment of Land Policies and their Bearing on Rural Communities in Sri Lanka”. Dr Gamage prepared this paper during the year and to be published with two other papers by the University of Sri Jayawardanapura under the SIDA/ SUREC Project on Poverty Alleviation in 2003.
- Author. 2002. Little Space for Maneuvering: Agrarian Structure, Land Tenure Regimes and Agrarian Development in Sri Lanka. Paper presented at the National Workshop on “Sri Lankan Agriculture for the Next Decade: Challenges and Opportunities. 4-5 April 2002, HARTI Conference Hall, Colombo. Proceedings have been published by HARTI in February 2003.

Participated in the National Consultation Workshop on “Water, Poverty and Environment” held in Colombo on 21st August 2002 and prepared the synthesis paper on the consultation. This work was published by Sri Lankan Jalani.

T. Ravichandran

Articles published

Published a Research Article on “Efficiency of the Marketing System for selected Vegetables in Sri Lanka”, Sri Lanka Journal of Agrarian Studies. Vol. 10, No.1 2002.

Presented a Paper on Marketing system for Paddy and Rice, at a Workshop on Recent Development in Rice Production, organized by the Faculty of Agriculture of Eastern University, held at Eastern University, on 13 – 14 September 2002. This paper was jointly prepared with Mr.L.P.Rupasene, Research Fellow.

- “Production and Marketing of selected Fruits in Sri Lanka”, Kamanalam March, 2002.
- “ Production and Marketing of Avocado” Kamanalam ,June, 2002.
- “Marketing Functions”, Kamanalam, September, 2002.
- “A review on role of Marketing in Agricultural Development” Kamanalam, December, 2002.
- Participated in Food Security Committee meeting.

L.P. Rupasena

Research Papers Submitted :

- “Agricultural Marketing” – Paper submitted to the Ministry of Agriculture and Livestock, January 2002

- “Marketing of Inland Fish” – Paper submitted to the Aquatic Resources Development and Quality Improvement Project office, January 2002
- “Development of the Paddy Sector” – Paper submitted to the Ministry of Agriculture and Livestock in June 2002
- “An Analysis of Income Situation in the Central Province” - Paper submitted to the Center for Poverty Analysis, August 2002

Conference Presentations :

- “Agricultural Marketing : Problems, Constraints and Solutions” - Lecture delivered at the 30th Anniversary of the HARTI, February 2002
- “Marketing of Agricultural Products and Development of Loan Proposal, organized lecture delivered at the workshop on Development of Loan Proposal, organized by the Ministry of Agriculture and Livestock, April 2002.
- “Fruit Marketing System” - Paper presented at the International Training Course on Socio-economic Aspects of Conservation and use of Tropical Genetic Resources in Asia, organized by DOA, December 2002.

Published Articles :

- “Role of agricultural marketing in rural and regional development”, Govi-janatha, Vol.5, April – June 2002, HARTI
- “Food Marketing: Problems, constraints and Solutions”, Economic Review, May/August 2002, People’s Bank

Training Programmes :

- Conducted a series of training programmes for farmers in the Meegahajadura and Yodakandiya ASCs areas on use of market information in decision -making.
- Served as a Resource person in the training programme on Agribusiness organized by HARTI, September 2002, Matale
- Supervised thesis of three students of Rajarata University
- Member of the study group to find ways and means for stabilizing the cost of living
- Member of the study group on production, consumption pricing and marketing of vegetables
- Member of the committee on paddy

R.M.R. Bandara

- Conducted the training on Training Methodology 11th - 12th January 2002 in Kandy. This training programme was for District level officers in Uva Province.
- Conducted training of Institutional Development officers of IMD from 11-15 February at HARTI.
- Training on Rural Agriculture Inputs and Agribusiness Development 4-6 July - at ASC Center Matale Participants - selected farmers worked as Resource persons for the same.
- Participated in National workshop on Sri Lanka Agriculture for the next decade. Challenges and opportunities 4- 5 April - 2002 at HARTI.

STATISTICS & DATA PROCESSING DIVISION

Staff:

Dr. D. Tennakoon	-	Head of the Division
Mr. K.D.S. Ariyasinghe	-	Data Analyst
Mr. E.N.R. Fernando	-	Data Analyst
Mr. M.D.L. Senarath	-	Analyst Programmer
Mr. G.H. Karunaratne	-	Librarian
Miss. Srimala Katugampola	-	Asst. Librarian

The Statistics and Data Processing Division (SDP) comprises of three units namely Data Development Unit, Computer Unit & the Library. This Division functions as a National Centre for Information on Agricultural Development (NACIAD) in Sri Lanka. The Centre was established in 1979 with the assistance from the USAID. The division (Centre) was planned with a broader objective of collecting and disseminating agricultural and agrarian information for the benefit of national agricultural development. Researchers, planners, policy makers, undergraduates, farmers and other interested individuals were considered as main users of information. The data development unit and the computer unit function jointly to collect and process numerical information while the library serves as the centre for bibliographical information.

1. Data Development Unit

Staff:	Data Analysts	2
	Data Assistants	4
	Casual Investigators	1

The Unit had its full cadre of 2 Data Analysts and 4 Data Assistants throughout the year 2001. Maintaining the Data Bank at the Information Centre is the main task of the Data Development Unit.

Data Bank

Development of the Data Bank is a joint responsibility of the Data Development and Computer Units (DDU & CU). Functions of DDU are twofold as follows:

i. The Bank of Development Indicators:

The indicators are secondary statistics and derived indices produced by government and non-government agencies. Collection and processing of data were continued during the year, and indicators selected for the computerised data bank were stored in the Computer Unit.

ii. Archives of Data Sets Generated through Field Surveys:

Data of research studies undertaken by the Institute were processed by computers during the year were added to the data archives at the Centre. In addition, data sets of studies are available in the forms of questionnaires and work sheets.

The Data bank collects data from secondary & primary sources and maintains a data base for agricultural crops, livestock, demography and vital statistics. The following data series relating to agricultural crops were updated during the year 2002.

