

The Ministry of Primary Industries was established as a new Ministry on the 22nd of September 2015 and this report contains the progress of the programmes conducted by the Ministry from the 22nd September to 31st December 2015 and the programmes that have been planned to be implemented in 2016.

Message of the Hon. Minister

I am pleased to issue a message to this performance report which contains the progress of the programmes conducted by the Ministry of Primary Industries within a short time of its inception and its future plan of action.



This Ministry was established on the 22nd of September, 2015 on the blessings of His Excellency the President and the Hon. Prime Minister in order to carry forward the policies of the 100 day government formed as a result of the victory of 08th January, 2015 and to make the Mission and policies of the government of good governance, formed subsequent to the victory of the general election of 17th August 2015, a reality. The Ministry of Primary Industries is not just another Ministry but is certainly a Ministry with a vision framed on a scientific basis, thus offering a new experience to its officials as well as all stakeholders.

The main objective of establishing this Ministry is to provide the unstinted contribution to be provided by the primary industries sector in order to enhance the revenue of our country to twenty five billion U.S. Dollars by 2016 which is double the revenue at present. We are entrusted with the task of planning and implementing policies. Programmes and projects in order to reach that ambitious target which I believe is not a task that we as a Ministry can handle alone.

The scope of the Primary Industries sector is so diverse that a number of Ministries, Departments, institutions and private sector businessmen are involved in it. Therefore, I will strive to handle this Ministry with a close co-ordination with other Hon. Ministers and all stakeholders connected to the Ministry.

In this endeavour it is essential to work on a participatory approach coupled with proper mutual understanding thus offering a novel experience of working as inter connected manner instead of Ministries functioning as individual institutions.

I appreciate the efforts taken by the Secretary and the staff of my Ministry to fulfill that mammoth task and state that I applaud the progress made by the Ministry within a short time of three months of its inception in 2015 and the future plans.

Daya Gamage M.P.

Minister of Primary Industries

Message of the Secretary of the Ministry.....

I take this opportunity to issue a message to this Performance Report which consists of the Progress achieved within a short time of the inception of the Ministry of Primary Industries which was established as a new Ministry on the 22nd of September 2015 and its future plan of action.



The responsibility and the role of this Ministry, as a new Ministry that was established with a view to putting into practice the policies of the new government formed upon the historic transformations that took place on the 8th of January 2015 and 17th of August 2015 are dynamic and challenging. The role expected of the Ministry of Primary Industries in the lofty objective of the government of reaching its development targets in 60 months through a fivefold policy approach is indeed enormous.

One of the common problems witnessed in the primary industry products of all fields including agriculture and fishing are that they approach the local as well as the export market as raw materials of semi finished products. This results in the producers and businessmen having to face comparative disadvantage in competing in the market, especially in the export market with the country losing a lot of valuable foreign exchange. Failure to harness the full potential of the primary industrial sector results in its contribution to the national economy dwindling.

All programmes of the Ministry are therefore directed at doubling our export income in 2020 by strengthening the process of value addition of the products of the primary industries sector with emphasis on agro products in order to present value added finished products to the global market and thereby capturing a significant share of the global market .

I must state that we are being constantly guided by the Hon. Minister towards reaching the ambitious target set out as above with the entire staff of the Ministry including the Additional Secretaries totally committed to making it a reality.

I take this opportunity to extend my sincere gratitude to all officials of the Ministry who made such an invaluable contribution in marking this progress within a short period of time of the inception of the Ministry. My thanks are also due to the Deputy Director (Planning) and other officials of the Planning division for preparing this performance report.

Eng. Bandula Wickramarachchi

Secretary

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Ministry of Primary Industries

Background and Introduction

Ministry of Primary Industries was established anew on 22nd September 2015 and is housed in the 16th floor of the Suhurupaya Building at Battaramulla. In terms of the Gazette Extraordinary issued on the 21st of September 2015, formulating policies, programmes and projects related to the field of primary industries, monitoring and evaluating have been specified as the functions of this Ministry.

