

**Report of the Public Expenditure Review Committee
on the Ministry of Agriculture**

**Ministry of Finance, Economic Stabilization and National Policies
Government of Sri Lanka**

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Background

The analysis of the quantity and quality of public spending over time against the policy goals of a country and the performance indicators is imperative to provide evidence on how the quality of spending on different sectors can be improved while rebuilding fiscal buffers. Hence, a Public Expenditure Review (PER) can encourage and create constructive dialogue between the Ministry of Finance and other respective line ministries about the sectoral priorities, allocations, spending efficiency, implementation capacity and how results are measured. Such critical reviews will improve the management of public finances and lead to performance-based reforms at all levels of government with the aim of increasing the efficiency and transparency of public spending.

Having realized such importance, the Public Expenditure Review Committee (PERC) for the Ministry of Agriculture (MoA) has been established (**Annex1**) based on the decision No 23/0256/604/030 taken by the Cabinet of Ministers on 06th February 2023 to rationalize its expenditure through a systematic review in accordance with the principles of Zero-Budgeting and make recommendations to the Cabinet of Ministers to provide guidance in future performance-based reforms in public spending.

The Terms of Reference (**Annexure 2**) issued to PERC has assigned the following responsibilities:

- Ascertain whether the vision mission and core activities are in accordance with the mandate of the Ministry.
- Review all programmes/projects/sub-projects/activities of the line Ministry and identify how each contributes to achieving the objectives, mission and visions of the Ministry.
- Identify duplications, wastage and insignificant projects or spending in current expenditure programmes of the Annual Budget Estimate under MOA.
- Recognize priority projects justifying the requirement,
- Identify efficient and effective procedures and cost drivers to ensure optimum resource utilization,
- Propose reforms and framework that MOA fulfil its responsibilities and achieve the government's intended targets “on cost - on time” manner.

Framework for PERC –MOA

The PERC - MOA Committee had several meetings along with the agreed protocol and the proceedings (**Annex3**) with the officials of the Ministry of Agriculture and line Departments/Institutes under the ministry purview. The officials of the Departments of National Planning, National Budget and Project Management and Monitoring have also participated in these

meetings and provided critical observation and insights to understand the mandates, the current scope of work, future obligations and challenges as well as to study the submissions made by respective Departments/Institutions under the purview of the MOA for necessary improvements.

Introduction

Agriculture sector has been a major economic force in Sri Lanka, making a significant contribution to the national economy, ensuring food security. At the same time agriculture is the livelihood of the majority in the rural sector and plays a key role in alleviating rural poverty. Resulting from the recent economic downturn, where the economy of Sri Lanka contracted by 7.8% in 2022¹, the agriculture sector was also contracted by 4.6% but, contributed to 8.7% of the total Gross Domestic Product. The sector has been well recognized since the time of independence in 1948, and there has always been a Cabinet portfolio set aside for the agriculture sector by consecutive governments.

The responsibility of the ministry lies to the 1.8 million farm families as well as stakeholders of the agri-food value chain. The Ministry of Agriculture is entrusted and committed for the smooth implementation of its mandatory functions by formulating relevant policies, regulating and providing necessary guidance and in collaboration with its three main implementing arms for sustainable development of the sector, namely, the Department of Agriculture (DOA), Department of Agrarian Development (DAD), and Department of Animal Production and Health (DAPH). The major functions entrusted to this ministry as gazetted could be listed as follows.

1. Improvement of agriculture, livestock and dairy production and productivity
2. Reduction of pre and post-harvest losses
3. Managing risks, shocks, threats, and uncertainties
4. Strengthening value chain and competitiveness
5. Farmer empowerment and entrepreneurial development
6. Seed certification and plant protection
7. Provision of infrastructure to develop the agricultural sector

In order to perform the given task around 28,000 staff are engaged in the functions at the national level. This number does not include the provincial staff involved in the implementation of agriculture extension which is a devolved subject and implemented mainly at the provincial level under Provincial Councils, this staff number does not include the provincial level staff. Since 2015, approximately LKR 294 billion investment has been made by the government, through 124

¹ Department of Census and Statistics (2023): Annual Report 2022. Department of Census and Statistics, Sri Lanka
http://www.statistics.gov.lk/NationalAccounts/StaticInformation/Reports/2022_Annual_Provisional

mega, large, and medium-scale development projects as well as programmes in the areas of productivity enhancement, agriculture modernization, strengthening food systems and agriculture value chains, farmer empowerment through cash grants and in-kind assistance, capacity building and infrastructure development, etc. Out of this investment, LKR 91 billion is derived from loans obtained mainly from multilateral donors, which will have to be paid back with interest, in many instances with commitment charges accumulated due to delaying disbursements. Further, support of the international development partners has also been received in the recent past providing a large quantity of agricultural inputs such as chemical fertilizers (e.g. urea, triple super phosphate, muriate of potash) and in-kind assistance along with extension services.

PERC Analysis

As per the protocols set out at the onset of the meeting, the PERC Committee discussed about the presumed key strengths of the MOA. Accordingly, proportionately higher budgetary allocations are made annually for the agricultural sector compared to other sectors; a large number of staff along with a considerable size of human resource with expert knowledge are spread across the country; establishes robust mechanism for the delivery of the extension services; mechanisms are held parallelly by the center and the peripheries of the public-administrations for the subject concerned; quantitatively high investments are made in research and development (R&D) and the supportive institutional structure for R&D owned by the ministry, large-scale foreign financed projects are operating concurrently to fulfil the core functions of the ministry, and finally, the immediate involvement of the government whenever required as the sector is given high priority.

1) Ascertain whether the Vision, Mission and core activities are in accordance with the mandate of the Ministry.

In accordance with the mandate stipulated in the gazette notification, the Ministry of Agriculture has been set up to facilitate self-sufficiency through agricultural revival. It has been entrusted to increase local food production with the objective of achieving food security in local production and minimizing food import expenditure. Accordingly, it is mandated to ensure the availability of food and feed crops and livestock production.

The Committee reviewed the Vision of the Ministry of Agriculture (MoA) and was of the view that it demonstrates the commitment to achieve the policy goals of food security and national prosperity.

Building an efficient, productive, and strong agricultural sector for food security and national prosperity

Therefore, the Committee is in agreement to accept the existing vision without modification. However, the draft national agricultural policy which has been developed with 12 promising policy goals has linked to the vision, but does not cover the livestock sector hence, the Committee is of the view that the policy coverage should cover the ministry mandate.

The Committee reviewed the Mission and observed that it does not adequately reflect the strategic direction to accomplish its vision.

Achieving an entrepreneurial agriculture that produces a worldwide competitive product with a generally acceptable and commercial orientation through the sustainable management of natural resources.

As the mission statement is not cohesive and aligned in addressing the challenges of the target achievement under the Vision, the Committee proposes to re-visit the mission along with the **key strategic/thrust areas** defined according to the functions of the ministry which thrust towards reaching the Vision.

Delivery of final outputs by the ministry is two-fold in terms of agreed milestones; (a) Project-related, and (b) Annual Programme-related. The ministry is functioning as per the annual action plan prepared based on the budgetary allocations but, the progress has been reviewed quarterly in terms of expenditure items. Even though each mega-scale project has an individual results framework developed, their performance is not reviewed based on their KPIs, and therefore, an overarching achievement cannot be seen. The ministry's role with regard to some annual programmes is just a fund transfer to the peripheral Divisional Secretariats, therefore, the physical progress of such activities cannot be tracked until the year's end. The Committee observed that these practices have resulted in continuous delays in the delivery of planned results.

Therefore, the Committee proposed a Results framework that includes key performance indicators along with the milestones for key deliverables of the ministry is developed and adhered accordingly.

2) Review all programmes/projects/sub-projects/activities of the line Ministry and identify how each contributes to achieving the objectives, mission and vision of the Ministry.

As per the Budget Estimates for the Year 2023, the government has allocated approximately Rs.115 billion for the MOA and its Departments which is 2.8% of the total annual budget. The MOA budget is more oriented towards technical operations than capital investment. About 70%

of the total budget is allocated for recurrent-nature activities while the major portion goes to bear the costs related to fertilizer. Further, a large number of funds have been allocated to the divisional level to implement recurrent nature activities such as the distribution of seeds, agricultural impediments, tools, etc. A considerable number of grants is also assigned to farmers from the capital budget. There are four institutions (MILCO, NLDB, and two fertilizer companies) under the MOA has not been taken into PERC analysis as their finance are out of the national budget.

Entity	Approved Budget 2023 (LKR' 000)			Capital: Recurrent Ratio
	Recurrent	Capital	Total	
Ministry of Agriculture	58,577,136	22,141,500	80,718,636	1:2.6
Department of Agrarian Development	9,659,750	4,520,000	14,179,750	1:2.1
Department of Agriculture	6,319,014	3,380,500	9,699,514	1:1.8
Department of Animal Production and Health	802,100	867,000	1,669,100	1:0.9
Other Institutions	5,642,000	3,466,000	9,108,000	1:1.6
Total	81,000,000	34,370,000	115,370,000	1:2.3

Based on the 12 tasks specified in the TOR of the PERC, the Committee has established a review methodology (**Annex 4**). The Committee reviewed 38 key spending items including five Mega Development Projects and one Mega Recurrent Programme in the annual budget estimate of the MOA (**Annex 5**) along with the respective Project Directors and Heads of the line Departments/Institutions. The eight major components identified in Table 2 that were categorised based on the nature and the similarities of the scope of work were considered in the review. The contribution of each component to the realization of MOA's vision across thrust areas was further analysed. Further, the weight of each component on the total MOA budget was also realized. The Committee established its observations for each project in terms of their objectives encompassing to accomplish the vision, prevailing challenges and the complex situation that arises due to the current economic crisis, benefits to the society, result-delivery timeline, market availability, import restrictions, and government priorities, with a special focus on the recent policy changes/perspectives. The potential savings under each component identified by this analysis are presented in Table 2.