1. The extent, production and average yield of paddy, rice, cereals other than paddy, legumes, tubers, oil seeds, industrial crops, spices, vegetables & fruits

2. Cost of production & income data of paddy, other cereals, legumes, spices, tubers and oil seeds.
3. External trade statistics and price data of paddy, rice, other cereals, legumes, spices, tubers, oil seeds, spices, livestock and livestock products and fish.
4. Data on fertilizer application, use of agrochemical and method of planting in respect of paddy.
5. Climatic data (Rainfall & Temperature)
6. No. of families receiving Samurdhi benefits.

Also the labour statistics and vital statistics were collected during the reference period. Through letters 80,000 records of data were collected 61,000 records of data were entered to the computer during the year 2002.

The following publications were referred to as secondary source of information.

1. External trade statistics (2000-2001) - Dept. of Customs
2. Cost of cultivation of agricultural crops (2000Y - 2001 Yala) - Dept. of Agriculture
3. Consume Finance & Socio Economic Survey (1996/97) - Central Bank of Sri Lanka
4. Sri Lanka labour force survey quarterly reports - Dept. of Census & Statistics.

Field work in respect of the project R 280 (Establishment of Provincial Agricultural Data Base) also completed in the latter part of the year 2002.

Request for Data

The total number of requests met by the data bank during the year 2002 was 154, Number of requests from users within the institute and outside the institute were 36 and 118 respectively. Distribution of internal requests by Divisions is given below.

Division	No.	%
Agricultural and Environmental Resource Management	10	27.8
Marketing Food Policy and Agribusiness	16	44.4
Agriculture Policy & Project Evaluation	3	8.3
Irrigation Water Management and Agrarian Relations	3	8.3
Other	4	11.1
Total	36	100.0

External requests belonged to the following categories.

Category	No	%
Ministries/Govt. Departments/Semi. Govt. organisations	34	28.8
Private Companies	30	25.4
University Staff/Post graduate students/Undergraduates	37	31.4
International Organisations	6	5.1
Banks	2	1.7
Journalists	3	2.5
Other private individuals	6	5.1
Total	118	100.0

Revenue from Supplying Data

The total revenue earned by providing information to external users in 2002 was Rs.26181/60.

Estimated costs of providing data free of charge to external users were Rs. 3770.00. The users of various divisions within the institute were provided information at an estimated cost of Rs.10960.00.

2. Computer Unit

Staff: Senior Analyst Programmer	1
Analyst Programmer	1
Trainee Analyst Programmer	1
Data Entry Operators	4

The Computer Unit(CU) of the SDP Division provides the facilities for data processing and analysis. In addition, this unit takes joint responsibility of the data development for the Data Bank. This unit undertakes three main activities:

- i. Data processing and analysis for the Data Bank,
- ii. Data analysis of studies undertaken by HARTI,
- iii. System development.

Data Analysis

Information of field surveys are analyzed using soft ware facilities. Following studies were computerized during the year.

1. Study on Agricultural Land & Rural Poverty
2. Awareness on Water Policy
3. Contract Farming
4. Study on Agrarian Service Centres: Job handed over by Ministry of Agriculture

Computerized Data Base

This is an on-line storage and retrieval system developed to maintain agricultural and socio-economic data collected by approximately sixty organizations in Sri Lanka. A total of 50,000 records were appended to the computerized data bank. Nearly 70 requests were made to the computer unit by internal and external users during the year. Data Bank was able to provide information in graphical forms, and standard table formats.

Computer unit also provided assistance to the other divisions to solve their software and hardware failures. Division was also instrumental in computerizing the Institute's payroll and data formats.

3. Project Unit

The Project Unit was established in the SDP Division in 1990 to design and implement surveys and studies to generate data and information based on empirical studies on agriculture resource base, support service mechanism and institutional development for agricultural and rural development in Sri Lanka.

ON-GOING STUDIES

1. Survey Project on Establishment of Agricultural Data Base

Research Staff: Dr. D. Tennakoon
 Mr. G.M. Henegedara
 Mr. K.D.S. Ariyasinghe
 Mr. E.N.R. Fernando

This project is aimed to fulfill the needs of policy makers and the facilitate researchers and academicians by providing agricultural information at divisional, district and provisional levels. As a pilot project the Sabaragamuwa Province was selected covering Ratnapura and Kegalle districts. The data are collected at A.S.C. level under following key sectors.

1. Population and basic information
2. Land use (inclusive of forestry)
3. Statistics relating to paddy and all crops
4. Livestock statistics
5. Input use (seed, fertilizer etc.)
6. Irrigation facilities
7. Institution relating to Agrarian Sector
8. Marketing
9. Agricultural credit and investments
10. Agro-based industries and enterprises
11. Poverty

Prior to commencement of field work the following data were collected from the Department of Census and Statistics and published reports.

1. Area under land use – district/Sabaragamuwa province/National level
2. Area under seasonal crops at district level
3. No. of Cattle/Bufalloes at district level
4. Demographic indicators at district level (population at census years, Urban population, Population density, sex ratio at birth, sex ratio at census year population by ethnic groups, religion, by age groups)
5. Paddy extent assweddumised, sown and harvested by source of water & D.S. Divisions
6. Natural forest area - (National, Province & District Level)
7. No. of timber based enterprises (- do -)
8. District summary of “Govijana Kendrayas” in Kegalle & Ratnapura
9. Details of farmer organizations
10. Information in respect of minor irrigation schemes.

Also, a questionnaire was prepared to collect data on above topics at Govijana Kendra levels in Kegalle & Ratnapura district collection of data from secondary sources was complied. Field work regarding this was commenced in September 2 completed by end of the year.

2. "National Workshop" on An Integrated Programme for Strengthening of Agricultural Services and Input Delivery for Small Farmers in Asia: Case Studies and Experimentation Programmes in Sri Lanka; 05-10 Feb. 2001, HARTI, Colombo.

Coordinators: 1. Dr. D. Tennakoon
2. Mr. R.L.N. Jayathissa
3. Mr. Ananda Samarakoon

Participants from CIRDAP/FAO

1. Dr. Solaiman	Director, Research/CIRDAP
2. Mr. Shafiqur Rahman	Research Associate/CIRDAP

Implemented a series of programmes on "An Integrated Programme to strengthen the agricultural services and delivery systems for small farmers in Asia" Country Programmes in Sri Lanka was commissioned to HARTI by CIRDAP/FAO in 1995. These programmes on pilot at projects basis were implemented as experimentation towards institutional building for agriculture centered rural development. These action research projects were carried out in several parts of the Island; i.e.,

1. First Round Programme in Moragolla village, Galewela.
2. Second Round Programme in Adampane village, in Anuradhapura Districts, and
3. Third Round Programme in Pussellawagama in Kandy district.

