

# Lanka Fruit and Vegetable Producers, Processors and Exporters Association

Strategic and Operational Plans  
(2019-2023)

Gayathri Wijesekera Gunaruwan,  
ITC National Consultant

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## Acronyms

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

ASMP	Agriculture Sector Modernization Project
Combi-HAVM	Combined Hot Air Vacuum Microwave Dehydration Technology
DOA	Department of Agriculture Sri Lanka
EDB	Sri Lanka Export Development Board
GAP	Good Agricultural Practice
GMP	Good Manufacturing Practice
LFVPPEA	Lanka Fruit and Vegetable Producers, Processors and Exporters Association
IARS	University of Colombo Institute for Agro Technology and Rural Sciences
ITC	International Trade Centre
ITI	Industrial Technology Institute
NPQS	National Plant Quarantine Services, Department of Agriculture, Sri Lanka
SPS	Sanitary and Phyto Sanitary measures
SWOT	Strengths, weaknesses, opportunities and threats – Analysis
UNCTAD	United Nations Conference on Trade and Development
STDF	Standards and Trade Development Facility
SWOT	Strengths, weaknesses, opportunities and threats
WTO	World Trade Organization

## CHAPTER 1 BACKGROUND

### About the project

In 2017 the Lanka Fruit and Vegetable Producers, Processors and Exporters Association (LFVPPEA), with the support by various public and private sector stakeholders, submitted a request for funding and technical assistance to the STDF Working Group (WG) to conduct a feasibility study to assess the value addition strategies of selected target products and to develop its five-year strategic and operational plan. The latter had the aim to improve LFVPPEA's capacity to help and provide support to the fruit and vegetables export (F&V) sector to improve its capacity to meet food safety requirements and as a result, access international markets. In March 2017 STDF WG approved a Project Preparation Grant (PPG) entitled "*Development of feasibility study for value addition in the Fruit and vegetable sector of Sri Lanka*" (STDF/PPG/576), implemented by the International Trade Centre (ITC) in close collaboration with LFVPPEA. This PPG builds on the results of a previous STDF-funded project entitled "*Improving Safety and Quality of Fruits and Vegetables in Sri Lanka*" (STDF/PG/354) which was implemented by ITC in association with the Ceylon Chamber of Commerce (CCC) between 2013 and 2016. In this project LFVPPEA played a very crucial role to engage the private sector towards improvement of compliance with food safety requirements.

### The Association

The Lanka Fruit and Vegetable Producers, Processors and Exporters Association was formed in 1980 as the national Sri Lanka Association under the aegis of the Sri Lanka Export Development Board (EDB). Its inaugural meeting had been held on 15th October 1980. Subsequently, the Association was incorporated as Lanka Fruit and Vegetable Producers, Processors and Exporters Association (LFVPPEA), a company limited by guarantee on 30th March 2009. LFVPPEA has worked hard since its inception to bring recognition to the Fruit and Vegetable (F&V) export sector through effective advocacy and provision of value added services to improve the quality and safety of F&V produce of Sri Lanka. The Association reckons that about 80 percent of the exports revenue from F&V are generated by the members of the Association.

The Association's membership has gradually increased over the years, from thirty-three at the time of incorporation as a company, to nearly 50 members as at present. It includes a diversity ranging from growers of Fruit and Vegetable, manufacturers of F&V products, exporters, suppliers of input materials and financiers but the majority of members are exporters.

LFVPPEA is managed by an Executive Committee<sup>2</sup> comprising of thirteen members of whom eight are officer bearers. The Chairman, two Vice Chairmen, the Honorary Secretary, the Honorary Treasurer, Assistant Secretary and Assistant Treasurer together with the Immediate Past Chairman form the office bearers of the Association.

The Secretariat of the Association is based at The Ceylon Chamber of Commerce (CCC). The fundamental secretarial functions such as organizing meetings, preparation of minutes, circulation of correspondence, organizing the Annual General Meeting and assisting the Executive Committee (EXCO) to organise events are conducted by the Chamber Secretariat. The Advocacy initiatives and meetings with external parties including with Government officials, initiating and organizing events, initiating and managing projects and overall management of the Association are vested with the Executive Committee.

### Rationale for a Strategic Plan

The F&V sector is confronted with many bottlenecks that need to be resolved in its endeavour to enhance production and exports of F&V. As an Association, resolving these impediments and finding opportunities for the membership to capture a larger share of the growing demand for F&V falls on the executive committee

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<sup>1</sup> Constitution of Lanka Fruit and Vegetable Producers, Processors and Exporters Association, p3

<sup>2</sup> Constitution of Lanka Fruit and Vegetable Producers, Processors and Exporters Association, p4

and particularly on the office bearers. In an environment that is becoming increasingly complex, addressing and managing the varied requirements of the Association whilst performing their individual jobs or operating their businesses has become very challenging. This prompted the Executive Committee to embark on the development of its first strategic plan to prioritise and address the demands of the sector more effectively.