Component	Linked to main functions	Share of the budget 2023	Potential savings (Rs.mn)
Provision of Fertilizer	1	49%	5,309
Mega Development Projects	1, 2, 3, 4,7	16%	-
Seed Certification and Plant Protection	1, 6	2%	500
Food Security Programme	1, 2, 3, 4, 5, 6	4.5%	50
Livestock Development & Dairy Production	1	0.3%	191.5
Pensions and Insurances	3	5%	-
Research and Development	1, 2, 5	1%	43
Institutional Development & Administration	0	20.5%	280

i. Provision of Fertilizer

The provision of fertilizers plays a crucial role in enhancing agricultural productivity in achieving food security, though it imposes a huge financial pressure on the annual recurrent budget of the country. Therefore, the MOA has allocated five budget line items pertaining to the fertilizer programme with the intention of (a) providing subsidies, (b) improving testing facilities, (c) developing a data repository, and (d) upgrade fertilizer stores (e) as well as to pay liabilities. Fertilizer subsidy allocation stands as the largest (LKR 56 billion) which accounts for almost half of the total allocation for MOA from the National Budget 2023. It is noteworthy that a considerable proportion of this allocation (LKR 23.6 billion) is for previous liabilities. The Committee noted that a substantial amount of the subsidy cost, i.e. approximately 1/5th of the total fertilizer subsidy allocation, is for its operational costs. Even though subsidy strategy has changed aiming to improve and better facilitation to promote sustainable farming practices, it has not strategically aligned with the soil testing results, which would have helped in rationalizing fertilizer usage in crop production.

ii. Mega-scale Investment Projects

The MOA has five (5) foreign-financing mega development projects implemented under the MoA, to support programmes and provide in-kind support, credits, materials, equipment, research and development, value chain development, training, and common agriculture infrastructure. Approximately, 60% of the capital budget of 2023 is allocated to these projects. All these projects are financed from loans and implemented under separate Project Management Units (PMUs) with 233 members of staff. Further, the analysis revealed that around 6% of the total investment of these five projects is used for their operational and staff costs. The Committee reviewed all these projects and programmes in line with their project

development objectives and commented on their output delivery, relevancy linkages, timeliness, beneficiaries, baseline and progress to date, justification of estimations, etc. It was noted that four out of five projects have taken time extensions and are running behind their schedules, incurring additional costs to the national budget.

iii. Seed Certification and Plant Protection

Seed certification is the starting point to a successful crop and an important risk management tool. Maintaining and producing seeds and propagating materials to the public through the certification process will ensure the genetic identity and genetic purity of the varieties cultivated in Sri Lanka. Coupled with the use of certified seeds, the adoption of environment-friendly, economically viable and effective pest management strategies is important to minimize the agricultural crop loss, and thus enhance crop productivity. The allocation from the National Budget 2023 (LKR 2,000 million for DOA) is a significant increment of funds allocated from that of 2022 (LKR 780 mn.), while recognizing the need for an improved seeds certification programme in Sri Lanka.

The objective of this budget line item is to make quality seeds and planting materials available in the required quantity for farming. Recognizing the significance of seed certification and plant protection in fostering a resilient and booming agricultural sector, the MOA is committed to ensure the quality, viability, and safety of agricultural seeds and planting materials. With a vision to strengthen national food security, boost crop productivity, and safeguard biodiversity, the MOA places utmost importance on the careful implementation of strong seed certification and plant protection programmes. Therefore, a medium-term plan for the production of quality seeds and planting materials has to be in place in order to have a clear overall picture of the target. Further, a record of the achievements over the past five years on year-on-year increase in the production and use of certified seed paddy and other certified seeds in Sri Lanka is an essential need to analyze the outcomes of the investments, prior to making allocation in the annual budget.

iv. Food Security Programme

The national level of food security can only be achieved when all people, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. In recognition of the critical importance of food security as a foundation for national prosperity and well-being, the MOA is assigned to implement a robust and comprehensive food security program to ensure a steady and sufficient supply of safe, nutritious, and affordable food for all public. Moreover, the MOA collaborates closely with various stakeholders, including farmers, civil society

organizations, private sector entities, and international partners, to promote inclusive and participatory approaches in addressing food security challenges. By fostering partnerships and knowledge exchange, the MOA seeks to leverage collective expertise and resources to achieve sustainable food security goals.

Accordingly, a total sum of LKR 5,220 million has been allocated in 2023 from the National Budget under four components, namely, (a) a special food security programme (LKR 2,000 million for MOA), (b) minor irrigation systems and abandoned paddy lands (LKR 3,000 million for DAD), (c) Additional Crop Cultivation Programme and Crop Production (LKR 100 million for MOA), (d) Retaining the youth in Agriculture Industry and Mainstreaming youth in agriculture (LKR 120 million for MOA). While recognizing the significance of the activities proposed, the Committee noted that the criteria for the selection of beneficiaries for these project components are not clearly defined, and there is no clear demarcation of fund allocations on whether these spending items are capital or recurrent. Such a lacuna has to be addressed by the next year's budget. Further, it is required to ensure that the spending items that come under this programme are aligned with the objective/s of the programme and necessary approvals for them are obtained.

v. Livestock Development and Dairy Production

Recognizing the crucial role of livestock development and dairy production, in strengthening the agricultural sector and fostering rural livelihoods, the MOA is committed to implementing a comprehensive and sustainable programme in this field. With a view to enhancing livestock productivity, including the promotion of high-quality dairy products, and uplifting the socio-economic well-being of farmers, the MOA aims to build a thriving and resilient livestock industry.

Accordingly, a sum of LKR 971 million has been allocated for 2023 under eight projects, namely, (a) Facilitation and Promotion of Liquid Milk Consumption (LKR 25 million for MOA), (b) Livestock Breeding Program (LKR 200 million for DAPH), (c) Increased liquid milk production through enhanced breeding production at Kundasale AI breeding centre (LKR 100 million for DAPH), (d) Establishment of Animal Breeder Farms (LKR 50 million for MOA), (e) Development of Small and Medium Scale Livestock (LKR 250 million for MOA), (f) Goat farming (LKR 150 million for MOA), (g) Production of vaccine against foot and mouth disease locally (LKR 126.5 million for DAPH), and (h) Availability of high-quality heifer calves (LKR 71 million for DAPH). Despite the importance of the proposed activities, the Committee noted that some projects do not have an implementation plan and have not shown the incremental benefits to the society by the investments. Further, the given

allocation for 2023 was not sufficient to support liabilities of the previous year as well as to carry out planned activities with recent price hikes which has resulted poor progress.

vi. Pensions and Insurance

Insurance will help cushion the economic losses in agricultural production and reduce the high risks and uncertainties often associated with agricultural enterprises such as pest and disease invasion, crop failure, climate change and natural disasters. Pensions will provide a continuous income of relatively elderly farmers to support their livelihood. Recognizing the inherent risks and uncertainties that challenge farmers in their agricultural prosperity, the MOA is committed to promoting and implementing agriculture-related insurance programs. With a view to safeguarding the livelihoods of farmers, enhancing resilience against difficulties, and fostering sustainable agricultural practices, the ministry endeavors to establish a robust and inclusive agricultural insurance framework. Accordingly, a total sum of LKR 5,750 million has been allocated for 2023 targeting two projects, namely, (a) Pension for elderly farmers (LKR 4,750 for AAIB) and (b) Introduction of a contributory insurance scheme for farmers (LKR 1,000 million for AAIB). The Committee considers that such information is essential in order to understand the coverage and clarity. The Committee also noted that the “Contributory Insurance Scheme” has no premium contribution from the farmers, but from the government making it an additional burden to the Treasury.

vii. Research and Development

Research and development on the crops and animals used in agricultural production, the natural resources that are used or affected by agriculture production; and production systems and their support help make evidence-based decisions for the improvement of the agricultural systems. Public investment in agricultural research and development (R&D) is important for food security and environmental sustainability. Since, the agriculture sector requires modernization with the infusion of appropriate technical advancements, overcoming risks, shocks and threats due to biological and climatic changes, efforts to invest in environment-sensible research and development would become imperative.

It has been observed that there are three institutions within the DoA have the main scope of work as Research and Development, namely, Rice Research and Development Institute (RRDI), Fields Crops Research and Development Institute (FCRDI), and Horticultural Crops Research and Development Institute (HORDI). In addition, another 08 number of institutions under the MOA are also engaged in research and development in spite of their main scope of work. A total sum of LKR 930 million has been allocated for 2023 under these eight R&D institutions.

The Committee welcomes the allocation of finances for research and development which is an integral part of productivity enhancement, however, noted the possibility of duplicating research areas that utilized the fund allocation (e.g. research carried out by the state Departments and Universities). The Committee also noted the absence of an effective mechanism for sharing research outcomes with the extension services and non-availability of a research repository in digital form for the use of interested parties for further research. The Committee is of the view that such information is necessary on an annual basis to analyze every year research findings had been effectively utilized for agriculture sector development.

viii. Institutional Development and Capital Transfer

Inadequate human and institutional capacity, rural poverty, relatively low agricultural productivity, food insecurity, and weak flow of reliable and consistent information have played a significant role in slowing Sri Lanka's path to economic recovery. The agriculture sector is not an exception where human capital and institutions contribute significantly to agricultural development.

The total allocations made for 2023 under this component is LKR 1,476 million, which includes (a) Paddy Marketing Board (PMB; LKR 300 million), (b) National Food Promotion Board (NFPB; LKR 5 million), (c) National Agricultural Diversification and Settlement Authority (Hadabima Authority; LKR 200 million), (d) Upgrading National Fertilizer Secretariat District offices (NFC; LKR 20 million), (e) Building and Structures (LKR 850 million for DAD), (f) Plant, Machinery and Equipment (LKR 101 million for DAD).