The overall objective of the "National Workshop" held from 05-10, Feb. 2001, at HARTI was to share the results of experimentation with international expertise, researchers at CIRDAP and local planners, and policy makers in Sri Lanka and to draw a national plan for implementation. The basic conclusion made by the "Workshop" was to conduct experiments to cover at least Govijana Kendraya command area for two years to gather more information on the applicability of the proposed AD Delivery Mechanism by the project. It was suggested to apply principles of Approach Papers CIRDAP Action Plan, 2002 – 2007 in this new experimentation scheduled to conduct at field level in Sri Lanka. It was suggested that attempts for institutional building must focus on CIRDAP policy guidelines proposed for CIRDAP Member Countries (CMCs) for 2002 – 2007. Concluding remarks of the guidelines reads as:

Central to the goal of rural development is poverty reduction. The process of poverty, however, is the outcome of a complex and interacting set of factors rooted in the board structure of the society. It involves wider aspects of deprivation which are not limited to purchasing power but also involves issues of capabilities and entitlement, participation, empowerment, vulnerability and crisis coping capacity, and intra-household and gender disparities. The strategies in general must involve multi-dimensional and inter-sectoral efforts designed to improve the economic and social life of people in the rural areas.

The rural development framework for the CMCs require both policy reforms and direct targeted programmes in a number of interrelated areas:

- Pro-poor and non discriminatory policy framework for promoting overall environment for equality of opportunities among various groups and between rural and urban areas;
- Since rural production will continue to be dominated by crops, agro-forestry and livestock in most countries, productivity growth in such activities will contribute greatly to enhance the incomes of the poor households. This requires timely access to inputs, markets and better knowledge and technology.
- Access to productive employment is the most effective way of eradicating rural poverty. Rural poverty is mostly traced to different patterns of employment and to constraints which the rural people face in earning and securing a decent level of income;
- Access to land and other productive assets to ensure higher returns in rural farming and non-farming activities and in the informal sector;
- Providing access to productive livelihood options to the rural people requires effective strategies to address the specific situation of various groups including the women. The diversification of incomes through labour intensive infrastructure and basic service development activities are important for the land scarce rural poor households. Similarly, the development of the non-farm sector can provide new and expanding employment opportunities to the poor. The provision of financial resources and credit to undertake viable and productive generating activities is one way of helping the rural poor.

Under the lines of the suggestion and recommendation made by the "National Workshop" HARTI Research Team prepared an implementation design for further experimentation in 10 Grama Niladhari Divisions in Anuradhapura District. This programme is scheduled to be implemented in a two year period of 2002-2003.

Library

Staff: Librarian

Assistant Librarian

Library Assistant Grade I 1

Library Assistant Grade II 2

The main objectives of the library is to collect, compile, retrieve and disseminate information related to the agrarian sector for the benefit of HARTI Research Staff and also to other interested persons and agencies. During the year, the staff borrowed 951 books and 236 issues of journals. The number of visitors to the library has increased during the year to 245 and most of them were University Students.

Acquisition of Books, Journals and Reports

The library acquired 270 books and reports during the year out of which 72 were direct purchases and the rest 198 items were received either on exchange on or a complimentary basis. A large number of periodicals, newsletters, annual report from foreign and local institutions were also received on a complimentary or on an exchange basis. The library also subscribed to 33 foreign journals and 12 local journals during the year. Due to budget restrictions some journal titles were dropped from the subscription list.

Inter Library Cooperation

The library continued to participate in the AGRINET SDGP scheme. During the year the library has sent 303 content pages to 23 journals to other member libraries and received 157 content pages of 16 journals. There were 62 inter-library loan requests for books and journals articles. During the year lending facilities were also extended to the officials of the Ministry of Agriculture and Lands and CARP on inter-library loan basis.

The library continued to provide cataloging information on new acquisitions to the national agricultural bibliography database maintained at CARP Library. Copies of the printed and electronic versions of this database is now available in the library. The library also provided cataloging information on organic farming and on drought to CARP. The electronic version of this bibliography are now available at CARP library. Facilities have also been continued for research staff to access TEEAL electronic library (which consists of 140 full text journals published between 1993-1997 and maintained by CARP Library) through HARTI Library.

HUMAN RESOURCE DEVELOPMENT AND INSTITUTIONAL DEVELOPMENT DIVISION

Staff:

Mr. I. Ranasinghe Perera	-	Head of the Division
Mr. P. Piyaathna	-	Senior Research Officer
Mr. N. S. B. Epakanda	-	Statistical Officer

As the national training institute of the country in the agrarian sector, the HRD & ID division functions in three different settings. Firstly, it functions in organizing and coordinating its own regular training programs and activities arranged on the national priorities of the country. Secondly, it caters to the emerging demands of training emanating from contemporary problems and issues. Thirdly, it provides services of training experts of the division to other government organizations in planning, conducting and evaluating of their training programs. In addition, the officers of HARD & ID division are involved in action oriented research programmes of the agrarian sector where training activities are integral parts in them.

The training programme of the HARTI take the form of a short courses, workshops and seminars. Resource persons of these programs are mainly drawn from the training divisions and other related research divisions of the institute. Based on the requirement resource persons are also drawn from the universities, other government institutions and agencies and NGOs.

Completed Assignments and Activities of the Division

- Training proposal for potential realization of irrigated agriculture in the dry and intermediate zones of Sri Lanka. (To be started in August 2003)
- Training proposal for awareness creation on proposed water resources policy. (The project is in progress)
- Training proposal for assessment of research and training needs of *Samurdhi* program. (Funds not received)
- Training proposal for Hambantota Irrigation Rehabilitation Project (HIRP) (The proposal is in review process)

ON -GOING PROGRAMS

1. **Book on 'Samaja Sajeevikaranaya' Volume 2. (Social Mobilization)**
Volume 2 of 'Samaja Sajeevikaranaya' is in progress. Mr. Ranasinghe Perera is collecting data and information for the book. The book is to be published in year 2003.