The EXCO also felt the need for restructure of the Association, by engaging a Chief Executive Officer to assist the office bearers to implement the Strategic Plan. This would enable the EXCO to focus on nationally-important strategic issues and policy matters whilst the general administration can be delegated to the CEO who will be supported by the Chamber secretariat.

## Overview of the Fruit and Vegetable Sector

Sri Lanka was a thriving Agricultural economy in ancient times. With the advent of liberalization of the economy, Government policy focus was diverted to Industry and Services sectors and gradually the Agriculture sector's prominence diminished. The contribution of Agriculture (excluding Fisheries and Livestock) to the national output has declined to 5.6% of GDP by 2017. Nonetheless, as a tropical country, Sri Lanka continues to produce a wide range of F&V.

Most of the produce is consumed locally with exports being mainly confined to the more popular varieties and in limited quantities. Several factors have contributed to this such as:

- Agriculture being mainly with the informal sector with small farm sizes at subsistence level
- Low productivity
- The war that plagued the country for around 3 decades until 2009 which restricted land availability for Agriculture
- Increasingly stringent sanitary and phytosanitary requirements placed by food importing countries.

However, with growing demand for quality tropical F&V internationally, development of mechanized practices in agriculture etc., the formal sector's engagement in the production and export of F & V has been rising. Sri Lankan Governments of the past few years and international agencies have been devoting greater attention to agriculture and particularly to non-plantation agriculture. Some of the ongoing/upcoming initiatives are the National Food Production Programme 2016-2018, Agriculture modernization project of the World Bank, the National Export Strategy 2018-2022 of the Government of Sri Lanka and the FAO-China project to strengthen the Fruit value chain in Sri Lanka. These initiatives have provided impetus for the private sector in Sri Lanka to deepen their engagement in the production and export of F&V.

## Production of Fruits & Vegetable

Sri Lanka's production of F&V for 2017 was 1,569,858 metric tonnes and 1.5mn MT respectively<sup>3</sup>. Of this 31,320MT of Fruits and 21,697MT of Vegetables have been exported during the year which amounts to 2% and 1.5% of production respectively. However, the country's imports of Fruit had been more than two fold that of exports at 76,139MT.

## Exports of Fruits and Vegetables

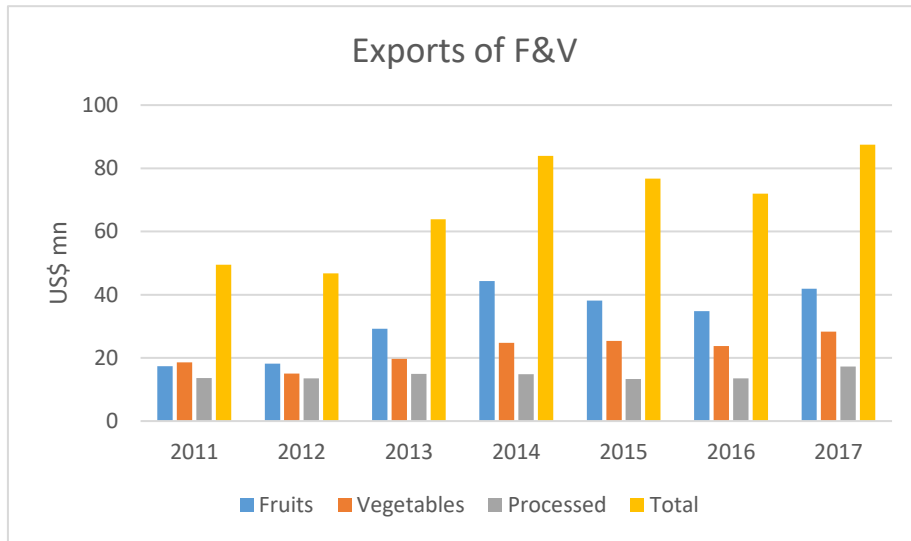
Sri Lanka's Exports of fresh and processed F&V have nearly doubled over the last six years and reached US\$ 87mn in 2017. Exports of fresh fruit make up about 50% of this with vegetables contributing to around 30% and processed F&V contributing to around 20%. Even though exports of fresh fruit and fresh vegetable stood at adjacent levels prior to 2013, a sharp increase in exports of Banana in 2013 has raised the share of fresh fruits in the last few years.