The Committee observed the absence of implementation plans for most of the key eight components discussed above though they are essential to envisage meeting the national requirement. Further, the weaknesses in the planning approach to ensure results delivered at the ground level and the absence of an effective feedback mechanism are serious drawbacks in administrative process (while acknowledging the well-established system) in agriculture at national and provincial set up. This could have been one of the main reasons for not achieving the overall objectives of the MOA in a timely manner.

Around 28,000 staff are employed under the MOA and the line Departments/Agencies and are abundant with trained and skillful human resources (**Annex 6**). Though the MOA has met 78% of the total human resource requirement, in its institutions such as DOA, the actual staff in the technical positions (Principal Scientists, Agriculture Instructors (AIs)) which are the core human resource to support the progressive nature of the sector, are less than 40% of the requirement in

each technical category. The AIs are the key personnel who provide the extension services to the farmers at the ground level, however, the actual staff is less than 40% of the requirement. The Committee observed that the efforts taken to strengthen the extension services through recruiting and training the Agriculture Research and Production Assistance (ARPA) under the supervision of AIs had diluted with time as they were with a different mandate which fell outside the original scope. Even though, 74% of the ARPA's requirement have been met under the DAD, their involvement is limited only to DAD activities and therefore, the ground level agriculture extension activities by 850 AIs under DOA are not sufficiently carried out to meet the objectives related to agriculture. In addition to this, around 4,000 staff is employed under the provincial agriculture departments and 1,500 out of them are also engaged in the agricultural extension activities. Accordingly, it is noted that one AI has to provide services for around 800 farm families. This would no doubt have a negative impact on the agricultural development of the country. The Committee noted that making more technical-oriented recruitments for the agriculture sector will ease the situation.

The Committee further noted that some of the construction related planned activities have got obstructed by the provisions in the financial circulars issued lately, thus restricting spending on capital allocations for building infrastructure for the year 2023. Minor irrigation rehabilitation carried out by the Department of Agrarian Development is essential, but the current practice makes ad-hoc selection without adequately focusing on a holistic approach based on the benefits, irrigable area, urgency, alternative water sources, etc. instead of rehabilitating them on a phased-out manner giving due consideration for resource scarcity. Therefore, the Committee noted that most of these constructions/rehabilitations are not seen as positive effects for the beneficiaries.

3) Identify duplications, wastages and insignificant projects or expenditures in the existing budget estimates

The PERC Committee in its efforts identified duplications, wastages and insignificant projects/expenditure items of the existing budget of the MOA, and recommended that be revisited as follows:

Duplications

The majority of the activities carried out by the MOA are implemented at the grassroots level. Consequently, the allocation of funds for these activities may lead to certain duplications due to the nature of the activities, level of complexity, wide coverage of the initiatives, engagement of a substantial client group, as well as other cross-cutting programs by the government that offer in-

kind assistance and cash grants at the ground level. Such possible duplications would occur, among others, in the MOA budget in various areas such as crop production, research and development, in-kind assistance, infrastructure development, and livelihood support. However, identifying these duplications would clearly be a challenging task and need an in-depth analysis on the operations and outcomes based on the Key Performance Indicators (Example: Additional Crop Cultivation Programme and Food Security Programme, Home Garden Programme).

Wastage

Wastages can occur in various aspects, however, addressing such areas having potential wastage is essential to optimize resource allocation, enhance productivity, and achieve sustainable outcomes in various areas. Some criteria to be considered fund allocation as a wastage or that would lead to potential wastage are given below.

- The allocated funds are not optimally used for the intended purpose.
- Funds are allocated for uses without regulatory provisions (e.g., as at present, Soil Test Results are not a mandatory requirement for fertilizer usage).
- Funds allocation for programmes without proper mechanisms to verify whether the given cash grants and in-kind assistance are utilized for the intended purpose (e.g., Additional Crop Cultivation Programme and Food Security Programme).

Insignificant projects/institutions:

Any project, which not cohesive with the mandate of the Ministry or implementing agency, could be considered insignificant for financing. Further, continued financing is not a prudent exercise when a project has accomplished its intended targets and its functionality drags without a specific objective. Therefore, the need for existence of such insignificant project/institution (e.g. National Freedom from Hunger Campaign Board, CARP, Hadabima Authority) should be re-assessed prior to financing.

4) Recognize priority projects justifying the requirement, identify at least 3 core projects implementing under the Ministry/Departments; Find justifications to provide such projects to them.

The Committee emphasizes that each project proposed should be implemented in a cost-effective manner, without compromising their objectives, quality, mandatory tasks, standards and requirements applicable. Having considered the sector priorities and current economic situation,

the Committee prioritized projects based on the established prioritization criteria and their importance in terms of contribution to the national economy.

All 38 budget line items were analysed based on the facts/data presented by the relevant authorities, and deliberations by relevant officials, and opinion by the Committee considering (a) alignment to the vision and objectives of the MOA, (b) Horizontal/ vertical linkages to other programmes for gap filling, (c) efficiency in resource utilization and result delivery, and (d) current and predicted scenarios. The Committee decided to consider food security as the overall goal to be achieved by the Ministry of Agriculture, and the country as a whole, as highlighted in the vision of the MOA. Accordingly, the high priority projects identified as per the TOR given for the Committee are listed with justification in Table-3.

Program	Level of Priority	Justification for prioritization
Fertilizer Subsidy Program	High	A main input required for productivity enhancement (increasing production per unit input) and food security. Coverage island-wide, coupled with strong extension services.
Seed & Planting Material Production and Plant Protection	High	A key input required for productivity enhancement. Increase the use of certified seed and planting materials island-wide. Coverage island-wide, coupled with strong extension services.
Rehabilitation of Minor Irrigation Systems	High	Increase land productivity and potential for crop diversification. Increase water use efficiency. Coverage island-wide, coupled with strong extension services.
Control of contagious diseases	High	Quality and quantity improvement of livestock & livestock products. Coverage island-wide, coupled with strong extension services.
Development of Small & Medium Scale Livestock	High	Increase milk production through the provision of quality breeding materials and infrastructure.
Liabilities on a fertilizer program	High	Commitments have been made for contributing to productivity enhancement.

In addition to the above high-priority projects, which directly align with the criteria used to prioritize, there are five mega-development projects that are implemented under foreign-loan financing. Having considered the disbursement covenants, investment made so far, commitment and interest charges, as well as the importance of achieving project development objectives the Committee recommends to effectively implement them giving high priority and complete within the stipulated time frame.

5) Identify efficient and effective procedures and cost drivers to ensure optimum resource utilization.

The Committee, after several deliberations, identified the following to support efficient and effective procedures and cost drivers leading to optimum resource utilization in the MOA and its line Departments/agencies and effective outcomes.

- It is observed that one-fifth (21%) of the amount allocated for subsidy programmes (e.g. fertilizer subsidy programme) is spent on its operation and distribution cost. The PERC observed that this significant amount allocated as an operational cost can be removed from the budget along with the newly introduced voucher/cash transfer system. Further, PERC recommends that the long-term liability and the previous year's bill payment be shown separately in the budget estimate as a commitment in order to have clarity on the fertilizer subsidy payments.
- Even though soil testing is an effective practice for the efficient use of fertilizer, it is not linked to the fertilizer subsidy programme. Without a regulation to make soil testing a mandatory requirement for fertilizer use, allocation of funds for such uses also leads to wastage. Adopting a mechanism to issue fertilizer based on the soil-test results is an efficient cost driver and also a healthier reform.

An online database *Geo-Goviya* is currently in operation under the Department of Agrarian Development (DAD) for cash transfers and fertilizer distribution to the farmers. Utilising one database for all beneficiary-related supporting schemes controls duplication equity and right targets. Therefore, the expansion of such facility as an integrated online common platform to include cash grants, in-kind supports and all beneficiary programmes implemented by the MOA and other line Departments is vital.

- The MoA and the line departments are abundant with well-trained, skilful, and academically gifted human resources. Therefore, all mega-scale projects would benefit from the employment of such individuals and their expertise. Doors should only be open where no human resources are available in specialised disciplines. This practice would promote the sustainability and ownership of the project outputs, secure the institutional history of such projects as well as efficient transfer and maintenance of assets of development projects.
- The Ministry of Agriculture has recently initiated a mechanism to get the participation of key stakeholder agencies to plan for agricultural activities in the forthcoming cultivation season. This good practice should continue monthly basis to include proper monitoring of

the progress of the decisions taken and regularize the process with a circular issued to ensuring collaboration among stakeholder agencies.

- Inefficiencies in the agricultural extension system in Sri Lanka with a weak research (central government) and extension (mainly provincial councils) linkages are considered as the major drawbacks. The Committee recognize the agriculture extension is a devolved subject by the 13th Amendment of the constitution where the Department of Agriculture is responsible for extension (in addition to island-wide research programmes) in the inter-provincial areas and the Mahaweli Authority of Sri Lanka carrying out extension in the Mahaweli Agriculture areas. The Committee seriously considered this scattered and hence weak research-extension link as a main drawback to the progress of the agricultural sector of the country and a key factor that has resulted in ineffective use of public expenditure in agriculture.
- The DOA has implemented a Sri Lanka Good Agricultural Practices (SLGAP) certification programme since 2016. The SLGAP guidelines however, have been established to align with Global GAP and thus, making it difficult for the rural farmers to have compliance with it. Apart from this, SLGAP is adopted mainly based on the recommendations given by the DOA and the availability of recommended agricultural inputs should made be available, accessible, and affordable for this success. Due to the unavailability of the agricultural inputs on time and affordable prices has made farming community moving away from the SLGAP. The Committee was of the view that a starter-GAP with less stringent guidelines would help farming community to embrace the technological packages and thus, enhance productivity and food safety, and avoid misuse of agricultural inputs, resulting effective use of public finance in agriculture.