The other functions that fall within the ambit of this Ministry include adding value to the produces of primary industries, expanding export market opportunities and formulating policies and strategies for moving farmers, fishermen and small scale agro businessmen to the global economy by ensuring industrial safety.

Yet another important role of this new Ministry is to implement policies for sustainable use of resources and Bio-safety including value added products.

The Ministry is also tasked with establishing Agriculture development zones and Export Development Zones and related activities.

In establishing this Ministry of Primary Industries, attention has been paid on finding solutions to problems of the agriculture and fisheries sectors and their exports. While there are many problems in the primary industries sector and the agriculture sector in Sri Lanka, the specific issue that falls under the purview of our Ministry is presenting our primary industry products, agricultural and fisheries products as raw materials or semi finished products. This issue has come to the fore as we, as a country are losing a lot of valuable foreign exchange owing to our own inability of gaining a competitive price for our products given the difficulty faced by our producers in meeting the competition in the global market.

Accordingly, the Ministry is in the process of establishing Agriculture Development Mega Zones with a view to finding solutions to the above problems in the agriculture sector. The establishments of these zones have been emphasized in the “Fivefold process of building a new country in 60 months”. While it has been proposed to establish 23 Agriculture Development mega zones and 10 Fisheries Development Mega zones, preliminary activities

of establishing 07 such zones (5 Agriculture mega zones) in 2016 have already begun. These development mega zones can be identified as dedicated public private partnership programs to encourage businessman and entrepreneurs engaged in export oriented products and services who aspire to expand their businesses by providing them with required physical and economic infrastructure facilities.

Vision

A global market that has conquered value added exports of primary industry products.

Mission

Formulating policies, plans, programs and products required for promoting the generation of foreign exchange and ensuring better and sustainable life style for all stake holders engaged in the field by enhancing the production efficiency of primary industries of Sri Lanka and reaching the global market through value added products.

Aims

The main and specific aim of establishing the Ministry is to contribute to the objective of doubling the export income of Sri Lanka by 2020 (to generate a large portion of foreign exchange) by capturing a significant share of the global market by competitively trading our primary industry products, agricultural and fisheries products and services in the large global market.

Another aim of the Ministry is to prepare the rural economy of Sri Lanka (through the establishment of economic mega zones) to meet the very high demand for food in Sri Lanka and other countries of the region in future. This will help reach the above mentioned main aim as well.

Role

The Ministry has already made plans to implement the following in order to meet the above mentioned aims through the specified mission with a view to making our vision a reality.

1. To encourage the stakeholders to produce value added finished products by strengthening the value chain of the primary industry products including agricultural and fisheries products in a broad manner.
2. Providing the required facilities and encouragement for accreditation and introducing required standards for ensuring the quality of other crops with export value in the primary industry products sector including agriculture products.
3. Aligning the private entrepreneurs with the global market by networking the stakeholders of the primary industry sector, investors, farmers, small scale industrialists, service providers and entrepreneurs through collective organizations such as public companies.
4. Providing the Sri Lankan businessmen with the required facilities to maintain high production efficiency in order to conquer the competitiveness in the global market and organizing local and international market promotion programmes, seminars and auctions towards that end.
5. Providing the Sri Lankan businessmen with the required support to start business with globally competitive foreign companies.
6. Providing the small and medium scale entrepreneurs with lands to start their business through Agriculture and Fisheries Development Mega zones and providing support and encouragement required.
7. Establishing all physical and economic infrastructure facilities such as state of the art machinery, post harvest technology and agricultural loans for new entrepreneurs in the Development mega zones.
8. Maintaining a digitalized database of the field of agriculture.
9. Providing required facilities for the promotion of export crops, fruits, flowers and other crops of high export value.

Further, the following administrative functions are also carried out by providing the required guidance to the only department coming under the Ministry, the Department of Export Agriculture in order to handle the above mentioned development activities.