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<sup>3</sup> Central Bank of Sri Lanka, Annual Report 2017, pp50-51



Figure 1 Exports of Fruits and Vegetables



Source: Sri Lanka Export Development Board, Central Bank of Sri Lanka



## CHAPTER 2 THE APPROACH TO DEVELOPING THE PLANS

Initially, a brief review of the Association’s activities was carried out to obtain a broad understanding about LFVPPEA. Based on the review a presentation was made to the Executive Committee on the process to be followed to develop the Strategic and Operational Plans and an Inception Report, documenting the process to be followed, was submitted.

The Process followed in developing the Strategic Plan is summarized below in three stages.

Table 1 Development of Strategic Plan

Developing a Fact Base	Strategy Development	Restructure of the Association, Operational Planning and Budgeting
<p>In this phase, qualitative and quantitative research was conducted by the consultant, and available data was analysed.</p> <p>Research conducted included:</p> <ul style="list-style-type: none"> <li>• Review of minutes of EXCO meetings and Annual reports for the last 3 years</li> <li>• Membership survey (19 out of 48 members of the Association responded)</li> <li>• Analysis of Export data</li> <li>• Telephone interviews with non-members</li> <li>• Review of recent reports pertaining to F&amp;V sector</li> <li>• Interviewed CEOs/ senior officials of five Associations</li> <li>• Interviewed experts / Government officials/ Chamber officials</li> <li>• Review of Strategic Plans of Associations in other countries</li> </ul>	<p>A highly interactive and consultative process was followed by the consultant to develop the Strategic Plan.</p> <ul style="list-style-type: none"> <li>• An Initial meeting was held with the LFVPPEA EXCO to discuss the methodology for development of the Strategic Plan.</li> <li>• Three half day Workshops were conducted with the EXCO &amp; Members to discuss and agree on the Vision, Mission, Objectives, Strategies and Actions.</li> </ul>	<p>The consultant met with the Strategic Planning Steering Committee on three occasions to:</p> <ul style="list-style-type: none"> <li>• Discuss the restructure of the Association</li> <li>• Discuss the Operational Plan for five years</li> <li>• Identify the Key Performance Indicators and</li> <li>• Discuss the Budget for the duration of the Operational Plan</li> </ul> <p>-Indicators were identified to monitor the progress in implementation of the plan and to assess the capacity development of the Association</p>

The process followed for the Restructure of the Association:

- Appraised the current operational model
- Reviewed options for restructure (including the options for retaining the Secretariat at the Ceylon Chamber of Commerce and moving to another location)
- Interviewed CEOs/senior officials of Associations engaging a CEO to ascertain how they operate, the services offered and what means are adopted to generate revenue
- The information gathered was presented to the Strategic Planning Committee with the costs for different options and a scope of work for the CEO/Manager.

### Key bottlenecks encountered by the members

The results of the Membership survey<sup>4</sup> and review of Minutes of the EXCO meetings indicate that following issues are restricting the progress of the F&V sector in Sri Lanka:

- Non-availability of fresh F&V of good quality in large / adequate quantities and throughout the year
- High Post Harvest Losses
- Difficulties relating to acquisition of inputs (fertilizer / soil conditioners /plant nutrients, seeds, planting materials, chemicals & pesticides) – the members have concerns relating to:
  - Procedural aspects in obtaining inputs such as cumbersome procedures / ad-hoc changes to procedures / and long delays involved in obtaining inputs;
  - High cost of inputs which raises the cost of production and thereby eroding the competitiveness of exports; and
  - Non-availability of input materials
- Non-availability of land for commercial cultivation
- Non availability of suitable crop protection products
- Export procedures – checking cargo, quarantine issues/standards, charges, time taken, illegal exports
- Knowledge gap among farmers on market requirements and export standards
- Excessive use of chemicals and pesticides by farmers
- Finance – access to finance, particularly for small and medium businesses
- Storage – lack of storage under appropriate storage conditions for small farmers which lead to high post harvest losses and impact on quality of the produce
- Technology and knowhow – need to promote and make available green houses, poly tunnels, irrigation systems, pumping equipment, storage facilities, cold chain facilities, planting, weeding & harvesting machinery
- Fiscal Policy issues: Taxation (CESSes, Import Duties, Income Tax), Planting subsidy
- Capacity constraints
  - Equipment to measure Maximum Residue Levels of pesticides – need to buy them and train people on usage
  - Capacity Building of the National Plant Quarantine Service (NPQS) – training, upgrading the laboratory, pest risk analysis
  - Capacity Building of the Training and Extension Division officers at the Department of Agriculture
- Non acceptance of certificates issued by local authorities (i.e. Sri Lanka Standards Institute) pertaining to quality of produce by Indian authorities

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<sup>4</sup> See Attachment I and II for copy of Membership survey form and results of the survey