6) Propose reforms and frameworks that MOA fulfil its responsibilities and achieve the government's intended targets “on cost - on time” manner.

The PERC makes the following recommendations to ensure the MOA fulfils its responsibilities and achieves the government's intended targets in a productive, cost-effective, and timely manner:

1. The vision focuses on the entire agricultural sector, while the mission is largely geared towards export agriculture which is currently not included in the mandatory functions of the ministry. Therefore, the Committee proposes to re-visit the Mission incorporating core activities identified under strategic areas to foster a productive, vibrant, and resilient agricultural sector. Accordingly, the Committee proposed the Mission be altered as follows:

Our mission is to facilitate a sustainable, diverse, and resilient agricultural sector, modernizing agricultural practices, fostering innovation, ensuring equitable distribution of resources, prioritizing farmer empowerment while conserving natural resources.

2. The Committee observed the absence of a national agriculture policy to ensure directions and guidance for the agriculture sector. In addition, a well-planned framework that integrates the activities to realize the achievements is absent. Therefore, the Committee recommends to revisit the drafted agriculture policy which has already listed for the approval because it lacks the necessary provisions for livestock and dairy. Further, the alignment of the policy along with the strategies overarching other related sectors should be given high priority enabling to finalize the results framework (**Annex7**) of the MOA.
3. The Committee recognizes that continued financial support for research and development, while avoiding duplication of efforts by various entities, is an important contributing factor to the progression of the agriculture sector. Noting the inefficiencies in the dissemination of research findings of national significance, the Committee recommends to strengthen research-extension linkage by establishing an easily-accessible and regularly updated research repository in a digital format covering various disciplines in the field of agriculture to be used by all stakeholders. The Committee also recommends receiving an analysis of the contribution of research findings to agriculture sector development on an annual basis in deciding on allocations given from the National Budget.
4. The funds allocated for research become a waste if research outcomes do not flow to improve ground-level agricultural operations through the extension services by AIs. The Department of Agriculture under the central administration system is mandated to carry out research and development in agriculture, but the flow of information to the farmers moves through AIs employed under the Provincial Councils. The Committee observed a weak line of command and compartmentalization of agricultural extension services at national level and provincial levels is a major drawback to the effective transformation of the research outcomes to the farmers. Therefore, combining the scattered extension services under one umbrella to establish a direct line of command from the Central government to the Provincial setup as well as, use of modern communication technologies will no doubt form a strong linkage between the research and extension systems enabling a smooth flow of information from research to farmer level and better use of public finance.
5. Sri Lanka Good Agricultural Practices (SLGAP), a comprehensive technological package developed based on the recommendations made by the DOA would no doubt enhance the


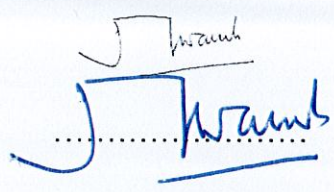
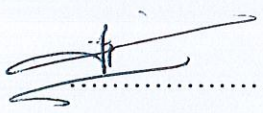
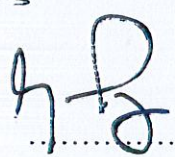
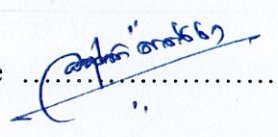
production and product safety of agricultural commodities. While acknowledging the drawbacks in the current guidelines where some of them are difficult to achieve under local conditions as they are more aligned with the Global GAP, the Committee recommends the implementation of a starter GAP under the title Climate-Smart GAP (CSGAP) to enable the farming community to adopt the recommended practices, while minimizing the misuse of resources (including fertilizer, water, etc.) and reduce public expenditure on agriculture.

6. Without proper mechanisms to verify whether the given cash grants/vouchers and in-kind assistance are utilized by the end-users for the intended purpose, the fund allocation for such programmes may not be cost-effective. Further, likelihood of duplications in various aspects of the budget line items in terms of activities, type of programmes, area coverage, etc., though there may not be a duplication at the beneficiary level. However, proving such duplications is challenging. Therefore, the Committee recommends maintaining an integrated up-to-date data repository to ensure effective implementation of such programmes as well as avoiding duplication of activities among the budget lines, thus ensuring optimum resource utilisation. Further, recommends implementing a strong verification mechanism to ensure the effective utilization of funds to support the intended use of resources.
7. Foster collaborations with the private sector and other stakeholders to leverage resources, expertise, and innovative ideas. Such partnerships can enhance efficiency and bring in additional resources in terms of technical capacity and finances.
8. The Committee noted that the fertilizer subsidy accounts for the largest portion of allocation to the MOA from the National Budget. The Committee recognize the need and recommend rationalization of the subsidy programme so that only the most vulnerable farming communities would receive the government subsidy for fertilizer. Further, the Committee recommend the implementation of the programme on Integrated Plant Nutrient Systems (IPNS) using a combination of synthetic and organic fertilizers to provide the required nutrients to crops while improving human and environmental health and minimizing the government expenditure on fertilizer subsidy.
9. The Committee noted the inadequacy of the information presented on the Pension Scheme for Elderly Farmers and the Contributory Insurance Scheme for Farmers. Thus the Committee recommends providing the coverage in terms of numbers and crop-wise area, where applicable, based on past three-year period to justify the allocations in the National Budget. Further, while noting that the 'Contributory Insurance Scheme' has no contribution

coming from the farming community, the Committee strongly recommends to ensure a premium contribution is made by the farmers. This premium payment could be tagged to the fertilizer subsidy or any other provision, to rationalize and enhance the social value of the scheme.

10. The Committee has observed that no justification been made on the incremental benefits of the fund allocation. Hence, the Committee strongly recommends that future budgetary allocations should be made based on the progress and outcomes of the previous years' allocations as well as justification of the targeted benefits and beneficiaries for the requested budget items.
11. Continuing Professional Development (CPD) of all categories of staff in the MOA and line Departments/agencies is imperative for delivering a professional service to the nation to boost agricultural development. Hence, the Committee strongly recommends designing and developing such CPD programmes in partnership with other state and private sector agencies, professional organizations, and development partners to improve professionalism in agriculture.
12. Orientation of the farming community towards more entrepreneurial agriculture is important in improving their farm profits and livelihood while ensuring a reasonable price of agricultural produce for the consumer. Hence, the Committee strongly recommends farmer awareness of the food system (from the input supply to the management of waste generated from consumer plates), marketing, value chain & value-added products etc.
13. Export orientation and livelihood development are important components in reviving the agriculture sector of Sri Lanka. Although many development programmes targeting export agricultural crops have been conducted in the past, those programmes have resulted in limited success mainly owing to lack of focus and ineffective coordination. The Committee was of the view that the subject agriculture, which includes food crops, export agricultural crops, plantation crops and, livestock and poultry, been assigned to various ministries with different mandates has resulted in work carried out in isolation. This has discouraged the practice of export oriented entrepreneurial agriculture with modern and improved technology. Therefore, the Committee recommends the state agencies that carry out agriculture related operations be brought under one umbrella for a more cohesive, well-coordinated entrepreneurial agriculture with export orientation.

14. The committee recommends adopting a mechanism to issue fertilizer based on the soil-test results, starting at least at the district level, which would be a wise and healthier reform that should be implemented systematically. The committee also recommends the formulation of regulations to encourage engagement of the private sector in providing soil testing services. This process should be continued together with a more precise forecast of the actual fertilizer requirement, as such the fertilizer subsidy programme can be streamlined effectively. Prior to that, the weak effectiveness of the issuance of the soil test card due to insufficient facilities at soil testing laboratories and delays has to be addressed.

<p>Ms. Ayanthi De Silva Director General, Department of Project Management and Monitoring</p>	<p>Chairperson</p>	<p> </p>
<p>Prof. Buddhi Marambe Senior Professor, Faculty of Agriculture, University of Peradeniya,</p>	<p>Member</p>	<p> </p>
<p>Ms. K.G.D.N.Jayasinghe Chief Accountant Ministry of Agriculture</p>	<p>Member</p>	<p> </p>
<p>Mr. Ranjith Page Deputy Chairman/Group CEO, Cargills (Ceylon) PLC</p>	<p>Member</p>	<p> </p>
<p>Mr. B.G. Chaminda Director Lumbini Tea Factories</p>	<p>Member</p>	<p>.....</p>
<p>Dr. Dhanushka Perera Director, Department of National Budget</p>	<p>Convener of the Committee</p>	<p> </p>

Annex 01

The PERC for MOA comprises officials, academia, entrepreneurs, and private sector representations.

Ms. Ayanthi De Silva, Director General, Department of Project Management and Monitoring – Chairperson

Ms. K.G.D.N. Jayasinghe, Chief Accountant, Ministry of Agriculture – Member

Prof. Buddhi Marambe, Senior Professor, Faculty of Agriculture, University of Peradeniya, Member

Mr. Ranjith Page, Deputy Chairman/Group CEO, Cargills (Ceylon) PLC - Member

Mr. B.G. Chaminda- Director, Lumbini Tea Factories – Member

Dr. Dhanushka Perera – Director, Department of National Budget - Convener of the Committee

In addition, officials from treasury departments have also participated in the Committee by invitation.