2. **National Water Resources Policy**

Research Team :	Mr. I. Ranasinghe Perera (Co-ordinator)
	Dr. D. Gamage
	Mr. L.P. Rupasena
	Mr. J.K.M.D. Chandrasiri
	Dr. W.M.G.B. Giragama
	Mr. Bandara Rathnayake
	Mr. M.M.M. Aheeyar
	Mr. P. Piyaathna
	Mr. R.M.G.K.B. Rathnayake
	Mr. R.L.N. Jayatissa

The training campaign on **National Water Resources Policy** is in progress at present. Preparatory work of the campaign such as content development, material development and orientation sessions for trainers are being carried out. Twelve research officers and three senior-Statistical Officers are involved in the campaign.

3. Sustainable Village Development Program.

Research Team: I. Ranasinghe Perera
P. Piyarathne

The division is handling *Mahapotanegama* sustainable village development program in *Kurunegala* district. The project is an integrated approach of village development composed of agriculture, environment, infrastructure, marketing, institutional building and other divergent socioeconomic aspects of rural development.

4. Study on Leafy Vegetables

Research Team: P. Piyarathna (co-ordinator)
M. S. Senanayake
W. M. G. B. Giragama
Dr. D. Tennakoon

A study on socioeconomic aspects of leafy vegetable farmers was planned and preliminary activities were completed. The study aimed at identifying not only the factors related to socioeconomic aspects of leaf vegetable farming but also hygienic, health, environmental and marketing aspects of cultivation. The project was suspended during the year 2002 due to financial limitations and to be restarted in the year 2003. The project is funded by HARTI.

OTHER ACTIVITIES

Mr. Ransinghe Perera functioned as a member of the advisory committee of the Sri Lanka Institute for Local Governance.

Mr. Piyarathne coordinated the Agricultural Information Service of the institute.

Provision of services to other government organizations

Conducted three training programs on Adult Training Methodology for Sri Lanka Institute for Local Governance - Resource persons: Ranasinghe Perera and Mr. Bandara Rathnayaka

Conducted three training programs on Social Mobilization for Rural Development Training and Research Institute: - Resource person: Ranasinghe Perera

Conducted two training programs on Group Dynamics for Mahaweli Consolidation Project. Resource Person: Ranasinghe Perera.

Conducted two training sessions for SLIDA on community participation in rural development.

Conducted two training sessions on Socioeconomic Aspects of Conservation and Use of Native Tropical Fruit Genetic Resources in Asia at Horticultural Crop Research Institute.

FINAL ACCOUNTS 2002
For the year ended 31st December 2002

1. Accounting Policies

1.1. General

The Financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles and the applicable Sri Lanka Accounting standards.

1.2. Valuation of Assets

(i) Property, Plant & Equipment

Property, Plant and Equipment are stated on the balance sheet at cost less accumulated depreciation. Depreciation is provided on the straight-line method at the following rates per annum.

Land	No depreciation
Buildings	2 ½ per annum
Equipment/Furniture	10% per annum
Computer	20% per annum
Welfare Equipment	10% per annum
Books	5% per annum
Vehicles	20% per annum

A full year's depreciation is charged in the year of purchase.

Maintenance and repairs are expensed as incurred whilst major improvements are capitalized.

(ii) Debtors

Debtors are stated at the amounts at which they are expected to be realized. Adequate provision has been made in the accounts for bad and doubtful debts. Provision for doubtful debts are made at 4% of net debts as at the date of reporting.

(iii) Stocks

Stocks of consumable items are valued at cost. Other stocks are valued at lower of cost and net realizable value. Cost of the stocks is valued using FIFO method.

(iv) Cost of the Transformer

The cost of the transformer is written off over 5 years commencing from 1998.

1.3. Gratuity

Provision has been made in Financial Statements for Gratuity payable under the payment of Gratuity act No. 12 of 1983.

1.4. Income and Expenditure Account

The income over expenditure (expenditure over income) is stated after;

- a. Providing bad and doubtful debts and all expected future expenses in day - to - day operation of the institute and maintaining the property plants and equipment in a state of efficiency.
- b. Charging all expenses incurred in the year.

HECTOR KOBBEKADUWA AGRARIAN RESEARCH & TRAINING INSTITUTE
Income & Expenditure Account for the year ended 31st December 2002

2001 Rs.	INCOME	2002 Rs.
38,400,000.00	Government Grant - Recurrent	37,800,000.00
500,000.00	Contributiond from Project savings	100,000.00
145,870.00	Hostel charges and Conference facilities (Note13)	2,544,002.55
72,860.25	Sale of Publications	179,617.30
712,341.73	Interest on Investment	1,073,551.10
579,240.61	Interest on Staff Loans	684,002.19
-	Administrative charges from projects 15	414,425.69
<u>111,226.85</u>	Miscellaneous Income (Note 14)	<u>419,209.13</u>
40,521,539.44		43,214,807.96

LESS : EXPENDITURE

<u>Programme 01 - General Administration</u>			
8,047,919.05	Project 01	Administration	9,438,302.93
2,322,819.16	02	Finance	2,265,035.57
1,688,682.23	03	Security	1,229,086.43
<u>3,914,179.28</u>	04	Transport	<u>3,894,379.63</u>
15,973,599.72			16,826,804.56
<u>Programme 02 - Research</u>			
3,060,469.81	Project 01	A.P.E.	2,977,006.83
3,826,434.08	02	A.R.M.	3,793,284.83
1,577,934.89	03	I.A.R.	1,170,861.94
<u>7,225,602.83</u>	04	M.F.P.	8,705,834.46
15,690,441.61	05	D.D.R.	<u>385,128.88</u>
			17,032,116.94
<u>Programme 03 - Training</u>			
1,932,555.91	Project 01	Training	2,264,262.23
<u>3,048,463.96</u>	02	Publications	<u>3,470,301.92</u>
4,981,019.87			5,734,564.15
<u>Programme 04 - Research Resources</u>			
1,626,267.16	Project 01	Library Services	1,588,388.44
768,899.45	02	Computer	815,221.33
<u>2,083,630.19</u>	03	Data Development	<u>1,555,892.65</u>
4,478,796.80			3,959,502.42
<u>Programme 05 - Welfare</u>			
742,822.58	Project 01	Welfare Facilities	<u>1,929,541.98</u>
			1,929,541.98
<u>Programme 06 - Maintenance Services</u>			
3,604,718.42	Project 01	Maintenance Services	<u>4,462,011.64</u>
			4,462,011.64
<u>Programme 07 - Ancillary Services (Hostel)</u>			
<u>678,259.75</u>	Projec 01	Ancillary Services	<u>967,764.43</u>
			<u>967,764.43</u>
			<u>50,912,306.12</u>
<u>5,296,342.46</u>	Expenditure over Income		<u>(7,697,498.16)</u>