- High cost of certification
- Lack of co-ordination among state institutes

### Members suggestions to improve service delivery

A summary of the suggestions made during the membership survey is provided below:

- Improve member engagement. Engage more members in the Association activities by forming committees, / focus groups for key results areas. Meet with all Association members often.
- Lobby to optimize benefits from state policies. Be aware of the issues faced by the member companies from time to time
- Help the industry to penetrate the international market
- Request for long term credit facilities from Banks to offer short term credit to buyers who order large volume of produce on a regular basis
- Build a close relationship with international funding agencies to assist our members
- Help exporters to establish business linkages directly with the farmers
- Focus on development of the industry (ex. augmenting the supply chain)
- Set up a own secretarial for the Association with full time dedicated staff to attend to seminars, workshops, access to new buyers/sellers etc.
- Organise more seminars/ workshops to improve the knowledge of members. Introduce Training facilities for members staff
- Encourage further production of exportable quality F&V, Co-ordination with more producers

### Scope of the Association

Since the members of the Association consists of Producers, Processors, Input suppliers and Exporters the scope of the Association was discussed at length at the outset of the first workshop. With due consideration of the Association being initiated by the Sri Lanka Export Development Board (SLEDB), the existence of other Associations focusing on the aspect of cultivation / production of F&V and limited capacity of LFVPPEA to serve the complete value chain it was decided that the Association will focus on 'Export of Fruit and Vegetables'. Thus, the scope of the Association will be Producing and Processing for Export. However, the Association will continue to support the Producers and Processors to address their concerns to the best of its ability.

Duration of the Strategic Plan: The first Strategic Plan of LFVPPEA will be for five years from 2019-2023.

## CHAPTER 3 STRATEGIC ANALYSIS

The Vision, Mission, Values and Objectives were discussed at the first workshop.

### Vision

Sri Lankan exotic tropical produce companies become preferred source of supply in the global market

### Mission

- Providing members a platform to become globally successful.
- Influencing national policy to focus on optimising of productivity, efficiency, quality and safety of Sri Lankan produce.

### Values

- Responsible: To encourage ethical and responsible business practices throughout its value chain
- Quality Driven: To promote adherence to national and international quality standards
- Innovative: To encourage innovation in the development of new products, markets and transfer of technology

### Goal

Sri Lanka's exports of Fruits and Vegetables to be raised to US\$ 250mn by 2023

### Strategic Objectives

- Be recognized as an effective voice on domestic policy issues relating to Fruits and Vegetables including reduction of barriers to the Agriculture Trade
- To proactively engage with stakeholders to enhance the volume of quality produce, including organic, to bridge the supply shortfall
- Penetrate new markets
- Encourage engagement into the value-added supply chain through innovation
- Transform smallholder farming to sustainable organized agriculture

## CHAPTER 4 STRATEGIC ANALYSIS

At the second workshop, the Strategic Analysis of the internal environment and the external environment of LFVPPEA was conducted and the Strengths, Weaknesses, Opportunities and Threats (SWOT) of the Association were identified. Thereafter the impact and the significance of each of the external factors were considered and a list of Strategies to take advantage of the Strengths and Opportunities and those to overcome the Weaknesses and Threats were identified.

### Internal Strategic Analysis

<b>Strengths</b>	<b>Weaknesses</b>
Leadership commitment of senior Executive Committee members	EXCO members spending time on Administrative work /attending meetings
Recognition by the Government	Inadequate revenue /finance
Most of the large exporters are members of the Association (about 80% of total exports value)	Poor participation by members in Association activities
Capability to liaise with donor agencies to access funding/obtain technical assistance	Communication – limited communication with members / website
Affiliation to the Ceylon Chamber of Commerce	Few member services
Networking with other Associations	It is estimated that less than 20% of F&V Exporters are members of the Association <sup>6</sup>
Lobbying/ Advocacy <sup>5</sup>	

### External Strategic Analysis

<b>Opportunities</b>	<b>Threats</b>
Government policy of encouraging exports.	Government policy on fertilizer
Government policy of encouraging non plantation Agriculture	Irregular weather patterns and climate change
Growing demand for safe & healthy food	Domestic trade barriers when importing inputs (seeds/ chemicals etc)
Prevailing and proposed Trade Agreements	Competing demand for scarce land
Availability of Projects / Grants to enhance capabilities.	Non Tariff Barriers (NTBs) by importing countries
Growth in the demand for processed foods.	High cost of production
Steady growth in the distribution channels, especially super market chains.	Shortage of labour
Growth in the Tourism Industry	Domestic trade barriers on exports
	High Post Harvest Losses
	Shortage of Fruits and Vegetable for Export

<sup>5</sup> Membership Survey

<sup>6</sup> Based on the Sri Lanka Export Development Board data base of F&V Exporters

Opening up of new markets in North/East and new lands for Agriculture.