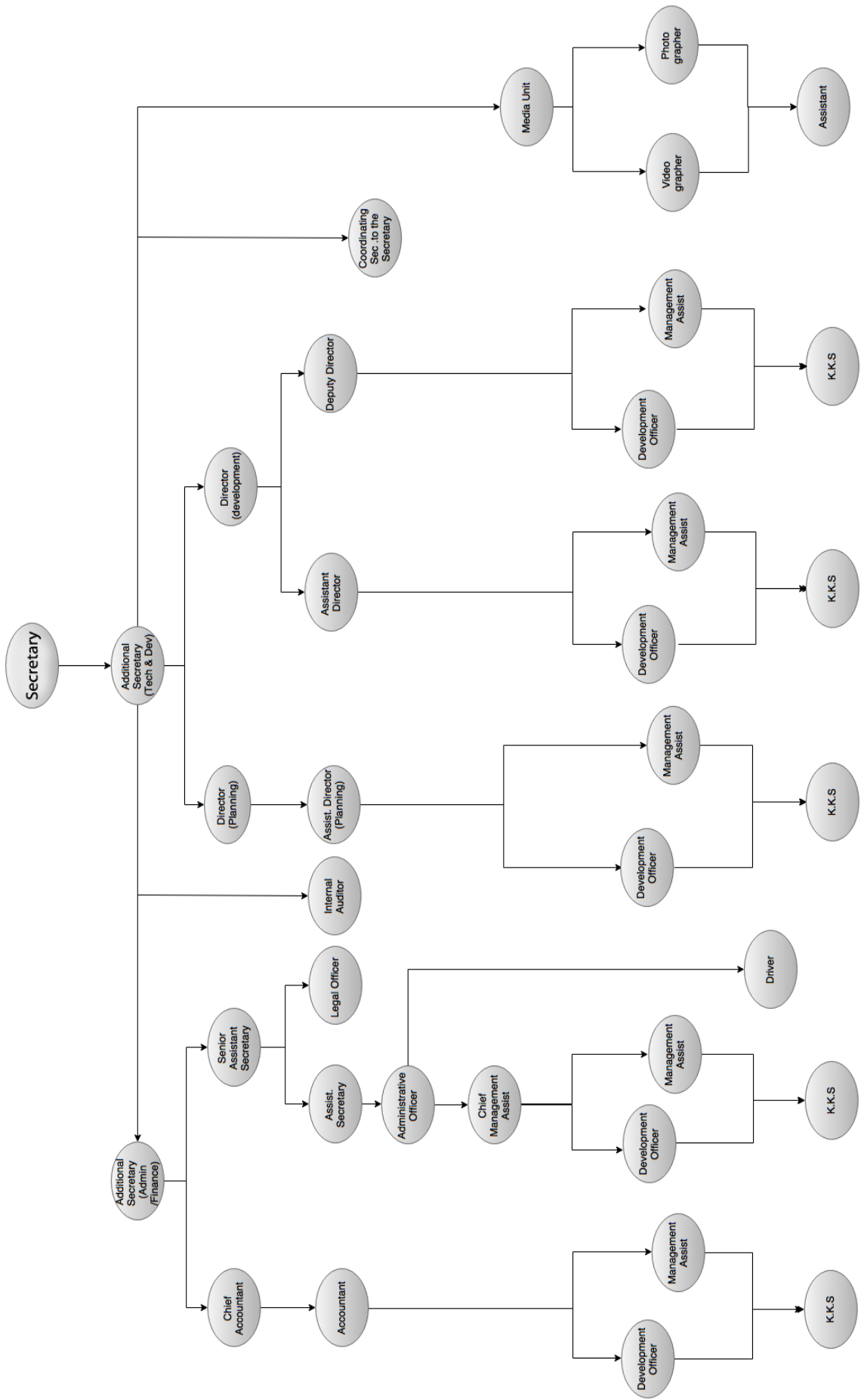
- 3 Getting the required allocations passed by preparing and submitting the Annual Development plan and the Mid Term investment Plan of the Ministry and conducting the monitoring, operation and progress control activities of the relevant programmes and projects through the use of such allocations.

- 4 Providing the required support and guidance to prepare the annual plan and estimates of the Department coming under the Ministry and handling and monitoring them.
- 5 Maintaining the Accounts of the Ministry in compliance with the finance regulations and circulars by utilizing the allocations made to the Ministry in a spirit a high integrity in order to manage public finances.
- 6 Managing the human and physical resources in order to meet the aims of the Ministry and co-ordinating the administrative and institutional activities of the Department of Export Agriculture.