Annex 02

Terms of Reference for PERC

- i. Review mission and vision of the entity and redefine if those necessary
- ii. Review all programmes/projects/sub projects/activities of the line Ministry and identify how each contribute to achieving the objectives, mission and visions of the Ministry
- iii. Identify duplications, wastages and insignificant projects or expenditure in the existing budget estimates
- iv. Prioritize all programmes/projects/sub projects as per their potential for achieving objectives of the Ministry as well as the national policies
- v. Identify at least 3 core projects implementing under the Ministry/Departments
- vi. Find justifications to provide such projects to them
- vii. Recognize staff requirements and other facilities for continuing core activities
- viii. Identify cost drivers/ unit costs if possible and cost reduction methodologies
- ix. Recognize minimum resource requirements for each activity based on the cost- benefit analysis
- x. Identify key performance indicators (KPIs) to evaluate the achievement of targets
- xi. Identify possible reforms (short/medium/long-term) to be implemented for economic recovery (e.g. possible areas for private-public partnerships, business process reengineering, user pay mechanisms to minimize the cost
- xii. Any other matters

Annex 03

Agreed Protocol

Each committee meeting took decisions on the actions to be performed at the forth-coming meetings, which provided the framework for accomplishing tasks in a continuous and timely manner.

As large numbers of Departments/Institutes are under the purview of the MOA, the committee called them in groups to ensure the maximum efficiency in conducting meetings and making decisions. The committee decided to re-call few entities, as and when required, to have access to the relevant information to make informed decisions.

Committee sought further information from Draft Result Framework of the MOA, Cabinet Decisions, Aid Memos of foreign financing projects as and when necessary for clarity and avoid the ambiguity of provided information on public expenditure of the institutions.

Written minutes of the meetings were circulated in a timely manner enabling the Committee Members and the participants to effectively prepare themselves for the forthcoming meetings. The committee also ensured space for revisiting the decisions made at the follow up meetings.

Annex 04

Review Methodology

Committee established its review methodology focusing on the following areas.

- 1) Relationship to the Thrust areas/Vision (20)
 - a) Objective and expected outcome
 - b) Most direct beneficiary (Community, middle man, institution)
- 2) Horizontal/ vertical linkages to other programmes (20)
 - a) Emerging need due to current situation
 - b) Internal
 - c) National/ External Programmes
- 3) Pressure on Financing (20)
 - a) Source of Financing Loan / Grant, Local Finance, Off Budget/Partnerships
 - b) So far expenditure and commitments
 - c) Future financing need – Urgent, Next Year Budget, Can postpone
- 4) Physical Progress (20)
 - a) Level of completion (Final stage, Middle stage, Early stage, Preparatory)
 - b) Agreed time to deliver the final output (1- 6 months, 6-12 months, more than 12 months)
- 5) Policy decisions (20)
 - a) Act
 - b) Cabinet Decision/RAMP/NOR
 - c) Action/Cooperate Plan

Annex 05

Review all spending programmes/ projects/ sub-projects/ in the annual budget 2023

Table 1. Provision of Fertilizer Programme			
#	Budget line, cost and Implementer	Purpose of the Budget line and the progress	Observation and Recommendations
1	Fertilizer Subsidy Programme. Year 2023 LKR 33 billion (MOA)	This programme provides fertilizer subsidy for 1.2 Mn paddy farmers annually, who owns less than 5 Acres of paddy fields. <ul style="list-style-type: none"> • Subsidy cost - LKR 26 billion • Operational cost - LKR 7 billion 	It seems that one fifth (21%) of the amount allocated for the Fertilizer Subsidy Programme, which is spent as its operation and distribution costs. PERC observed that the significant amount allocated as an operational cost can be saved annually from the budget along with newly introduced voucher/ cash grant system. Further, the committee recommends saving of Rs. 5,000 million which kept a side for operational and maintenance cost.
2	Liabilities on fertilizer program LKR 62.7 billion (MOA)	<ul style="list-style-type: none"> • Commitments- LKR43.6 billion • Loan & interest - LKR 19.1billion 	PERC observed that this long-term liability and last year bill payment should be shown separately in the budget estimate in order to have better clarity about the fertilizer subsidy payments.
3	Upgrading Fertilizer Testing Laboratory LKR 9 million (CFC)	To undertake an essential upgrade works of the Fertilizer Testing Laboratory of Ceylon Fertilizer Company <ul style="list-style-type: none"> • Payment made - LKR 5 Mn • Commitment - LKR 11 million 	The PERC noted that this allocation is not needed regularly as maintenance of lab facility can be covered from the earned finance of CFC. Therefore, this allocation will not be required for 2024.
4	Construction of Fertilizer Stores LKR 300 million (DAD)	To construct 38 buildings in 19 areas to store fertilizer as the current stores are not sufficient	Having considered the mandatory functions and changes reported in government's fertilizer distribution strategy, this allocation will not be needed in 2024.

#	Budget line, cost and Implementer	Purpose of the Budget line and the progress	Observation and Recommendations
5	<p>Agriculture Sector Modernization Project</p> <p><i>Improve productivity & production, diversify product and market competitiveness</i></p> <p>LKR 16,685 million (MOA)</p>	<ul style="list-style-type: none"> To develop 42 modernized agricultural technology parks in 12 districts (67%) To improve production and market infrastructure (44%) To rehabilitate 22 small tanks, (100%), 148 agro wells (14.8%), 22 small scale water canals (82%) <p>World Bank Component: 55% EU component : 20%</p>	<p>The intended benefits have not been delivered to the community as originally planned, due to an extensive delay in project implementation. The committee strongly recommends to have strategic interventions to complete the planned activities by the new deadline in 2024, without further Extension.</p>
6	<p>Smallholder Agriculture Partnership Programme</p> <p><i>Improve access of Smallfarmers to market, & finance</i></p> <p>LKR 17,171 million (MOA)</p>	<p>To develop 57,500 4P-commercial partnerships (64%)</p> <p>To provide micro financing for 36,870 farmers and promoters. (50%)</p> <ul style="list-style-type: none"> Overall progress : 57% 	<p>Current operational objectives are different from those of the original, and project implementation has also highly deviated from its planned targets during the past 6 years. Hence, the delivery of community benefits have got delayed. Therefore, the committee strongly recommend to make every effort to complete the project by the end of 2024, without any further time extension. Further delays would incur significant financial losses to the government.</p>
7	<p>Climate Smart Irrigated Agriculture Project</p> <p>LKR 18,800 million</p>	<p>To establish Thirappane Climate Smart Farm Field-School, 66,096 home gardens, modernize 47 agrarian service - centres (100%)</p> <p>To rehabilitate 487 small tanks and construct 20 grain stores (55%)</p> <p>To rehabilitate 1,260 agro wells (68%)</p> <p>Overall progress: 58%</p>	<p>Since the project couldn't meet the agreed targets, a decision was taken to de-scope the project with achievable targets & re-purpose the loan funds. Therefore, the committee recommends to implement the project within the de-scoped plan with an effective and a close monitoring mechanism.</p>

#	Budget line, cost and Implementer	Purpose of the Budget line and the progress	Observation and Recommendations
8	Smallholder Agriculture Resilience Project LKR 14,760 million (MOA)	<p>To build resilience and market participation of 40,000 rural smallholder households impacted by climate change in six districts.</p> <p>To rehabilitate 260 reservoirs</p> <p>To modernize 30 Agrarian Services Centres</p> <ul style="list-style-type: none"> • Overall Progress: 2.4% 	<p>The projects strongly aligns with the MOA objective: Improve Climate resilience. The committee observed the need to complete this project meeting the deadline, based on the observed negative effects of the delays in other projects,</p> <p>Therefore, the committee strongly recommend to implement the project with proper implementable workplan and have an effective and a close monitoring mechanism to keep the project on-track.</p>
9	Development of Mini Dairy Cooperative Societies LKR 3,600 million	<p>To construct three mini dairy processing plants for 3 cooperative societies (97%)</p> <p>The project has constructed three mini dairy processing plants for 3 individual entrepreneurs (96%)</p> <ul style="list-style-type: none"> • Overall progress: 70 % 	<p>The project strongly aligns with the overall objective of the MOA on value chain and marketing, and entrepreneurial development.</p> <p>However, the committee observed that the project has not completed within the agreed original project period and taken 02 year time extension for completion.</p> <p>Therefore, the committee strongly recommend to submit a proposal to complete the project by the new deadline.</p>

Table 3. Seed Production and Plant Protection Programmes

10	Seed Certification and Plant Protection LKR. 2,000 million (DOA)	<ul style="list-style-type: none"> • To procure seed paddy from farmers • To produce quality seeds from farms and through contract growers for certification and distribution by multiplications • To certify other food crops <p>Overall Progress: 70 %</p>	<p>With the agreement of DOA the committee recommends to deduct LKR 500 Mn., without disturbing the planned objectives of the seed programme</p> <p>A report on the incremental benefits on this investment should be submitted by the DOA and reviewed by the Budget Department prior to make allocation for 2024</p>
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Table 4. Food Security Programmes

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
11	<p>Special Food Security Programme</p> <p>LKR 900 million (MOA)</p>	<p>To provide training, planting materials and seeds and equipment for 6,000 beneficiaries to cultivate agricultural crops in 2,500 Acres.</p> <ul style="list-style-type: none"> • To provide cash grants for 2,500 farmers for maize production and productivity improvement in 4,600 Acres. • To establish 239 protected houses with technical equipment and micro irrigation systems. • To establish 12 rain shelters • To establish a GAP village • To procure 553 soil-test kits • To rehabilitate 70 agro wells for 70 farmers. • To improve 12 soil testing laboratories <p>Overall Progress: 30%</p>	<p>The committee observed that many activities included in the project are of recurrent nature, but listed under the capital vote.</p> <p>The committee also noted that the criteria used for selection of beneficiaries and procedures adopted are not transparent.</p> <p>Therefore, the committee recommends that 2024 budgetary allocations to be made giving due attention to the following.</p> <ul style="list-style-type: none"> - Separate the activities which require a recurrent vote from the capital vote - Proper approval be obtained prior to requesting annual budgetary allocation.
12	<p>Minor Irrigation Systems & abundant Paddy Land</p> <p>LKR 3,000 million (DAD)</p>	<p>To cultivate abundant paddy lands, improve productivity using parachute method, undertake major repairs of minor irrigation and minor repairs of small tanks to improve resilience to climate changes.</p> <ul style="list-style-type: none"> • Overall Progress: 20% 	<p>Having considered the impact of this activity towards achieving the national level food security, the committee recommends the budget allocation for this project, considering the environmental impact, and other consequences, too.</p>