Lack of consistency in quality of F & V

## Key Focus Areas

The Strategic Plan was centred on Four Key Focus areas. The selection of the four areas were based on matters that have been discussed at the EXCO meetings in the last three years, the views expressed during the membership survey and the views expressed during the Strategic Planning workshops.

The focus areas are:

- **Advocacy**

LFVPPEA will identify and take up the issues that are significantly affecting the sector and the members. Common issues that cut across sectors will be taken up in collaboration with other associations. The Association will also work towards strengthening the relations with the Government to be an effective and leading voice on matters relating to the F&V sector.

- **Market Development**

Sri Lanka exports F&V only to a limited number of countries, mainly in Asia and the Middle East. LFVPPEA will strive to improve opportunities for its members to venture into new markets.

- **Restructure of the Association**

The Engagement of a CEO/ Manager to administer the LFVPPEA is a key aspect in development of the Strategic Plan. At the discussions held with the Strategic Planning Committee it was decided to recruit a Manager rather than a CEO, mainly due to financial limitations. The CEO option would be considered after lapse of sometime, based on the progress made in implementing the Strategic Plan and the needs of the Association. The Manager will be expected to promote membership, strengthen the LFVPPEA's communication strategy and organise events to add value to the members and generate more revenue to the Association.

- **Technology, Research & Innovation**

Commission research on issues that have a major impact on the sector and thereby develop position papers that can be submitted to the Government and to other relevant parties to support Advocacy initiatives. Develop proposals and seek technical assistance relevant to the F&V industry needs via projects funded by International Agencies.

The Strategies that were listed were prioritized and for each Focus area the corresponding Core strategies and actions were identified. The implementation of the actions is outlined in the Operational Plan. Sub-committees have been appointed for each of the Key Focus Areas and each Sub-committee will be responsible to implement the activities under the respective Focus Area.

## Advocacy

Three Core Strategies were identified under Advocacy. The activities related to each Core Strategy are outlined below:

Table 2 Core Strategies - Advocacy

Core Strategies	Actions
A1 Address key issues (4.-5) affecting the F & V sector such as:	A 1.1 Develop short papers on the Association's position relating to key issues, to be submitted to the Government.



Core Strategies	Actions
Short Supply of Quality F & V Policy on inputs (seeds, fertilizer, planting material) Reducing domestic barriers to trade High Post harvest losses	A 1.2 Request for a quarterly forum with the Ministry/DOA/MODSIT/National Planning and other relevant Government institutions/line agencies for the meeting
	A 1.3 Be actively involved in Government programs by strongly bringing out the Association's position on matters relevant to the Association.
	A 1.4 Develop /strengthen relationships with key legislators / regulators to facilitate dialogue on important issues.
	A 1.5 Promote organized production and financing and establishment of collecting / processing centres district-wise.
	A 1.6 Engage Advisors to support the Association in advocacy initiatives.
A2 Partner with other Associations / Chambers to lobby on macro issues (ex. Ad-hoc policy changes, lack of co-ordination among institutions etc)	A 2.1 Develop /strengthen relationships with partner organisations such as EASL, Shippers Council, NAC etc to address cross cutting issues
A3 Address members issues	A 3.1 Introduce a mechanism for members to bring issues to the attention of the Secretariat and a mechanism to evaluate and decide the course of action and address member issues

### A1 Addressing key issues affecting the F & V sector

Among the many issues faced by the sector, LFVPPEA will allocate more time and effort to address around four to five key issues. The main issues identified were inadequate supply of quality F&V for export; issues related to obtaining Input materials such as delays in obtaining inputs, cumbersome procedures, non-availability of inputs in the market at times etc.; High Post Harvest losses; and high domestic barriers to trade. LFVPPEA commissioned a research study on the domestic trade barriers and the study revealed that such barriers are a significant impediment to growth and diversification of Agricultural exports.

The issues listed above is to provide a guideline. This will not preclude LFVPPEA from taking up other issues which may become more prominent over the course of the five years.

The actions outlined are intended to put in place a framework for LFVPPEA to take up issues with relevant authorities. LFVPPEA will prepare short position papers on a few key issues every year and these will be presented to relevant authorities when the respective issues are taken for discussion. Each paper will outline the issue, state the implications and how its impacting the sector and propose what action needs to be taken to address it. The papers will be prepared by the committee members, and in the event it is too complex for internal preparation a research may have to be commissioned under the Focus Area on Technology, Research and Innovation.