CHAIRMAN

DIRECTOR

ACCOUNTANT

HECTOR KOBBEKADUWA AGRARIAN RESEARCH & TRAINING INSTITUTE

Balance Sheet as at 31st December 2002

2001 Rs.	EQUITY CAPITAL			2002 Rs.
77,855,900.00	Government Grant-Capital	(Note 2.1)	79,355,900.00	
<u>1,102,372.79</u>	Contribution from savings	(Note 2.2)	1,102,372.79	
78,958,272.79	Capital Contribution from Ministry		<u>142,835.00</u>	80,601,107.79
	RESERVES			
14,327,395.09	Project Capital Fund	(Note 2.3)	14,327,395.09	
3,242,284.40	Capital Reserve	(Note 2.4)	3,242,284.40	
9,914,480.03	Project General Reserve	(Note 2.5)	9,914,480.03	
137,061.91	Incentive Fund		139,910.69	
<u>396,261.91</u>	Training Fund		<u>396,261.91</u>	
28,017,483.34			28,020,332.12	
<u>40,560,212.54</u>	LESS : Net Deficit brought forward	(Note 2.6)	<u>(48,114,323.28)</u>	<u>(20,093,991.16)</u>
				60,507,116.63
	CAPITAL EMPLOYED			
24,130,997.47	Property Plant & Equipments	(Note 3)		21,847,596.55
7,462,585.97	Investments - Fixed Deposits	(Note 4)		5,798,582.96
3,050,000.00	Treasury Bills	(Note 4)		3,593,818.14
<u>17,412,188.53</u>	Staff Development	(Note 5)		<u>17,090,418.20</u>
52,055,771.97				48,330,415.85
	CURRENT ASSETS			
1,601,545.31	Stocks	(Note 6)	1,142,023.58	
28,589,237.15	Debtors	(Note 7)	28,920,800.58	
1,023,970.27	Sundry Deposits	(Note 8)	504,570.00	
1,368,505.57	Prepayments & Accts Receivable	(Note 9)	1,304,281.18	
771,524.38	Advance	(Note 10)	832,675.56	
7,263,788.53	Cash at Bank	(Note 11)	9,214,253.12	
<u>10,000.00</u>	Cash in Hand		<u>10,000.00</u>	
40,628,571.21			41,928,604.02	
	LESS : CURRENT LIABILITIES			
	Creditors	(Note 12)	13,214,437.55	
<u>12,680,659.59</u>	Accrued Expenses		<u>2,342,378.19</u>	
			15,556,815.74	
	Net Current Assets			
	LESS : LONG-TERM LIABILITIES			
13,588,140.00	Gratuity Provision		<u>14,195,087.50</u>	(29,751,903.24)
<u><u>71,303,260.80</u></u>				<u><u>12,176,700.78</u></u>
				60,507,116.63

CHAIRMAN

DIRECTOR

ACCOUNTANT

2. Equity Capital

Rs.

2.1. Govt. Grant Capital

Balance as at 31.12.2001

77,855,900.00

Add : Capital Contributed during the year

Consolidated fund

1,500,000.00

79,355,900.00

2.2. Capital contribution from savings

Balance as per last Balance Sheet date

1,102,372.79

2.3. Project Capital Fund

Balance as at 31.12.2001

14,327,395.09

Additions during 2001

14,327,395.09

2.4. Capital Reserve

Balance as per last Balance sheet

3,242,284.40

2.5. Project General Reserve

Balance as per last Balance sheet

9,914,480.03

2.6. Income & Expenditure Account

Balance as at 31.12.2001

(40,560,212.54)

Add : Adjustment in respect of previous year

143,387.42

(40,416,825.12)

Expenditure over Income for the year
ended 31.12.2002

(7,697,498.16)

Balance as at 31.12.2002

(48,114,323.28)

3. Schedule of Depreciation of Property Plant & Equipments - 2002

Net Value as at 31.12.01	Particulars	Cost as at 31.12.01	Additions/ (Disposals) during the year 2002 Rs.	Total Cost as at 31.12.02 Rs.	Acc./Dep as at 31.12.01 Rs.	Dep.for the year 2002 Rs.	Accu/Dep. ended 2002 Rs.	Net Value 31.12.02 Rs.
1,716,667.00	Land	1,716,667.00	-	1,716,667.00	-	-	-	1,716,667.00
8,792,710.42	Buildings	14,788,912.85	41,030.00	14,829,942.85	5,996,202.43	370,748.57	6,366,951.00	8,462,991.85
7,395,248.27	Equipment/Furniture	22,790,243.75	578,386.92 (12,696.75)	23,355,933.92	15,397,344.48	1,411,211.93	16,808,556.41	6,547,377.51
1,508,643.48	Computer Installation	11,179,376.97	396,055.00	11,575,431.97	9,668,089.74	1,081,885.79	10,749,975.53	825,456.44
960,024.00	Motor Vehicles	8,489,355.88	(115,500.00)	8,373,855.88	7,529,331.88	480,000.00 (115,496.00)	7,893,835.88	480,020.00
3,757,408.55	Books*	5,564,957.14	358,080.63 (22,767.00)	5,900,270.77	1,807,548.59	277,639.43	2,085,188.02	3,815,082.75
1.00	Welfare Equipment	3,734.55	-	3,734.55	3,733.55	-	3,733.55	1.00
<u>24,130,702.72</u>		<u>64,533,248.14</u>	<u>1,222,588.80</u>	<u>65,755,836.94</u>	<u>40,402,250.67</u>	<u>3,621,485.72</u> <u>(115,496.00)</u>	<u>43,908,240.39</u>	<u>21,847,596.55</u>

4 HARTI Investments - Fixed Deposits

Investment in Treasury Bills	3,593,818.14
Fixed Deposits at State Mortgage & Investment Bank	2,298,582.96
Fixed Deposits at State Mortgage & Investment Bank (Housing Loan Scheme)	3,500,000.00
	9,392,401.10

