



POLICY BRIEF

Institutional Restructuring of Agricultural Sector of Sri Lanka for the 21 st Century and Beyond

Introduction and Context

The current organizational and institutional architecture of the agriculture sector in Sri Lanka suffers from significant inefficiencies. A complex, multi-ministerial structure under which the agriculture sector operates, significantly adds to these problems as it is riddled with overlapping responsibilities across numerous public entities with weak institutional capacity. Ineffective legal enactments further hinder this sector's efficiency. Ineffective policy implementation, and bureaucratic inefficiencies, further adds to the woes of the sector. A study was commissioned by the Agriculture Sector Modernization Project (ASMP) to propose an organizational model that addresses the aforesaid problems¹.

The study used qualitative and quantitative approaches. The policy was formulated based on the functional, legal, and financial analysis of the agricultural sector in Sri Lanka along with a detailed review of the experiences of a few agent countries on institutional restructuring.



Key Issues

- **Ad-Hoc Changes:** Policy makers and programme designers have introduced ad hoc agriculture development activities. However, these interventions are not aligned with national agriculture development plans nor are they channeled through relevant institutions.
- **Fragmentation:** The large number of national and provincial level agricultural organizations are plagued by poor coordination and sub-optimal collaboration with absence of focus on a shared vision.
- **Weak Coordination and Planning:** The multitude of organizations, including ministries, departments, institutes, boards, centres, units, etc., function with very limited interaction as reflected in the

¹ "Comprehensive evaluation of the functions / responsibilities of all Agriculture Sector Institutions / organizations operating under the Ministry of Agriculture and other related Ministries" Reference no. Lk-moa-pmu-351214-cs-qcbs

discord of their respective strategic or annual work plans.

- **Legislative Restrictions:** The legal framework vested upon entities are often inadequate, restrict expansion and hinder independence in their scope of activities.
- **Poor Human Resource Planning:** Failure to recognize and incentivise the valuable human resources with technical expertise and the restrictions in recruitment of technical staff over long periods of time have resulted in loss of expertise and the failures in planning and implementing succession.
- **Bureaucratization:** Administrative and financial rules and regulations practiced within the system are not always conducive to productive growth and expansion of respective commodity-based value chains.
- **Financial Irrationality:** The agriculture sector functions with limited accountability and oversight of its expenditure and fails to consider “return on investment”.
- **Agricultural Research:** Despite the extensive research infrastructure that exists across the many agro-climatic regions of the country, the system lacks coordination, and suffers from inadequate funding, restrictions in capacity to generate income and build collaborations.
- **Poor Linkages and Transfer of Technology:** Agriculture research findings and new technology are not readily available to end users due to a devolved and poorly coordinated extension service.
- **Resource Paucity and Financial Inadequacies:** Service providing entities lack resources to provide efficient support to respective stakeholders. Most organizations such as research and development institutions have tremendous potential but remain stifled in government regulations unable to be innovative due to the lack of financial independence.
- **Inefficient Marketing:** Entities engaged in marketing aspects of the value chain are not

adequately focused for promoting organized production, price stabilization and the establishment of sustainable networks for collection, storage, distribution and marketing of agricultural produce.

- **Weak Monitoring and Evaluation:** The absence of an effective monitoring and progress review mechanism contributes to inefficiencies across the sector as it does not optimize performance of all entities within it.

The following policy imperatives will address the above constraints faced by Sri Lanka’s agriculture sector to achieve its full potential.

The Vision: The vision for the proposed institutional reforms is transparency, accountability, efficiency and sustainability for higher agriculture growth and farmers’ welfare.

The Ten Policy Directives:

1. **Organizational Model for Agriculture:** All state entities at national and sub-national levels will be brought under one unifying system to serve the needs of the nation more effectively with greater coordination and accountability. They will be integrated into a system depicted in the Unified National Agriculture Organizational Model *UNAOM*. ජාතික කෘෂි සංවිධාන ආකෘතිය. Twelve organizations will function as is without restructuring, while 23 will undergo some reform. Nine will be merged and eight will be aligned with existing agencies and cease to be independent. *See Figure – 1 below.*
2. **Legislative Reforms:** Undertake a comprehensive analysis of the legislative structure of all the entities of the Unified National Agriculture

Organizational Model (**UNAOM**) and adopt amendments and or replacements to the same.

3. **Coordination:** The restructured agriculture sector i.e. authorities, agencies and entities will work in coordination with each other under a singular Ministry for food crops and floriculture, plantations, spice crops, livestock, fisheries, land and water management. (The UNAOM illustrates the lines of communication and coordination)
4. **Policy Formulation and Review:** The National Agency for Agriculture Policy, Strategic Funding and Monitoring will undertake policy formulation review and redirection under the guidance of the apex ministry in charge of Agriculture.
5. **Quality Assurance & Globalization:** The agriculture sector must ‘act locally while thinking globally’ thus its quality standards and processes will be on par with any elsewhere, so that the produce and services are competitive in quality and cost effectiveness. This aspect will be assured by the *National Quality Management Regulatory Functions Agency*.
6. **Research:** All agriculture research will be under the purview of five agencies ensuring research (technology) needs are addressed in the (i) Plantation sector (ii) spice crops (iii) food crops and floriculture (iv) animal production and health and (v) fisheries and aquaculture, sectors are met, so that national requirements are properly identified and work streamlined.
7. **Extension:** The fragmented and disjointed commodity-based agriculture extension system will be brought under the purview of an integrated service for technology transfer, linking research with end-users, adopting state of the art communication technology and Artificial Intelligence. The National Extension, Education and Training Agency will coordinate the national and provincial agriculture extension services for all commodities.
8. **Marketing:** Is a critical link between the producer and consumer. An efficient system that uses appropriate technology and communication with proper planning will be undertaken by National Agriculture Produce Marketing Agency which will address meeting needs of all producers in the different agriculture sub-sector.
9. **Financial Accountability, Monitoring & Evaluation:** The five authorities and seventeen agencies that will replace the existing institutional architecture must function in a financially responsible and accountable manner. This essential oversight role will be undertaken by National Agency for Agriculture Policy, Strategic Funding and Monitoring. It will ensure performance-based efficiency of resource use.
10. **Planning:** Effective planning is an essential component of a progressive and modern agriculture. Five agencies will undertake the planning work for (i) plantation crops production, (ii) spice crop production, (iii) food crops, and floriculture (iv) animal production and health and also (v) fisheries. Based on overall national development goals and strategies, these agencies will ensure that, the agriculture sub-sector plans are drawn-up and followed and the required resources are mobilized and the enabling conditions ensured.