A quarterly forum with the Ministry of Agriculture with participation of the main line agencies involved in F&V would allow the LFPVPEA to take up the concerns of the sector as well as those of members. A few days prior to the Forum a list of the issues to be discussed should be forwarded to the Forum chair, with copies of position papers where available. Since it will be a regular forum a continuity can be built until the concerns are addressed. The LFPVPEA should request the Ministry to send a minute of the meeting, or failing, the LFPVPEA should send one. Subsequently the secretariat must follow-up on progress to ensure that what is agreed at the forum is implemented.

Actively participating in committees appointed by the Government, attending meetings organized by the Government and raising industry concerns / highlighting the association's position relating to the concerns will be another means to advocate for Agricultural policies and regulatory changes for the advancement of the F & V sector. However, it is essential that the LFPVPEA representative articulate the position of the Association and not his/her company/individual opinion at such meetings. Towards this there should be prior agreement with the EXCO on the LFPVPEA position and the person representing the Association should be requested to report on the decisions taken at the meeting.

Developing and Strengthening relations with policy makers and key Government officials is important to have accessibility and for dialogue when an issue emerges or aggravates. It is also essential to keep them briefed about developments relating to key issues, the impact of issues and LFPVPEA's recommendations to resolve the issues.

Agriculture is still largely at a subsistence level in Sri Lanka and collection of F&V for export / processing from a large group of farmers raises the cost and post-harvest losses. If the Government can establish collection centres in the main growing areas it can serve as a ready market for farmers and a supply source for commercial scale buyers. Closer interaction with the exporters and processors will also provide farmers an opportunity to get information on market requirements and adapt their production accordingly.

It is intended to engage the services of a professional / Advisor to assist the LFPVPEA to take up issues that are difficult for the LFPVPEA to negotiate and resolve with the Government, by itself. It is a medium term measure as it may require some amount of funding.

## A2 Partnering with other Associations and Chambers

Strengthen partnerships with Associations and other organisations having common interests with LFPVPEA to lobby collectively on cross cutting issues, such as release of land for commercial cultivation, customs related issues, etc.

## A3 Address member issues

Members have unique or one-off issues as well as issues which affect a group of members. The quarterly forum with the Ministry of Agriculture (under A1) will be an ideal platform to take up member issues. A mechanism needs to be introduced for members to bring their issues to the LFPVPEA secretariat formally, in writing, and for the LFPVPEA to review and decide how to take them up with relevant authorities. The members need to be informed what action was taken.

## Market and Value Chain Development

Four Core Strategies have been identified under Market and Value Chain Development. The activities related to each Core Strategy are outlined below.

Table 3 Core Strategies - Market and Value Chain Development

Core Strategies	Actions
M1 Promote the F & V industry internationally	M 1.1 Identify new potential markets to promote exports

	M 1.2 Participate in trade shows under the single banner of LFVPPEA (ex. Food Logistica Berlin) and develop a branding strategy for Sri Lankan F&V.
	M 1.3 Organise /participate in Trade Missions (such as the recent Italy Mission) to countries that have potential for export. Encourage members to join with missions organized by Bilateral Business Councils, the EDB, other Chambers etc.
	M 1.4 Build networks with selected Sri Lankan foreign missions, trade representatives and F & V Associations overseas to receive market intelligence/ information.
	M 1.5 Monitor implementation of MOUs with Nobaresco & WADA
M2 Facilitate members to take advantage of opportunities under FTAs	M 2.1 Work with the Department of Commerce to identify opportunities and disseminate information among members
M3 Value addition to F&V	Based on the feasibility study for value addition to the F&V sector: M 3.1 Develop the value chain for the five Fruits through identified leaders M 3.2 Increase availability of planting material and new varieties M 3.3 Promote organic Agriculture M 3.4 Implement Pest and disease control measures M 3.5 Ascertain possibility of using sea freight (es for Mangoes) M 3.6 Compliance with minimum pesticide residue levels
M4 Promote the F & V industry locally	M 4.1 Develop a campaign to promote consumption of F&V among the tourists with a view to providing broader exposure to our products overseas

### M1 Promote the F&V Industry internationally

To enhance market opportunities, analyse the international market for F & V and identify potential markets for Sri Lankan produce. This can serve as a base for export promotional activities listed under this strategy, i.e. countries to which trade missions are organized, countries with which trade relations are to be developed etc.

Organise and participate in trade missions and trade shows, preferably under the banner of LFVPPEA. The secretariat should keep a close watch on missions being organized by other organisations and circulate details to facilitate members to participate. Sri Lankan fruits have a exquisite taste and some fruits such as Pineapple are in demand. A branding strategy for the local fruits is necessary to exploit the demand for the fruits.