Approved cadre of the Ministry

Secretary					
Unit	Additional secretary (Administration and finance)			Additional secretary (Technical and Development)	
	Admin. Unit	Finance Unit	Internal Audit Unit	Planning Unit	Development Unit
Heads of Units	Senior Asst. Secretary	Chief Accountant	-	Director (Planning)	Director
Other Executive staff	Asst. secretary / Admn. Officer	Accountant	Accountant	Deputy / Assistant director (Planning)	Deputy / Assistant Director 02
Development Officer / Development Assistant	Development Officers / Development Assistants 16				
Management Asst. Service / other	Management Assistants 18, Photographer / Assistant 03				
Assisting Staff	Office Assistants / Drivers 19 Office Assistant / Driver 19				

Organizational Chart of the Ministry



Progress of the Ministry in 2015

➤ Physical Progress (from 22.09.2015 to 31.12.2015)

1. Organizing the human and physical resources necessary to handle the mammoth development programmes scheduled to be implemented by the Ministry in future.
 - a. A cadre of 62 officers for the substantive staff of the Ministry was approved and staff was recruited to essential 28 posts by 31st December 2015.
 - b. A state of the art and fully equipped office premises was set up for the Ministry in the new Suhurupaya building at Battaramulla.



- c. Taking initial steps to establish a wing at the World Trade Centre to provide facilities to all stakeholders including producers engaged in the primary industry products (specially export crops), producers in the export sector and investors..
- d. Referring 4 officers to local and international training on human resources development and 03 officers for international trade exhibition.
- e. Taking over the rural development programmes functioning under the SEMAUL - UINDUNG programme which laid the foundation for the development of South Korea.

2. The following workshops were planned and conducted in order to plan the future programmes and projects of the sector with the Hon. Minister presiding and with the participation of the Ministry, the Department of Export Agriculture and the stakeholders of the export agriculture sector in each district.

a. Conducting a workshop at the Export Crops research centre in Matale on 28.09.2015 in order to identify the problems faced by the sector and make future plans and organizing field tour to observe the spice garden of Matale with the participation of the Hon. Ministers.



b. Conducting a workshop with the participation of the Hon. Minister in Galle on 12.11.2015 to discuss the problems faced by the Cinanmon cultivators and cinnamon exporters and finding solutions to them and discussing the measures to be taken to add value to cinnamon and export them and taking initial steps to develop Galle and related areas as a Cinanmmon processing zone.



c. Conducting a discussion with the participation of the Hon. Minister to educate the stakeholders connected to the export of crops such as pepper, cardamom and nut meg in the districts of Matale, Kandy and Nuwara eliya at Getambe, Kandy in the morning of 17.11.2015 and visiting the national spice garden.



- d. Conducting a discussion with the participation of the Hon. Minister with the cultivators of ginger, turmeric and betel which are considered the main export crops in the Kurunegala District and other stakeholders in order to identify the problems faced by the industry on the evening of 17.11.2015.



- e. Taking the initial steps and educating the officials on cultivating 4000 acres in the districts in Jaffna and Kilinochchi in the Northern Province in line with the National programme of food production implemented under the supervision of the Presidential Secretariat with the participation of the Hon. Minister.



- f. Hon. Minister and officials of the spices council observing for the advancement of the export agriculture sector.



➤ **Financial Progress (From 22.09.2015 to 31.12.2015)**

Programme / Project	Approved allocation (Rs.)	Amount spent	Financial Progress %
Recurrent Expenditure	34,260,000	16,868,103	49.24
Capital Expenditure	12,718,149	6,647,072	52.26
Total	46,978,149	23,515,175	50.06

Development Programmes / projects to be carried out in 2016.