5 Staff Development

Balance as per last Balance sheet	17,412,188.53
Less : Adjustments to the opening balance	(321,770.33)
	17,090,418.20

6 Closing Stock as at 31.12.2002

Stationery & other consumable goods	362,781.28
Publications and Journals	280,726.29
Sales Center	495,874.91
Motor Vehicle spare parts	2,641.10
	1,142,023.58

7 Debtors

Advanced against projects (7.1.1) 4,040,238.65

Staff Debtors

Housing Loan	1,348,521.98
Consolidated Loan	16,986,548.22
Festival Advance	105,665.02
Special Advance (Books)	8,200.00
Due from displace persons	6,723.32
Special Advance (Salary)	1,700.00
Special Advance (Flood)	3,740.36
Suwa Sampatha	89,162.82
Salary Advance	4,300.00
Scholarship Debtors	16,922,176.42

35,476,738.14

Current Assets**Debtors****Advance Against Projects 31.12.2002****Project Name**

Balance
31.12.2002
Rs.

Training Manual on Farmers Organisation R-232	26,801.54
Action Research Project for Developing Vegetables R-140	3,737.00
Analysis of Marketing & Vegetables in Sri Lanka R - 176	159,975.15
Assessment of Turn Over Prog. in N.I.R.P. Schemes R-199	179,229.29
CIGPs fro Rural Poverty Alleviation in Anuradapura R-239	51,016.47
Agricultural Markeing Project R - 191	1,510.50
Buffalo Information & Documentation Project R- 194	8,444.79
Current Production of Labour Admn. In Agriculture R.A. 9	709.38
Community Livestock Care and Production Prog. R-154	316,594.90
Consultancy on the Establishment of Cold Storage	24,328.81
Unit Complex in Sri Lanka R-183	

Developing M & E in Mechanism for Agrarian Reform R- 146	41,947.56	.
Farm size & Efficiency Under Mahaweli System H R-118	66,268.32	.
Fellow up Action on Livestock as a Component of Rural Development R - 175	10,062.64	.
Formulation of an Integrated Prog. to Strengthen the The Agri. Delivery System R-186	427,276.42	
Inland Fisheries R-97	116,910.99	
Informal Land Transaction in Irrigated Settlement R-126	4,114.12	
Kelegama Small Tank Irrigation Project R-158	453,890.08	
Kitul Study	1,187.50	
N.W.P. Water Resources Development Project R-171	48,872.32	
Non Plantation Crop Sector Improvement Study Of Domestic Agricultural Marketing	54.40	
Research Involvement in CIDA/MLLD Lower Uwa Project R - 112	61,779.85	
Rural Industries Employment for the Working R-129	27,089.34	
Study on factors affecting cost of production on Rice in Sri Lanka (R - 285)	-	
Rainvesting the the A'pura Agro-well Programme R-229	3,570.00	
Socio Economic Study on Resources & Communities In Puttalam Lagoon R 157	1,406.25	
T-109	1,409.39	
T-111	50,153.68	
T-112	95,816.87	
T-115	57,665.84	.
T-127	9,699.56	
T-135	25,699.61	.
T-143	12,744.15	
T-146	15,071.12	
T-147	19,336.40	
T-148	151,318.39	
T-151	56,771.14	
T-162	4,419.53	
T -171	2,571.88	
T-175	23,258.63	
T-180	7,560.59	
T-185	41,003.11	
T-186	5,454.60	
T-172	33.06	
T-194	104,461.90	
R-256	32,575.34	
R-264	799.25	
R-270	64,985.10	
R-237	322,752.03	
R-292	51,648.83	
R-236	5,851.00	
R-188	1,104.63	.
R-288	138,432.80	.
G-02	9,261.37	.
R-290-1	100,108.70	.

R-290-2	44,737.01
R-290-3	66,412.92
R-290-4	23,587.56
R-290-5	80,350.12
R-290-6	37,926.27
R-290-7	67,831.16
R-290-8	57,625.10
R-290-9	67,216.83
G-03	125,249.93
T-208	20,555.63
Total	<u>4,040,238.65</u>

Other Debtors

Ministry	187,410.58	
Samurdhi	10,000.00	
Receivable from Dept. of Language	27,930.97	
Sales Centre	126,761.85	
Hostel & Auditorium/Conference	234,780.00	
Welfare Society	34,038.56	
Suspense A/C	4,446.20	
Miscellaneous Debtors	261,499.92	
Receivable from A P O	85,447.53	
Receivable from R&TO Association	1,100.00	
Receivable from inservices training institute	<u>6,806.38</u>	<u>980,221.99</u>
		40,497,198.78
Less : Provision for Bad & doubtful debtors	(1,619,891.89)	
Provision for debtors (bonds)	(110,373.69)	
Provision for scholarship	<u>(9,846,132.62)</u>	<u>(11,576,398.20)</u>
		<u>28,920,800.58</u>

8 Sundry Deposits

Fixed - Caterer	20,000.00	
- Cashier	<u>1,500.00</u>	21,500.00
Sundry - M.G. Saman & Sons	40,000.00	
Sri Lanka Telecom (Internet facility)	3,125.00	
Post Master General	24,945.00	
Colombo Gas & Water Co.	4,750.00	
Water supply & Drainage Board	500.00	
Celltel Lanka	3,500.00	
Ceylon Electricity Board	<u>406,250.00</u>	483,070.00
Ceylon Electricity Board	519,400.27	
Less : amount written off	<u>(519,400.27)</u>	<u>-</u>
		<u>504,570.00</u>