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
13	<p>Additional Crop Cultivation Programme Crop production</p> <p>LKR 100 million (MOA)</p>	<p>To provide seeds for planting for 15,500 farm families in 15 districts covering 7,000 acres for production of Pulse Crops such as; Green Gram, Cowpea, Black gram, etc. through the District Secretary (Government Agent) of the respective districts.</p> <p>Physical Progress: 50%</p> <ul style="list-style-type: none"> • Provision of seeds for Farmer families: 30% • Area covered: 32% 	<p>While recommending the allocation the committee strongly recommends a report on the number of beneficiaries, extents of cultivation and production including beneficiary selection criteria and procedures of this programme be submitted prior to making budgetary allocation for 2024.</p>
14	<p>Retaining the youth in Agriculture Industry, and mainstreaming youth in agriculture</p> <p>LKR 120 million (MOA)</p>	<ul style="list-style-type: none"> • To initiate youth agro-entrepreneurial villages in 5 districts. • To provide agro machineries, training & awareness, livestock, planting materials and seeds, post-harvest technology & knowhow. • To rehabilitate minor irrigation & canal systems, agricultural roads etc. • Programme is still at the initial implementation stage 	<p>The committee noted the content in the programme and observed that only initial activities have been commenced. Hence, the committee recommends to make an allocation for 2024 based on the progress by the end of 2023.</p>

Table 5. Livestock and Dairy Development

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
15	<p>Facilitation and Promotion of Liquid Milk Consumption</p> <p>LKR 25million (MOA)</p>	<p>To promote the consumption of liquid milk among school children.</p> <p>(Note: Due to the less preparedness, the committee was informed that this programme will not be conducted in 2023 and the allocation has been utilized to settle 2022 commitments).</p>	<p>The committee recommends to develop an implementable plan prior to budgetary allocation 2024 considering the importance of addressing the nutritional concerns in collaboration with other stakeholders.</p>
16	<p>Livestock Breeding Program</p> <p>LKR 200 million (DAPH)</p>	<p>To increase genetically improved livestock by providing required consumables such as medicines, vaccines, semen etc. especially through imports</p> <ul style="list-style-type: none"> • Progress: 40 % 	<p>The committee was informed that the success rate of artificial insemination (AI) programme is around 40%.</p> <p>The PERC recommends to enter into partnerships with the private sector in future AI works in order to make this programme more effective.</p>
17	<p>Increased Liquid Milk production through Enhanced breeding production at Kundasale AI breeding centre</p> <p>LKR 100 million (Budget Proposal) (DAPH)</p>	<p>To import Bull animals for semen production.</p> <p>Programme is still at the early procurement stage as the cost has increased by around 70%.</p> <ul style="list-style-type: none"> • Overall Progress: 10% 	<p>The Committee noted that implementation of this budget proposal has been put on hold at the procurement stage, due to inadequacy of allocated funds.</p> <p>Therefore, the committee recommends to obtain allocations from “Animal Breeder Farm programme” (item No. 16), which will not be implemented in this year (2023), and the balance allocation for the “Livestock Breeding Program” (item No. 18 below) for this purpose.</p>

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
18	<p>Establishment of Animal Breeder Farms</p> <p>LKR 50 million. (MOA)</p>	<p>To increase access to breeding facilities.</p> <p>Physical Progress : 30%</p>	<p>The committee noted that around Rs. 15 Mn. is required to settle the 2022 commitments. Therefore, the committee recommends to pay the same, and transfer the balance allocation to Kundasale Breeding Centre to meet the gap financing of semen production operation (Item No. 17 above).</p>
19	<p>Development of Small and Medium Scale Livestock</p> <p>LKR 225 million (MOA)</p>	<p>Provide in-kind assistance (Swine, poultry, buffalo, chick, training, etc.) to farmers for livestock development under following areas on the 50:50 farmer: Government beneficiary contribution basis.</p> <ul style="list-style-type: none"> • Physical Progress: 20% 	<p>The committee noted that 60% of the total allocation comprise the commitments of the previous year (2022), which has to be paid. Based on the future plan, the committee recommends to postponed the construction of Point Pedro and reduce Rs. 25 Mn. for the purpose from the allocation for 2023.</p>
20	<p>Goat Farming</p> <p>LKR 150 million (MOA)</p>	<p>To provide goats for 1,921 selected farm families in 19 districts</p> <ul style="list-style-type: none"> • Overall Progress: 100% 	<p>Since the project requires better planning, the committee recommends to do a pilot programme in 2023, and expand it in 2024 based on the success stories.</p>
21	<p>Production of vaccine against foot and mouth disease locally</p> <p>LKR 126.5 million (DAPH)</p>	<p>To increase local vaccine production (500,000 doses per year) against foot and mouth disease.</p> <p>Overall Progress: 30 % (Note: the allocation includes a LKR 56.5 Mn bill payment made for a machine procured).</p> <p>Physical Progress: 50%</p>	<p>The committee was informed that the bill payment for the machine procured has already been made in 2022. Therefore, the committee recommends to deduct Rs. 56.5 Mn. from 2023 allocation and conduct the programme. The committee also recommends that the 2024 budget should be allocated based on the actual requirement with a sound justification.</p>

	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
22	<p>Availability of high-quality heifer calves</p> <p>LKR 71 million (DAPH)</p>	<p>To provide feed for selected heifer calves in small scale farms for a period of 3 months to increase their fertility and ensure increased milk production (Number of target animal - 7800).</p> <p>To provide training for small scale farmers on caring of heifer calves.</p> <ul style="list-style-type: none"> • Physical Progress: 40 % 	<p>The committee was informed that the targeted number of heifer calves cannot be fed utilizing the allocated amount due to increase in market price of feed.</p> <p>Therefore, the committee recommends a project proposal be submitted by DAPH on the ‘Caring of high quality heifer calves’ to the NPD with the revised financial plan for year 2024. The committee thus, recommends to deduct Rs 60 Mn from the 2023 allocation</p>

Table 6. Pensions and Insurances

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
23	<p>Contributory Pension for elderly farmers</p> <p>LKR 4,750 million (AAIB)</p>	<p>To provide pensions for 172,000 farmers and fishermen</p>	<p>The committee recognized the need for the given allocation to continue with the pension schemes to ensure the income security of elderly farmers and fishermen.</p>
24	<p>Introduce a contributory insurance scheme for farmers</p> <p>LKR 1,000 million (AAIB)</p>	<p>Provided financial assistance for damage recovery for selected crops in a disaster.</p> <ul style="list-style-type: none"> • Progress: Provided insurance for 6,806 farmers, for 06 crops at LKR 40,000 per acre. 	<p>The PERC recognizes the importance of the proposed activity.</p> <p>The Committee recommends to revisit this program as there is no contribution from farmers to this effect. The Committee also recommends exploring the possibility of linking to fertilizer subsidy program</p>

Table 7. Research and Development

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
25	<p>Implementation of National Agricultural Research Plan (NARP) with Universities.</p> <p>LKR 20 million (MOA)</p>	<p>To provide research grants for universities to carry out research in the area of agricultural development in collaboration with the institutes under MOA Progress:</p> <ul style="list-style-type: none"> • No research planned: 10 • No. completed up to June: 2 • On-going: 8 • Fund utilization to-date: LKR 5.123 Mn. 	<p>The committee recommends to review the application of research findings, and their applicability in policy making and improving strategies, prior to budgetary allocation in 2024.</p>
26	<p>Hector Kobbekaduwa Agrarian Research and Training Centre (HARTI)</p> <p>LKR 25 million (MOA)</p>	<p>Undertake research and publications.</p> <p>Research Progress:</p> <ul style="list-style-type: none"> • No. research planned: 10 • Completed up to June: 0 • On-going: 10 • Fund utilization to-date: LKR 6.45 mn. • Fund utilization: LKR 3.5 Mn • Physical Progress: 20% 	<p>The committee recommends publishing research findings through online sources to minimize the media cost and also to have a wider accessibility for the materials by all stakeholders. The committee, thus recommends to deduct LKR 3 million from the budget estimate for 2023.</p>
27	<p>Sri Lanka Council for Agricultural Research Policy (SLCARP)</p> <p>LKR 25 million (MOA)</p>	<p>To provide direct funds for research in the area of Productivity improvement Progress:</p> <ul style="list-style-type: none"> • No. research planned : 4 • Completed up to June: 0 • On-going: 4 • Fund utilization to-date: Funds not yet received for 2023 	<p>The committee recognizes that SLCARP should play a facilitation and coordination role to implement the NARP. Therefore, the committee recommends allocations only for the said purpose and to reduce Rs. 15 million from 2023 budgetary allocation based on the justification given by the SLCARP.</p>

#	Budget line Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
28	National Institute of Post-Harvest Management LK R 30 million (NIHM)	To undertake research activities in the area of post harvest losses. To purchase laboratory equipment. Progress: <ul style="list-style-type: none"> • No. research planned: 22 • Completed up to June: 0 • On-going: 11 • Fund utilization to-date: 0 	The committee recognizes the importance of reducing post-harvest losses in perishable agricultural products. Therefore, PERC recommends to obtain a detailed report on quantitative reduction of post-harvest losses by crop categories utilizing 2023 allocation, as a base for 2024 budget allocation.
29	Agricultural Research & Development LKR 209.5 million (DOA)	<ul style="list-style-type: none"> • To develop new hybrid and open-pollinated food crop varieties • To achieve climate resilience through green technological improvement for food crop • To develop environmentally-sound sustainable technologies for food crop production • To effectively implement of soil conservation act • To effectively implement the projects under the NARP <p>Overall Progress: 58%</p>	The committee recognizes the importance of Research and Development, outcomes of which will help policy making and implementation, infusion of innovative technologies to the sector and human resource development. Hence, the committee recommends the allocation but highlights the importance of submitting a progress report by DOA on the outcome of the allocation for 2023, in deciding upon the allocation for 2024.
30	Research and Development (Agrarian) LKR 50 million (DAD)	<ul style="list-style-type: none"> • To conduct research in the following areas under minor irrigation. • To spill design in Piano key method To construct Rip-Rap using HDPE materials • To undertake Sensor-based micro Irrigation 	While recognizing the importance of research and development in the agrarian sector, the committee recommends to keep the allocation as it is and make the allocation in 2024 based on the research findings & plans for further development