Proposed programmes according to the Budget estimates - 2016

Programme / Project	Amount allocated (Rs. Million)
Capital Expenditure	526.15
Recurrent expenditure	768.09
National food production programme (turmeric and ginger cultivation development)	50.00
Total (including provision of the Expenditure. Ag. Dep.)	1344.24

Proposed programme according to budget proposals

Programme / Project	Amount allocated (Rs. Million)
Establishing agriculture, livestock and fisheries processing zones	100.00
Strengthening the cinnamon research unit of the Department of export agriculture	50.00
Establishing the cinnamon Development authority	50.00
Developing the Cinnamon training school	50.00
Providing facilities for cinnamon research activities	50.00
Establishing dedicated agricultural and fisheries development mega zones	2000.00
Establishing primary industrial council	-
Commercialising arecanut cultivation related products	-
Development of commercial fruit cultivation	-
Providing investment assistance for the unemployed youth to start business	-
Total	2300.00

Constraints and challenges to be met by this Ministry as a new entity

➤ Constraints and challenges to be met in promoting local products

- Constraints and challenges to be met in promoting local products.
- Imports which are a hindrance to strengthen the local farmer.
Eg. Granting duty concessions to import ginger and turmeric.
- Quarantine limits to be faced in exporting local products.
Eg. Problems to be faced in exporting fresh fruits. (mango)
- Problems encountered in promoting processing industries to encourage value added product entrepreneurs.
Eg. Duty limitations at importing required machinery and packaging materials.

- Mixing sub standard products with Sri Lankan products with a high reputation.
Eg. Mixing discarded tea and re exporting foreign arecanut from Sri Lanka using the Sri Lankan brand name.
 - Farmers and importers being inclined to send their products to market as raw materials or semi finished products instead of value added products.
Eg. Cinnamon, pepper
 - Research and findings on the medicinal quality and chemical values of products endemic to Sri Lanka happening at a very slow pace.
Eg. Lack of further research on cinnamon endemic to Sri Lanka.
- Problems encountered in granting lands to new investors for projects. This problem has been specially severe in granting lands to entrepreneurs for development mega zones.
- The lackadaisical approach of public institutions and private companies in handing over under utilized lands for development purposes.
 - Taking excessively long time and adopting complex methodologies in handing over such lands.
 - Negative attitudes of officials of institutions that own such lands

Departments and Institutions functioning under the Ministry

Department of Export Agriculture

Department of Export Agriculture

Background and Introduction

Eventhough Sri Lanka has traditionally been famous for spices for centuries, national attention to that industry was paid through the National Agricultural policy of 1971. Subsequently in 1972, according to a cabinet memorandum the Small Export Crops Department was established and affiliated to the Ministry of Plantation Industries. In 1975 it was brought under the purview of the Ministry of Agriculture. The Department of Agriculture was hither to tasked with cultivating spices in marginalized tea estates but with a part of the role of the projects of diversification of crops initiated by the World Food Programme and the United Nations Development programme being vested with the Department of Agriculture, it became the pioneer institution of developing export oriented spices and related crops.

The Parliamentary Act No. 46 of 1992 changed the name of the Department as the Department of Export Agriculture and it was conferred with the powers relating to export of spices and other agricultural products.

Since then the Department of Export Agriculture has handled almost all research and development work of the field.

During this period arrangements were made to make an Islandwide network connecting the experts of the field of spices and the development of the field in order to provide facilities to the stake holders of the field of spices.

The focus of the Department of Export Agriculture has been on the crops such as cinnamon, peopper, cardamom, nutmeg, cloves, coffee, cocoa, arecanut, citrus, vanilla, legom grass, betel, goraka, kitul, ginger and turmeric. The main responsibility of the Department is to infuse the sector with new technology and introducing new inventions and breeds that give a higher yield. It continues with the research development activities and the provision of extension services towards the promotion of the export crops sector.

In 1972, at the time of the establishment of the Department of Export Agriculture the total volume of Agriculture export crops exported was 7,587 metric tons and by 2015 it has risen to 71,588.30 metric tons. Accordingly, the foreign exchange that was earned rose from 48.9 million rupees to 61, 558.34 million rupees by 2015. The total extent of land in which export crops had been cultivated had expanded to 111,095 hectares by 2015 with 2 million stakeholders directly and indirectly involved in the field.

