කෘෂි නවීකරණ ව්‍යාපෘතිය
விவசாய நவீனமயமாக்கல் திட்டம்
Agriculture Modernization Project

POLICY BRIEF

The Agriculture Sector Modernization Project employed an International Service Provider (ISP) to implement Agriculture Technology Demonstration Parks (ATDPs) with modern technology.

The ISP, FCG-ANZDEC Ltd of New Zealand, was given the assignment to establish, operate and hand over ATDPs in seven project districts. Each ATDP consisted of a minimum of three crop clusters with necessary infrastructure facilities. The ISP selected high-value fruit and vegetable crops with potential export & domestic markets to be grown in these crop clusters with modern technology. The crop clusters were either fruits or vegetables. In some of these crop clusters, a complete technology package has been implemented by the ISP, and the farmers had completed harvesting one or two crop cycles, whereas in other crop clusters, technology packages were not completely implemented in late 2024.

One of the focuses of the ASMP was to introduce new technology packages to the agriculture sector with marketable high-value crops and improve their productivity by using modern technology. Accordingly, it is necessary to evaluate the technical superiority and economic viability of the new technology packages introduced by the ISP.

A study was conducted with the main objective to carry out an in-depth technical and economic evaluation of completely implemented new technology packages, introduced by the ISP under the ASMP, to make recommendations to promote these technology packages beyond the ASMP crop clusters. The set of comprehensive Operational Manuals produced by the ASMP described comprehensively the technical information for cultivation, harvesting, processing and marketing. One of the common features of the operational manuals is the double row planting. Another important feature presented for perennial fruit crops is the espalier trellis system. The double-row planting and the espalier trellis system were new introductions to Sri Lankan agriculture. The study realised that the new technology introduced by the ASMP is superior to the existing technology of fruit production in Sri Lanka. Aiming at wide spread of the technology tested at APAR, a set of policy interventions would be essential.

Policy interventions

1. Accept and promote the new technologies as the future implementation requirements, grant support and acquire responsibility for the implementation of new technologies as promoted by the ASMP and replace existing technologies through a dedicated service provision mechanism.

2. General extension services are unable to engage in value addition and value chain development crops having export potential because they have to cater for the production demands of a large number of

crops. Therefore, it is required to establish dedicated private sector Service Providers for each crop and establish dedicated institutes to promote, conduct research, introduce new technologies, monitor production and export processes, etc.

3. Grant credit with low interest and extended payback periods are recommended to promote the new technologies and ensure the availability of such material required at duty-free prices for the prospective farmers and PUCs.

4. The concept of ATDP needs to be accepted as a group approach to promote fruit crops /seasonal crop cultivation similar to implementing plantations of mono crops so that services, input and markets can be arranged easily.

5. Further studies need to be conducted on the efficacy and implementation ability of the PUCs.

6. More studies need to be conducted on the taxes and charges on exporting and export markets in order to support the exporters to maintain competitiveness in the international markets. Also, government officials should recognise the private sector exporters as service providers for the export markets and help in the sustenance of the local farmers.

   Conduct further studies to understand the reasons for failures of such farmer institutions and reasons for successes, to understand whether PUCs or any other farmer institute can be promoted.

7. It is required to make Policy Decisions and necessary legislative amendments to the Agrarian Services Act, Irrigation Ordinance and other relevant legislative tools to facilitate implementing more high-income generating cropping systems that will include perennial crops within the irrigation domain and paddy land environment and diversify from the traditional Rice-based Cropping Systems while ensuring the sustenance of farming livelihood.

8. Extensive studies need to be conducted to understand the shallow groundwater table behaviour to ensure the reliability of the water source with agro wells.

9. It is required to shift the paradigm for-supporting individual farmers to access their own water source from agro wells. The legislations need to be amended to support the concept of independence for individual farmers in selecting their own crop but as a group.

10. Promote high quality products equally for the export and domestic market

Guava

Policy Directions:

1. Research and breeding initiatives required for the development of new guava varieties – seedless, high yield, with core colours of red and white core.

Research and breeding initiatives are required for the development of new varieties that will facilitate product diversion and value addition beyond fresh fruit consumption towards non-traditional products that will be appreciated in global markets.

2. Research and development initiatives required towards enhancing the quality of the fruits to improve the export potential

3. Infrastructure development required to promote the cultivation of guava in suitable lands and establishment of cold storage warehouses

4. Assistance is required to develop industries for value addition and exports

Banana

Policy Directions:

1. Incentivize banana export companies to enter into medium term Forward Sales Contracts with farmers groups/clusters who adopt New Technology (NT) as recommended by ASMP, while offering a price with an adequate advantage over the regular farmgate/market price for banana with existing technology (ET) which will attract and encourage farmers to adopt NT.

2. Incentivize export companies to implement effective and efficient value-chain mechanisms, possibly with dedicated service provision for field advisory service focused mainly on banana as a Dedicated Service Provider (DSP) for banana. This should accompany mutually understanding ethically binding Forward Sales Contracts that will ascertain regular and continuous supply for the buyer from the producer.

3. Facilitate the establishment of banana farmer clusters of at least 400 ha so that the export companies can provide service provision as a contract growing process, ensuring reasonable and sustainable profits for the companies engaged in assisting the export process. However, procedures must be established to prevent any malpractice or earning of exorbitant profits by the companies at the expense of producers.

4. Introduce and expand facilities for ELIZA testing (virus testing method) to district and divisional levels (preferably at the Agrarian Services Centre level) so that farmers can be assured of the virus free planting material before purchasing

5. Incentivise the establishment of dedicated nurseries to produce healthy disease free planting material with a medium term estimate of planting material requirement

6. Develop guidelines for the establishment and maintenance of nurseries dedicated to the production of healthy virus-free planting material; they should be registered with an authority listed in the public domain and be strictly monitored.