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
31	<p>Agricultural Extension and Training, Infrastructure Development and Research & development</p> <p>LKR 421 million (DOA)</p>	<p>To facilitate the dissemination of agricultural technology to the farming community and assisting farmers on proper cultivation practices of food crops.</p> <p>Overall Progress: 60%</p>	<p>The committee recognizes the importance of agriculture extension to ensure agricultural technologies and reaching relevant communications to end-users timely and effectively. It will help policy making, implementation, and infusion of innovative technologies to the sector and human resource development. Hence, the committee recommends the allocation but highlights the importance of submitting a progress report by DOA on the outcome of the allocation for 2023, indeciding upon the allocation for 2024.</p>
32	<p>Reducing post-harvestcrop losses and Improving Storage</p> <p>LKR 150 million (MOA)</p>	<p>To reduce post- harvest losses through:</p> <ul style="list-style-type: none"> •Development of on-farm storage facilities for Maize, paddy, pulses, etc. •Conducting training programmes on disseminationof technology for food industry, •Developing value-added extruded products, etc. <p>Overall Progress: 20%</p>	<p>The committee observed that programme is not been implemented asplanned.</p> <p>As this is a budget proposal the committee recommends to make the arrangement to complete in 2023.</p>

Table 8. Institutional Development

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
33	<p>Paddy Marketing Board</p> <p>LKR. 300 million</p> <p>(PMB)</p>	<p>To provide financial assistance for loan servicing</p> <p>To rehabilitate infrastructure for Paddy Storing for food self-sufficiency.</p> <p>No physical progress to-date.</p>	<p>While agreeing for the loan service component committee suggested to confine to urgent requirement and to phase out the rehabilitation of paddy stores while supporting continuity of the paddy purchasing programme which is already started. Further, the committee recommends to deduct Rs. 100 Mn. from the allocation for 2023 and provide the 2024 allocation based on the phase out warehouse rehabilitation plan provided by the PMB.</p>
34	<p>National Food Promotion Board (NFPB)</p> <p>LKR 5 million</p> <p>(MOA)</p>	<p>The NFPB could not justify the programme</p> <p>Physical Progress: 0%</p>	<p>Committee recommends to deduct the total allocation for 2023, and make allocations for 2024 based on a justifiable plan relevant to mandate of NFPB.</p>
35	<p>National Agricultural Diversification and Settlement Authority - Hadabima Authority</p> <p>LKR 200 million</p> <p>(MOA)</p>	<p>Facilitate soil conservation and market access for farmers in order to promote farming.</p> <p>Physical Progress: 40 %</p>	<p>The committee noted that the functions of the institute is limited to a specific area.</p> <p>The committee recommends to give high priority for mandatory functions of the Hadabima Authority in 2024 when making budgetary allocations.</p>

#	Budget line, Objective & Cost	Purpose of the Budget line and progress	Observation and Recommendation
36	Upgrading National Fertilizer Secretariat(NFS) District offices LKR 20 million (NFS)	<ul style="list-style-type: none"> • To reconstruct existing district officers with furniture. • To develop a database system for the NSF. • To facilitate bill payment through the cloud-based data system already developed. Physical Progress: 85%	The committee recognizes that the presence of a data network on fertilizer supply and distribution is a strong need for accurate planning and expenditure forecasting on fertilizer. The committee recommends that the authorities should ensure to make use of the system in future fertilizer planning. PERC noted that this allocation will not be required in the future if the bill payments can be made in 2023.
37	Building and Structures LKR 850 million (DAD)	<ul style="list-style-type: none"> • To construct District Office/Agrarian Service Centres • To renovate District Office/Head Office To renovate agrarian service centres Overall Progress: 0.35%	Having considered the government policies on new building constructions, the committee recommends to postpone these two activities (construction of district offices and agrarian service centers) and save Rs. 250 million from the 2023 budget.
38	Plant, Machinery and Equipment LKR 101 million (DAD)	<ul style="list-style-type: none"> • To purchase new equipment • To rehabilitate existing equipment Overall Progress: 30%	The committee noted that the new procurement can be postponed. Hence, the committee recommends to deduct LKR 30 million from the 2023 allocation and continue the rehabilitation and maintenance activities.

Annex 06

Employment Details

Agency	Special Grade, Class I, II and III		Tertiary Level		Secondary Level		Primary Level		Total	
	Cadre	Actual	Cadre	Actual	Cadre	Actual	Cadre	Actual	Cadre	Actual
Ministry of Agriculture	181	138	11	7	2,626	2,561	204	163	3,022	2,869
Department of Animal Production and Health	195	134	21	8	354	312	395	276	965	730
Department of Agrarian Development	129	82	648	481	17,415	12,432	1,572	1,203	19,764	14,198
Department of Agriculture	1,205	340	208	85	3,646	3,171	5,664	4,359	10,723	7,955
Agriculture and Agrarian Insurance Board	51	42	5	-	285	187	80	59	421	288
Paddy Marketing Board	14	9	8	6	187	126	21	13	230	154
Hector Kobbekaduwa Agrarian Research and Training Institute	63	37	23	6	94	51	54	42	234	136
Sri Lanka Council for Agricultural Research Policy	12	5	2	-	16	10	6	4	36	19
Institute of Post Harvest Technology	41	26	4	4	47	37	63	52	155	119
Hadabima Authority	6	6	18	16	56	50	45	37	125	109
National Food Promotion Board	5	3	1	1	14	10	43	43	63	57
Total Employment	1,902	822	949	614	24,740	18,947	8,147	6,251	35,738	26,634

Draft Results Framework for the Ministry of Agriculture (MOA)

The Ministry of Agriculture as the key contributor to ensure national food security is responsible for facilitating 1.8 million farm families as well as stakeholders of the agri-food value chain. The Ministry is entrusted and committed for the smooth implementation of its mandatory functions by formulating relevant policies, regulating and providing necessary guidance and facilitation in collaboration with its 15 implementing arms for sustainable development of the sector. The major functions entrusted to this ministry as gazetted could be listed as follows.

1. Improvement of agriculture, livestock and dairy production and productivity
2. Reduction of pre- and post-harvest losses
3. Managing risks, shocks, threats, and uncertainties
4. Strengthening value chain and competitiveness
5. Farmer empowerment and entrepreneurial development
6. Seed certification and plant protection
7. Provision of infrastructure to develop the agricultural sector

VISION

Building an efficient, productive, and strong agricultural sector for food security and national prosperity

MISSION

To facilitate a sustainable, diverse, and resilient agricultural sector, modernizing agricultural practices, fostering innovation, ensuring equitable distribution of resources, prioritizing farmer empowerment while conserving natural resources.

The MOA will contribute to achieve the following key outcome targets.

Key outcome targets in 2026

- Increase the existing paddy production of 4.4 million tons by 25%
- Increase the average paddy yield of 4.2 tons/per/ha by 15%
- Increase the cultivated paddy extent from 1,260 ha by 3%
- Reduce the existing post-harvest losses of paddy 12% by 2%
- Increase the existing vegetable production of 1.3 Mn Mts by 10%
- Increase the extent of 100,000 ha. of vegetable cultivation by 5%
- Reduce the existing post-harvest losses of vegetables 40% up to 20%
- Increase existing annual fruit production of 1.1 million tons by 15%
- Increase the existing annual fruit productivity by 10%.
- Increase the existing maize production of 315,000 Mt. tons by 70%
- Increase the existing green chili production of 72,000 Mt.tons by 30%.
- Double the existing big onion production of 30,000 tons by 30%
- Increase the Existing annual egg production of 2,089 million by 35%
- Increase the existing annual chicken production 228,530 Mt by 16%
- Increase the existing annual milk production of 380 Mn. liters by 28%
- Reduce the existing 13,000 ha of abundant paddy lands by 0.5%

Ministry of Agriculture, along with its associated line agencies, bears the responsibility for delivering the following identified outputs optimally utilising the allocated resources to provide services to citizens at the highest possible standard"

Key Functions	Key Outputs	Indicator	Baseline	Targets		Lead Agency
			2021/ 2022	2023	2026	
Paddy and other food crops Production and Productivity	Increased market access to paddy farmers	Quantity of purchased in Yala season	7,100 Mt	2,150 Mt	10% of Production	PMB
		Quantity of purchased in Maha season	71,000 Mt	10% of Production		
		Availability of controlled price for paddy	Yes	Yes	Yes	
	Increased access to new crop varieties and new technology for commercialized agriculture	No of new crop varieties available	7	Based on the demand		DOA
		Number of new technologies infused for fruits crops	3	3	3	
		Number of new technologies infused for OFC	2	2	2	
	Increased access to fertilizer	Quantity of fertilizer provided for farmers	1.10 Mt. Mn	1.10 Mt. Mn	1.13 Mt. Mn	NFS
		Percentage of usage of fertilizer stores (Sq. area)	No data			
		No of farmers were provided with fertilizer subsidy	1,983,892	2,000,000	2,000,000	
		Extent of hectares used in fertilizer	1,315,012 ha	1,679,931 ha	1,450,000 ha	
		Schedule of fertilizer delivery (on time)	Yala / Maha	Yala / Maha	Yala / Maha	
	Standard usage of fertilizer by farmers	Percentage of Organic fertilizer usage	>1%	1%	4%	DOA
		Percentage of Inorganic fertilizer usage	<99%	99%	96%	
		Level of non-application of soil test recommendations	60%	50%	50%	
	Increased access to soil testing facilities	No of soil samples tested and analysed per lab	1,400	1,500	2,000	
No of soil tests undertaken		1,400	1,500	2,000		
Increased understanding on pesticides applications	Percentage of failures out of total pesticide applications	60%	55%	50%		