It is also important to develop networks with relevant Sri Lankan missions overseas to obtain information on market opportunities for dissemination among members. This can lead to enhancement of exports through development of new markets as well as by expanding the export basket.

LFVPPEA has signed two Memorandums of Understanding with two parties; Nobaresco of Italy and WADA of China. It is important to monitor the progress under these MOUs to benefit from the agreements.

### M2 Facilitate members to take advantage of opportunities under Free Trade Agreements

LFVPPEA will liaise with the Department of Commerce to identify export opportunities for the F&V sector under preferential trade agreements and disseminate the information among members.

### M3 Value addition to Fruits and Vegetables

A feasibility study for value addition to evaluate the economic, technical, and operational feasibility of value addition of five export crops: pineapple, papaya, banana, mango and passion fruit was conducted by a team of consultants in parallel to the development of the Strategic Plan. The key recommendations of the study have been incorporated to the Operational Plan. These include the development of the value chain for the five products through identified leaders, Development of planting material and new varieties, Promotion of organic Agriculture, Implementation of Pest and disease control measures, pursuing the possibility of using sea freight (es for Mangoes) and compliance with minimum residue levels.

### M4 Promote the F & V industry locally

Develop a campaign to promote consumption of F&V among the tourists with a view to providing broader exposure to our products overseas.

## Restructure of the Association

Table 4 Core Strategies - Restructure of the Association

Core Strategies	Actions
R1 Strengthen the Secretariat to meet growing needs of members/industry	R 1.1 Engage a full time Manager to implement/assist in the implementation of LFVPPEA operational plan and liaise with stakeholders.
	R 1.2 Reduce the number of sub-committees and make them more active, giving deliverable targets.
	R 1.3 Compile a database of experts for knowledge transfer
	R 1.4 Organise buyer-seller meets (ex after regional seminars)
R2 Retain and grow membership through deeper member engagement	R 2.1 Initiate an aggressive drive (including closer interaction with the EDB) to increase the membership. Equal emphasis is needed to retain members.
	R 2.2 Engage the SMEs. Invite them to be involved in Association activities (ex. sub-committees).
	R 2.3 The EXCO meetings in March, June, September and December to be opened to members, with an external speaker invited for the meetings.
	R 2.4 Introduce a members page in the website.
R3 Enhance internal and external communications	R 3.1 Keep members updated regularly on Association activities via social media etc. Circulate key points of EXCO meeting to members within 48 hours.
	R 3.2 Issue press releases to the wider public on Association's achievements / events.
	R 3.3 Regular update of website.
	R 3.4 Use Association's logo for branding and image building.
	R 3.5 Update the Association brochure
	R 3.6 Create awareness among farmers on good agricultural practices and "Organised production" enabling farmers to be aware of market requirements
R4 Pursue programs to increase revenue, focusing on member priorities	R 4.1 Organise a flagship event to generate a targeted revenue.
	R 4.2 Increase the number of seminars organized by the Association and liaise with Regional Chambers to organise seminars in regions.
	R 4.3 Provide industry information to members.

Four Core Strategies were identified under the focus area of 'Restructure of the Association'. The activities related to general administration have been brought under this focus area:

### R1 Strengthen the Secretariat to meet growing needs of members/industry

LFVPPEA will recruit a full time Manager to oversee its activities which have been expanded with the development of the Strategic Plan. He/ She will be specifically responsible to implement the activities related to Membership development, Communication and Events which have been scoped under this focus area. As part of the restructuring process the number of sub-committees have been reduced to four from over ten, with a sub-committee for each of the Focus Areas. The Association will also prepare a database of experts which will be updated as and when new contacts are identified. The database will serve as a resource in organizing seminars/ other knowledge sharing events, initiating research studies etc. Further, Buyer-Seller meets will be organized to enable members to expand their supplier base which will also serve as an opportunity to share knowledge with farmers on the market requirements.

### R2 Membership development

An aggressive membership promotion campaign will be initiated to increase the members. The SLEDB database of F&V exporters for 2017 has 465 entities and provides a good source to attract new members. In the endeavor to contact non-members it was found that some of the entities in the SLEDB database do not fall within the scope of the Association activities and some entities are not contactable. When these are excluded it is estimated that there would be around 250 entities that fall within the LFVPPEA scope that are contactable. Thus, only about 20% of this currently hold membership of LFVPPEA.

Membership development will not be a mere drive to increase numbers it will also involve enhancing and improving the services offered to members and encouraging members to become more actively involved in the Association activities to benefit from the services offered by the Association. To facilitate member interactions with the Association, the monthly EXCO meetings in March, June, September and December will be opened to the general membership. A guest speaker will be invited to deliver a presentation on a topic of interest to the members to further encourage their participation. Appreciating members' achievements by recognizing them at ESCO meetings, a note on the website, a congratulatory letter etc are some of the measures that can contribute towards strengthening the relations with members.