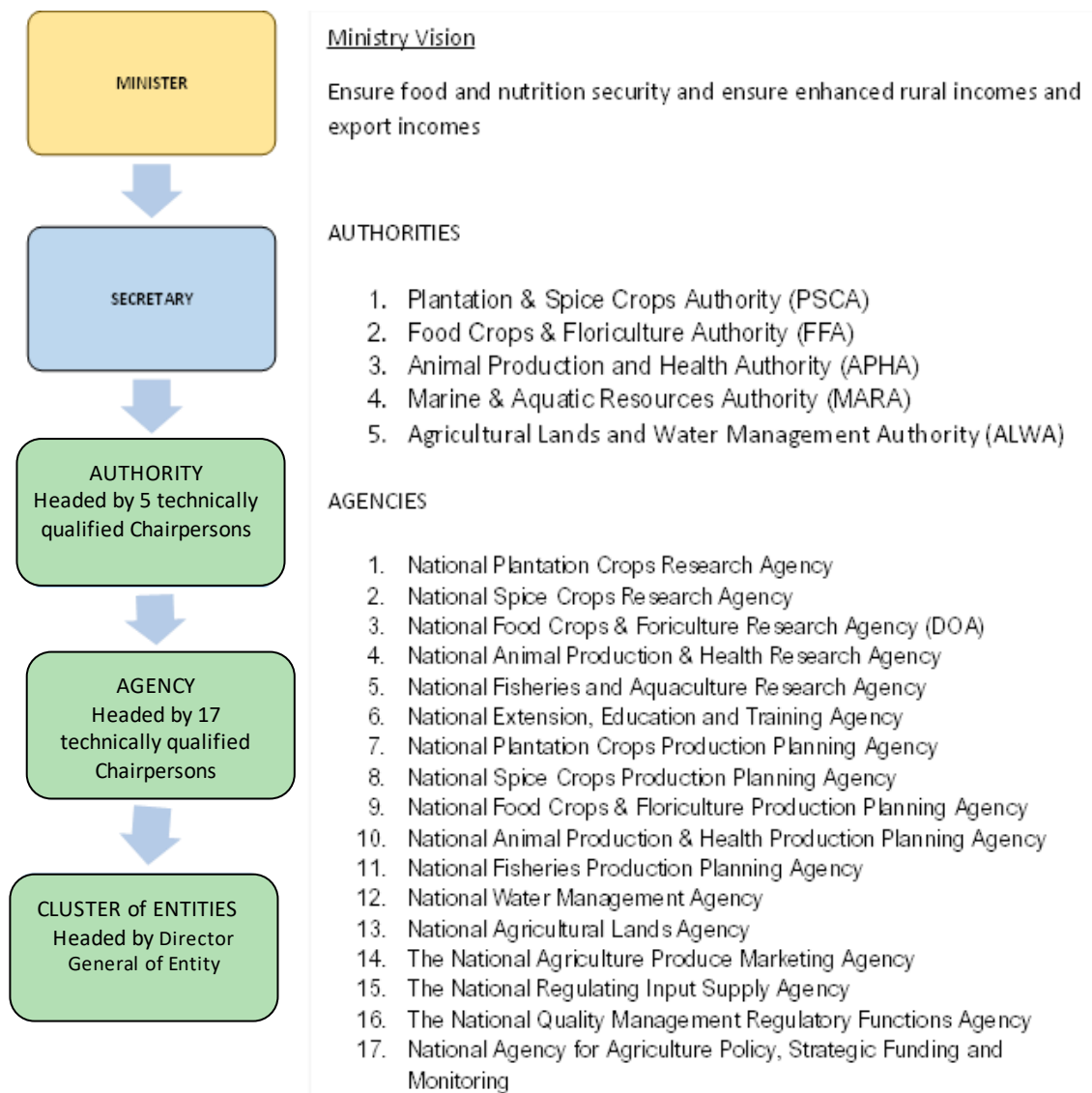
Way Forward

Policy Directives are expected to be achieved via a strategic implementation programme.

- Appointment of a taskforce for implementation of the policy reforms and monitoring of the reform process.
- The programme must commence with the legislative reforms which may be addressed via amendments followed by new legislation to accommodate creation of Authorities and agencies.

- Kick start streamlining identified restructure changes that can be implemented between and within entities as per recommendations. (Refer Table 1 and the Report on the “Comprehensive evaluation of the functions / responsibilities of all Agriculture sector institutions / organizations operating under the Ministry of agriculture and other related ministries” Reference no. Lk-moa-pmu-351214-cs-qcbs

Figure 1. Unified National Agriculture Organizational Model (**UNAOM**)



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