

The Provincial, District and Local Authorities

Under the 13th Amendment to the Constitution, service delivery is devolved to the Provincial Councils and Local Authorities (LA), i.e. Urban councils, Municipal councils, and Pradashya Sabas (Village councils), which are the closest to the rural communities and have the mandate to provide direct support to small-holder farmers and farmer organisations. However, these institutions remain ineffective to a large extent due to the lack of resources, revenue and technical capacity to develop integrated plans and sound economic policies at the local level. The level of coordination, interaction and engagement between LAs (elected officials) at the district level, on the one hand, and central and provincial government institutions at the district level (i.e. District and Divisional Secretaries, Provincial Department of Agriculture, Irrigation Department etc.), on the other, needs to be improved and strengthened. The Provincial level will be an active partner in the implementation of the component to be financed through the WB but will also be targeted by the TA. On one side, the Provinces will be in charge of monitoring the interventions in support to small-holder farmers and on the other side, they will be supported to play a more strategic and effective role in the agriculture.

To ensure technology and knowledge transfer to the public extension service, the action will involve government extension staff and Agrarian Services Departments in the activities, through partnership arrangements.

The small-holder farmers

Small-holder farmers are the main target /beneficiaries of the programme mainly in North, North Central, Central, Uva and Eastern Provinces of Sri Lanka. The majority of the targeted beneficiaries are involved in subsistence family farming. Small-holder farmers will be both key stakeholders and beneficiaries of the action. They will be closely involved in the design of the EU intervention under the modernisation programme, they will be the target of the assistance and they will have the ownership of the end result. They will be put at the centre of the rural transformation and will be supported to become a vector of growth for the economy.

1.1.3 Priority areas for support/problem analysis

The agriculture sector in Sri Lanka is fragmented both at the national level (with six Ministries involved) and between administrative layers (with power and responsibilities shared between the national, provincial and district levels). The design and implementation of a sector policy has suffered from the complexity of the sectorial and administrative systems. A three-year Public Investment Programme (PIP) was prepared identifying a number of challenges and issues that need to be addressed. The agriculture is one of the sections covered by the PIP and ranges from crop production to export, spices, fish, livestock, and plantations. A comprehensive and coordinated policy is still missing and this represents an obstacle to the capacity of the Government to accompany the modernisation of the sector. Also, beside a few major agriculture companies, most operators are small- scale cultivators who face problems related to low productivity and diversification, absence of market linkages, non-availability of inputs and limited access to credit facilities. Farmers are not organised and tend to focus on low value crops that are not commercially viable. Also, problems of different nature have direct impact on crop production: institutional /structural constraints (land legislation, strong interference from the public sector, complex distribution of responsibilities at all levels, policy choices like the fertilizer subsidies), soil and water management (poor reliability of irrigation water delivery, weak farm water management, limited land extent for small-holder farmer cultivation); lack of innovation (inadequate support from the extension workers, lack of access to improved technologies); strong impact of climate change.

Consequently, the Government of Sri Lanka has developed a programme with the WB which work with two main Ministries: with the Ministry of Primary Industries to develop value chains for export markets and with the Ministry of Agriculture to focus on small-holder farmers.

The Ministry of Agriculture has developed a concept focusing on four components:

- organisation of farmers into farmer companies and cooperatives,
- introducing innovative comprehensive agriculture packages in priority districts to organise the production and the commercialisation of products,
- improving local productive infrastructures, and