Vision

Excellence in the export of Agricultural products

Mission

Formulating and implementing research and development process required for qualitative and quantitative promotion of export agricultural crops by ensuring the sustainable socio-economic development of all stakeholders involved in the field of export crops through the re-exportation of value added products by way of protecting national product and by ensuring national requirements and local needs.

Aims and Objectives

The Department of Export Agriculture is committed to developing the field of agricultural crops by enhancing the productivity and standards of products through a process of research and development. The Department has shown a significant progress in both sectors of export capacity of agricultural products and export income in the year 2015. Establishing new cultivations and recultivations through development process, enhancing the productivity of existing cultivations through the use of high agricultural practices and assisting the quality of products in conformity with international standards and trade rules in order to compete with other countries of the world are the main responsibilities of the Department of Export Agriculture. More attention is paid on products of high quality in order to meet income sustainability and existing consumer requirements. The main objective of the department is to protect and strengthen the quality of life of nearly two million people who act as intermediaries of cultivation of agricultural export crops, processing and preparing and trading of finished products by adding value.

Institutional framework

Head Office

The Head office which is located at Getambe Peradeniya is headed by a Director General. This monitors, administers and reviews the progress of co-ordination of 14 districts and 7 research centres.

Allocations to the tune of nearly Rs. 1000 million is spent on the programmes of this Department of which nearly 1200 persons are employed including around 150 persons attached to the Head Office

Research Centres

Export Agriculture Central Research Centre	-	Matale
National Cinnamon Research and Training Centre	-	Palolpitiya
Supplementary crops and Betel Research Centre	-	Narammala
Tissue culture centre	-	Walpita
Sub Research Centre	-	Kundasale
Sub Research Centre	-	Nillamba
Sub Research Centre	-	Delpitiya
Economic Research Centre	-	Head Office

District Offices (14)

Central Province	-	Kandy, Matale, Nuwara Eliya
Sabaragamuwa Province	-	Kegalle, Ratnapura
Uva Province	-	Moneragala, Badulla
Southern Province	-	Galle, Matara, Hambantota
Western Province	-	Colombo, Gampaha, Kalutara
North Western Province	-	Kurunegala

Main activities

The Department of Export Agriculture has been statutorily empowered by the Export Agricultural crops promotion Act No. 46 of 1992 of the Parliament of the Democratic Socialist Republic to discharge the following functions and services.

- Cultivation, processing development and promotion of export agricultural crops.

- Conducting multi disciplinary research connected to socio-economic development, crops promotion, cultivation of crops, protection of crops and post harvest management
- Producing and distributing breeding materials of high quality
- Implementing agricultural crops schemes related to production of crops, promotion of productivity and enhancement of quality
- Providing crop protection consultancy services
- Promoting integrated pesticide management
- Promoting integrated plant nourishment management
- Issuing data on the promotion of organic cultivation, marketing, qualitative standards and prices.
- Controlling the import of export agricultural crops and breeding materials.
- Production of export agricultural crops, processing and training to persons involved in marketing as well as other stakeholders.
- Providing consultancy services for the promotion of export agricultural crops in the plantation sector.
- Strengthening co-ordination among export agricultural crops related public and private institutions.
- Confirming executive authority under the Export Agriculture Act No. 46 of 1992.
- Providing advice to other public institutions on matters relating to policies on export agricultural crops.
- Maintaining technical models.

Significant incidents in 2015.

- Productivity training programmes were conducted by forming quality circles among units in order to enhance the productivity of the Department with files being formally prepared thereby ensuring the efficiency of the Department.
- 83 officials were referred to training programmes at various training institutions, such as the Sri Lanka Institute of Development Administration and Sri Lanka foundation Institute.
- Three vacancies of Assistant Director in the Sri Lanka Scientific service have been filled.
- Officers have been recruited to 23 posts of Grade III of Sri Lanka Technical service of the Department.
- New employees were recruited to fill 10 vacancies in the combined driver service.
- 99% of total allocations for 2015 were utilized.
- The performance of capital expenditure and recurrent expenditure rose up to 99%.