Key Functions	Key Outputs	Indicator	Baseline	Targets		Lead Agency
			2021/ 2022	2023	2026	
Livestock and dairy Production and productivity	Increased productive livestock resources	No of Backyard Poultry farms developed	4,106	4,028	8,000	MOA
		No of families provided with Goat/swine	109	115	250	
		No of families provided with improved cows	No data			
	Increased access to proper Artificial Insemination (AI) service and regular pregnancy diagnosis	No of AI services provided	190,786	260,155	265,000	DAPH
		No of AI technicians trained	36	150	200	
	Increased access to AI service facilities at field level	No of AIs done	190,786	269,155	265,000	
		No of calves	65,492	99,972	850,000	
	Increase access to veterinary services	No of vaccines produced	7.9 Mn.	5.7 Mn.	8.5 Mn	
		No of animals vaccinated	4.7 Mn.	1.5 Mn.	1.5 Mn.	
		No of animals treated	1,530,065	1,750,000	1,750,000	
		No of death incidences due to absence of veterinary services	No data			
	Increased access to high breed stud bulls (buffalo)	No of bulls imported	-	22	No data	
	Increased compliance to livestock farming	No of incidences on non-compliance by farmers and traders	No data			
	Improved access to green fodder	Extent of improved pasture lands (No of plots)	-	-	60	
		Number of planting materials issued (Cuttings)	60'000	10'000	40'000	
	Increased access to dairy products	No of dairy farms developed	216	88	500	MOA
		No of operational mini dairy processing plants	No data			DAPH
Level of operation as a capacity		No data				
Improved access to concentrated dairy animal feed	Quantity of concentrate feed produced for dairy cattle	49,272 Mt.	60,000 Mt.	180,000 Mt.		
Increased awareness on proper feeding practices.	No of incidences on improper feeding practices	No data				

Key Functions	Key Outputs	Indicator	Baseline	Targets		Lead Agency
			2021/ 2022	2023	2026	
	Improved access to the milk market	No of high-quality milking cows available in government farms	No data			
		Percentage of Farmers practicing evening milking	No data			
		No. of well-established milk collection farmer societies	293	293	350	
Production and productivity	Increased access of relevant stakeholders to research findings on agricultural development	Percentage of disseminated research findings	No data			MOA Research Institutions
		Level of application of disseminated research findings	No data			
Pre and Post-harvest losses	Increased access to storage facilities	Level of paddy storage capacity available (Sq.area)	No data			MOA
		Level of usage of paddy storage capacity (Sq.area)	No data			
		Period of usage (No of months per season)	No data			
	Increased access to solutions for reducing post-harvest losses	No of farmers provided with packing materials	No data			NIPHM
		No of farmers educated on on-time harvesting	No data			
		No of innovations introduced	No data			
		No of quality testing undertaken for vegetables before storing	No data			
Seed certification and plant protection	Increased access to quality seed paddy	Percentage of the national certified seed paddy requirement met	15%	18%	25%	DOA
		Quantity of certified seed paddy procured from farmers	26,723 Bu	28,000 Bu	34,000 Bu	
	Increased access to quality seeds - OFC	Percentage of the national certified OFC seed requirement met	21%	23%	30%	MOA
		Quantity of certified OFC seeds procured	807.6 Mt.	900 Mt.	1,200 Mt.	DOA
		Quantity of Standard vegetable seeds procured from contract growers	15.6 Mt.	20 Mt.	60 Mt.	
		Number of households received vegetable home garden packs	2.5 Mn	2.6 Mn	3 Mn	MOA

Key Functions	Key Outputs	Indicator	Baseline	Targets		Lead Agency
			2021/ 2022	2023	2026	
		Quantity of vegetable seeds procured by commercial entities	15.6 Mt.	20 Mt.	60 Mt.	DOA
		Percentage of hectares cultivated from seeds provided	20%	30%	25%	
		Percentage of the national certified potato seed requirement met	4%	6%	8%	MOA
		Quantity of Seed potato produced by government farms	576 Mt.	700 Mt.	1,000 Mt.	DOA
	Increased average yield of seed production	Average yield of Seed Paddy	200 Bu/ha	207 Bu/ha	230 Bu/ha	
		Average yield of Seed Potato	15 mt/ha	16 mt/ha	20 mt/ha	
	Reduced seed losses during production process	Level of Seed Paddy losses during production	20 %	18 %	12 %	
		Level of OFC seed losses during production	20 %	18 %	12 %	
	Increased access to planting materials to farmers	Number of Fruit plants produced (Nos.)	1.037 Mn	1.200 Mn	1.800 Mn	
		Number of planting materials procured by growers	1.0 Mn.	1.1 Mn.	1.7 Mn	
Farmer Empowerment and Entrepreneurial Development	Increased access to agriculture related training/knowledge	No of farmers received trainings/extension services	12,000	15,000	25,000	DAD
		No of home gardens/farms developed with soil conservation best practices	362,923	290,941	370,000	
		Percentage of Compliance attended	No data			
	Increased accessibility for improved services and facilities	No of farmer societies registered	16,968	16,968	-	DAD
		No of youth provided with agricultural inputs/trainings/services	No Data	295	350	
	Improved access to entrepreneurial opportunities	No of youth agro entrepreneurial villages established	04	10	11	MOA
		No of farmers engaged in export model villages	No Data	200	300	DAD
		Percentage of agreed minimum production guaranteed	-	60%	60%	
	Increased access to microfinancing	The volume of microfinance facilities granted	Rs. 2,838 Mn.	Rs.3,000 Mn.	Rs.4,000 Mn.	
		No. of farmers provided with microfinance	66,240	70,000	120,000	

Key Functions	Key Outputs	Indicator	Baseline	Targets		Lead Agency
			2021/ 2022	2023	2026	
Irrigation Infrastructure development	Increased access to irrigable water & alternative irrigation systems	Level of water capacity made available through rehabilitation of irrigation systems	No data			
		No. of agro-wells accessible	0	40	60	
		No. of micro irrigation systems accessible	4	310	300	
Risk Mitigation and preparedness for uncertainty	Improved adaptation for Climatic Change	Percentage of farmers used drought-tolerant Crops	3%	No data		DOA
		Percentage of farmers used protected agriculture	0.5%	1%	2%	
	Increased access to loss reduction solutions (insurance schemes)	Percentage of Farmers covered with crop insurance	4%	10%	20%	AAIB
		Percentage of victims received benefits within the agreed period	No Data		100%	
		No of farmers enrolled for the Pension schemes	No Data			
		No of complaints reported on insurance benefits	No Data			

Abbreviations:

MOA : Ministry of Agriculture
DOA : Department of Agriculture
DAD : Department of Agrarian Development
DAPH : Department of Animal Production and Health
NFS : National Fertilizer Secretariat
AAIB : Agrarian and Agriculture Insurance Board
NIPHM : National Institute of Post-Harvest Management
PMD : Paddy Marketing Board

Notes:

(1) *The achievement with respect to overall food security is difficult to be measured in Sri Lanka, as the national accounts mainly focus on the food availability (e.g. please refer to the food balance sheets of the Department of Census and Statistics). The Global Food Security Index calculations done by 'The Economist' do a country-wise comparison. However, as Sri Lanka is not following the same process, the estimation done will not provide any meaningful food security status in Sri Lanka. Further, the FAO estimates the Food Insecurity status of countries and their rapid assessments on food insecurity based on the requests from the Government of Sri Lanka. It is suggested that the same procedure to be adopted by the MOA, however, the results will depend heavily on the environmental factors (e.g. climate), and imports.*

In terms of self-sufficiency, Sri Lanka was self-sufficient in 2021, but the paddy yields declined by 34% on 2022, forcing the country to import 783,000 Mt of rice to feed the nations. The recovery phase in 2023 (2022/2023 Mahan season and 2023 Yale season) also got affected due to the delays of fertilizer supply and prolonged drought but this could be overcome by 2024 based on the proposed interventions made by the government. Similar situation prevails in maize production as well. We are self-sufficient with ground nut and green chili. The dry chili production will meet the requirement by 2026. Currently, it is only about 2%. We will be in a position to meet the self-sufficiency targets for OFCs by 2026 (from local production in most of OFCs). The maize requirement will still be support by imports, and the maximum extent to which the total requirement of potato and big onion can be met is around 60-65%.

(2) *The benefits of the research outcome is based on the technologies adopted by the farming community and contribution made to achieve food security. For example, 98% of the cultivated extent of paddy is devoted to new high yielding varieties developed and evaluated by the DOA, and more than 90% of the maize cultivated are hybrids based on the results of the field evaluation trials. The chili hybrid MICH01 developed and evaluated by the DOA will not doubt help achieving the green chili and dry chill production targets by 2026 (assuming a favorable climate). The research by DAPH on animal production is different to that of varietal development in the crop sector as done by the DOA. The DAPH is focusing, and will have to focus on more long-terms adaptability trials on the native and imported species to ensure animal productivity will improve.*

All expenditure (capita, recurrent, salaries) paid for the technology- and extension-driven departments/centers are to ensure research outcome is adopted by the farmers for the benefit of the country. Hence, the total expenditure can be considered as for research (including the extension component).