9 Prepayments and Amounts Receivable

9.1.1. Prepayments	131,162.91
<u>9.1.2. Amounts Receivable</u>	
Canteen Receivable	60,252.38

	Medical facilities receivable	34,320.77	
	Investment Income receivable	1,078,545.12	
		1,304,281.18	
10	Advances		
	Advance for purchases	535,018.14	
	Advances for circuits & others	297,657.42	
		832,675.56	
11	Cash at Bank		
	A/c No. 1 - 4530801034	3,944,459.17	
	A/c No. 2 - 4530801026	5,172,988.24	
	A/c No. 3 - 4530801883	39,417.24	
	A/c No. 4 - 4530801808	57,388.47	
		9,214,253.12	
12	Creditors		
	Creditors Against Project (13.1)		12,297,659.06
	Other Creditors		
	Stamp fees payable	4,720.00	
	Other Creditors	502,614.11	
	Tender deposits refundable	70,862.20	
	Unpaid Expenditure	245,193.54	
	Provision for Audit fees	53,767.00	
	Employees and Restaurant deposits	13,084.50	
	Retention	3,406.50	
	National Defence Fund	5,854.40	
	Contra	84.75	
	Election Creditor	17,191.49	
			<u>916,778.49</u>
			13,214,437.55
12	Current Liabilities		
	Creditors		
	Advance Against Projects 31.12.2002		Balance 31.12.2002
	P.N.I.P. Evaluation R - 261		444,444.89
	Commercialization of Small Farm Agriculture Pilot Project R-230		243,045.82
	Impact of Trade Agreement of Agriculture R-182/1		313,140.83
	Market Intelligence and Food Information Project R - 182		10,231.95
	CIRDAP		102,280.51
	Farmer Cenered Agriculture Resource Management R-197		15,160.42
	Nutrition Investment Plan R-265		1,014,386.94
	Participatory Planning in Irrigation R-254		77,789.36
	Poverty Monitory Project R-255		80,279.92
	Rural Development Communication Network R-257		166,907.70
	Study of Agricultural Markets R-231		137,124.62
	Social Causes of Land Degradation in the upper Mahaweli		416,486.84

Watershed of Sri Lanka R -233	
Study on Production and Marketing R-253	175,296.40
Book on Rice Production	2,365,778.22
IIMI/ARTI Joint Project M & E Part III R-172	379,749.65
Impact of Increasing Household Income on the Status on activities of Rural Women within the Household R-195	52,180.99
KOISP Impact Assessment R-173	728,490.27
Process Documentation Research Study for the SCOR Project R-187	50,006.71
R.A. Small Project	109,684.97
Socio Economic Survey R.A. - 7	108,995.56
2nd Agricultural Project R-217	34,022.17
T - 128	1,254,633.39
T - 179	28,690.95
T - 181	21,940.02
T - 182	52,318.50
T - 187	10,977.43
T - 193	21,945.03
T - 195	20,918.50
T - 196	13,178.75
Ambuluwawa	914.39
50th Commemoration Volume	153,840.00
Evaluation study of revolving fund based self employment Prog.R - 260	73,834.25
Mangustin - a review of present situation R - 268	17,986.90
Asian - SMES . Pilot Programme for infra regional trade R- 286	76,842.49
Study of paulty development R- 287	224,221.03
R-272	34,980.41
R-273	129,128.42
R-294	638,912.80
R-289	294,753.48
R-281	24,720.00
R186/1	10,743.74
R-285	74,639.90
R-290-3	1,978,214.23
T-207	709.35
T-209	1,986.90
R-291	111,143.46
Total	12,297,659.06

13 Auditorium & Conference Facilities & Hostel Income

Auditorium & Conference facilities	1,438,223.30
Hostel Income	<u>1,105,779.25</u>

2,544,002.55

14 Miscellaneous Income

Tender sale	110,634.78
Bungalow fees & Room rent	43,497.81
Computer Income	27,084.20
Tender fees	9,400.00
Other Income	<u>228,592.34</u>

419,209.13

15 Administrative Charges from Projects

Administrative Cost	367,539.83
Contribution from projects	35,620.74
Institute Share from projects	<u>11,265.12</u>
	414,425.69

AUDITOR - GENERAL'S DEPARTMENT

LS/D/HARTI/2002

7th March 2003

The Chairman
Hector Kobbekaduwa Agrarian Research and
Training Institute.

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE HECTOR KOBBEKADUWA AGRARIAN RESEARCH AND TRAINING INSTITUTE FOR THE YEAR ENDED 31 DECEMBER 2002 IN TERMS OF SECTION 14(2)(C) OF THE FINANCE ACT NO.38 OF 1971

The audit of the accounts of the Hector Kobbekaduwa Agrarian Research and Training Institute for the year ended 31 December 2002 was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with section 13(1) of the Finance Act No.38 of 1971. My observations which I consider should be published with the annual report of the Institute in terms of Section 14(2)(c) of the Finance Act are contained in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be sent in due course.

1:2 Scope of Audit

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka auditing standards, methods and practices to obtain a reasonable assurance as to whether the financial statements are free of material misstatements. The audit included the examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. Subsections (3) and (4) of Section 13 of the Finance Act No.38 of 1971 gives discretionary powers to the Auditor General to determine the scope and the extent of the audit.

1. Accounts

2.1 Audit Opinion

In view of observations appearing in this report, I am unable to express an opinion of the accounts presented. Deficiencies observed in this connection are given below.

Deficiency	Reference to paragraph in the report
(a) Accounting policies	2:3:1
(b) Accounting Deficiencies & Un-reconciled Control Accounts	2:3:2
(c) Suspense Accounts	2:3:3
(d) Lack of Evidence for Audit	2:3:4
(e) Non-compliance with Laws, Rules, Regulations and Management Decisions	2:3:5
(h) Systems and Controls	4

2.2 Financial Result

According to the accounts presented, the financial result for the year under review was a deficit of Rs.45,497,498 before taking into account the Government contribution for recurrent expenditure as compared with the corresponding deficit of Rs.44,028,121 for the preceding year. After taking into account the Government Contribution of Rs.37,800,000 for the year under review the deficit was reduced to Rs.7,697,498. After taking into account the Government Contribution of Rs.38,400,000 for the preceding year, the deficit for that year was reduced to Rs.5,628,121.

2.3 Comments on Accounts

2:3:1 Accounting Policies

Non-compliance with accounting policies observed in audit are given below.

- (a) Although the fixed assets should be separately identified and depreciated, all the assets excluding vehicles had been depreciated considering as one item.
- (b) Book balance of stocks had been shown instead of the value of physically verified balances.

2:3:2 Accounting Deficiencies and Un-reconciled Control Accounts

Deficiencies observed in audit are given below.

- (a) Closing stocks representing stationery spare-parts periodicals etc. had been understated by Rs. 334,558 due to the inclusion of book balances without making necessary adjustments against the physical balance. This had also resulted in an overstatement of the accumulated deficit by Rs.334,558.

- (b) Balances in 09 accounts as at the end of the year under review totalled Rs.2,860,213 whilst the balances in the corresponding subsidiary records amounted to Rs.3,845,988 thus showing an Un-reconciled difference of Rs.985,775.

2:3:3 Suspense Account

No action had been taken to clear the suspense account balance amounting to Rs.4,446.

2:3:4 Lack of Evidence for Audit

The following instances where evidence for audit were not furnished were observed.

- (a) 18 items in the accounts valued at Rs.74,285,649 as at the end of the year under review could not be satisfactorily vouched or accepted in audit due to the non availability of detailed schedules.
- (b) Confirmations from the parties concerned in respect of balances as at the end of the year under review amounting to Rs.18,663,553 in 191 accounts under 05 items of debtors and Rs.576,886 in 76 accounts under 03 items of creditors had not been furnished.
- (c) Physical verification reports had not been furnished in respect of all fixed assets, books and journals valued at Rs.58,061,579.

2:3:5 Non-compliance with Laws, Rules Regulation and Management Decisions

Instances of non-compliance observed in audit are given below.

Reference to Laws, Rules Regulations etc.

Particulars

(a) Finance Act No. 38 of 1971

- | | | |
|-------|--------------------|--|
| (i) | Section 8(1) | Approval of the budget by the Board of Governors |
| (ii) | Section 13 (5) (b) | Minimum audit programme. |
| (iii) | Section 13(8) | Consideration of Auditor Generals's Report |
| (iv) | Section 14 (1) | Furnishing a Draft Annual Report. |
| (v) | Section 14 (3) | Tabling Annual Reports in Parliament |
| (vi) | Section (14) (4) | Publishing Annual Reports. |

(b) Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995

Accounting Standard No. 09

Cash Flow statement had not been presented with the final account.

(c) Public Finance Circulars

No. 380 of 19 January 2000

Implementation of the incentive scheme.

(d) Financial Regulations

(i)	No.395 (b) and (c)	Preparation of Bank Reconciliations
(ii)	No.396 (b), (c), (d)	Un-presented cheques
(iii)	No.392 (c) (iii)	Returned cheques
(iv)	No.138 (6)	Lack of documents
(v)	No. 231 (1) and (2)	Lack of documents
(vi)	No.371 (2)	Settlement of advances

(e) Establishment Code

Chapter xxi paragraph 1.3 & 1.8

Maintenance of leave registers and prior approval for leave

(f) Guidelines on Government Tender Procedure

(i)	Paragraph 64.2	Annual registration of suppliers
(ii)	Paragraph 109.1	Selection of the lowest bid out of the bids received
(iii)	Paragraph 02 (a)	The least cost which brings maximum benefit to the Government
(iv)	Paragraph 16.2	Composition of Department Tender Board

(g) Office Orders

(i)	102	Project evaluation by the Research and Training Committee
(ii)	No.112	Maintenance of the research files
(iii)	No.45	Conducting of field inspections
(iv)	No.223	Maintenance of the research files
(v)	No.58	Settlement of Advances

3. Financial and Operating Review

3.1 Financial Results

According to the accounts presented, the operation of the Institute for the year under review had resulted in a net deficit of Rs.7,697,498 as compared with the corresponding net deficit of Rs.5,296,342 for the preceding year thus showing a deterioration of Rs. 2,401,156 in the financial result.

3:2 Performance:

Data relating to the progress on the contract researchers are given in the following table.

	<u>2002</u>
Number at the beginning of the year	16
<u>Add:</u>	
Number awarded during the year	<u>12</u>
	28
<u>Less</u>	
Number completed during the year	08
Number permanently suspended during the year	-
Number temporarily suspended due to financial limitations during the year	<u>05</u>
Work-in-progress as at end of the year	<u>15</u>

Following observations are made in this connection.

- (a) Although the Human Resources and Institution Development Division had planned to conduct 24 training programmes, it had not conducted any training programme during the year under review.
- (b) Although conducting of training programmes is one of the main functions of Marketing and Food Policy Division, it had not conducted any training programme during the year under review.
- (c) Except the 06 projects out of 12 outstanding from year 2001 the Institute had not commenced any new research project funded by institutional funds for the year under review.
- (d) Although according to the Action Plan for 2002, 16 projects had been planned to be completed during the year only 06 projects had been started.
- (e) Submission of research reports had been delayed for more than 6 months. A sum of Rs.1,577,500 had been spent on these projects as at 31.12.2002.
- (f) The available corporate plan is the one for 1999-2003. Therefore, the vision of the Institute to suit the present economic and social environment is not known.
- (g) Although Rs.2 million had been received for "Books on Rice Production" in 1993 the project had not been started yet.

3:3 Identified Losses

- (a) Interest income amounting to Rs.19,361 had been lost owing to non operation of 02 Bank accounts.

- (b) A sum of Rs.3.105 had been spent for ineligible officers under "Sustainable Village Development Programme".
- (c) As a result of non-offering the tender for lowest bid, an amount of Rs.550.000 had been overpaid by the Institute for security services.

3:4 Non-moving Balance

Two Bank accounts balances totalling Rs.96,805 had remained unchanged over 02 years.

3:5 Uneconomic Transactions

- (a) Audit tests disclosed 16 uneconomic transaction value of which was Rs.2,045,270
- (b) Though the Government contribution for the year was reduced by Rs.600,000 compared with the preceding year, entertainment expenses had been increased by Rs.1,186,719. It represents 260% increased over the preceding year.

3.6 Payments Contrary to Objectives

A sum of Rs.244,197 had been spent on foreign travels and charged against the project on "Books on Rice Production" which had no relevance for the foreign travel.

3.7 Budgetary Control

Budget for 2002 had not been approved by the Board. Therefore, it was observed that the Budget had not been made use of as an effective instrument of management control.

3. Systems and Controls

Deficiencies observed during the course of audit will be brought to the notice of the Board by my detailed report expected to be issued in due course, in terms of Section 13(7)(a) of the Finance Act. Special attention of the Institute is needed in respect of the following areas of control.

- (a) Advances
- (b) Purchases
- (c) Projects
- (d) Stock Controls
- (e) Fixed Assets
- (f) Compliance with Rules and Regulations

(S.C. Mayadunne)
Auditor General