The inactive members would be identified and the top Board members (Chair and Vice Chairs) would call them to encourage their participation in LFVPPEA events. The leadership will note their issues and address them by taking them up with relevant authorities.

Membership subscriptions should be accounted on an accrual basis and not on a cash basis as done presently. This will bring out the details on non-renewals. Specify a date by which membership dues are to be paid and lay down a process to follow-up on non-renewals; for example an initial email reminder, if no response a call from the secretariat, a call from the sub-committee chair and finally a call from the Top Board.

### R3 Communication Strategy

Internal and External Communication will be strengthened. Members will be updated on the activities of the Association on a more systematic and regular basis. The website will be updated regularly, the Association brochure will be improved and press releases will be issued to keep the external stakeholders aware of the activities of LFVPPEA. Besides, awareness programs will be conducted for the farmers to be apprised of Good Agriculture Practices and market requirements.

### R4 Enhance Revenue

New revenue generating initiatives will be required to meet the additional costs arising from the expansion in activities associated with the implementation of the Strategic Plan. Organising more seminars in Colombo and the regions, organizing buyer-seller meets, provision of industry information and organizing a flagship event are some of the revenue generating activities identified. For the latter LFVPPEA is pursuing the possibility of having an organic pavilion at the Pro-Food exhibition. The Association will also keep a small

retainer for the Association for organizing other activities such as Trade Missions, facilitating members to access the services of foreign experts etc.

## Technology, Research & Innovation

Three Core Strategies have been identified under Technology, Research & Innovation and the related activities are outlined below.

Table 5 Core Strategies - Technology, Research & Innovation

Core Strategies	Actions
T1 Facilitate members to access appropriate technology	T 1.1 Strengthen dialogue with Research Institutes such as Institute of Post Harvest Technology (IPHT), Industrial Technology Institute (ITI) etc and conduct seminars/ workshops to disseminate knowledge.
	T 1.2 Develop Project Proposals for grant funding
	T 1.3 Explore opportunities to obtain grants / technical assistance through donor funding.
	T 1.4 Facilitate access to technology by making available the services of foreign consultants at a fee with a retainer for the Association.
T2 Strategy to meet challenges of Digitalisation	T 2.1 Introduce a programme to create awareness among farmers on GAP, market requirements via a software platform such as "Govipola"
T3 Research on key advocacy areas	T 3.1 Identify areas on which research is to be conducted and initiate research.
	T 3.2 Set up a fund to finance technical experts to conduct research

### T1 Access to appropriate technology

Since cost of new technology and knowhow is beyond the reach of most SMEs, LFVPPEA will strengthen dialogue with Research institutes and request them to share new developments with the members. LFVPPEA will develop project proposals on key requirements for the F&V sector and to the members and explore possibilities of obtaining technical assistance via donor funding. In addition, opportunities for obtaining the services of foreign consultants on a cost sharing basis by members who use their services will be explored.

### T2 Digitalisation

To develop a software platform to facilitate communication between the key stakeholders in the F & V sector. It will also serve as a platform for creating awareness.

### T3 Research

LFVPPEA will identify research that should be conducted such as on policy advocacy, areas which have a significant impact on the industry. A research paper will demonstrate the pros and cons of pursuing or not pursuing a stated course of action and it will give credibility to the Association in the face of policy makers, donors, administrators etc.

## CHAPTER 5 OPERATIONAL PLAN

The Operational Plan was prepared with the members of the Strategic Planning Steering Committee. For each of the activities the deliverables, the time frame for implementation of the activity, the person /s who will be responsible for implementation of the activity and the additional cost involved to implement the activity was identified. The operational plan, was presented to the members and the EXCO, along with the Strategic Plan for their comments and concurrence on the deliverables and implementation time frame.

### Deliverables

For some activities it is not possible to identify or quantify a deliverable. Except for those, deliverables have been identified for all other activities.

### Time Frame

Most of the activities will commence from Year 1 itself but some activities were deferred as the Association will not have the capacity to start all activities from Year 1 with a new Manager and due to the need to raise finances.

### Responsibility for implementation

The responsibility for implementation will be with the respective sub committees. The Four sub-committees would be Advocacy, Market Development (MD SC), Membership, Communication and Events (MCE SC) and Technology, Research & Innovation (TRI SC).

### Cost

The additional cost for each activity was estimated where possible. In certain instances, the cost was not estimated as it would depend on the work that will be carried out. In such instances the sub-committee would have to estimate the cost once the activities have been clearly decided and identify the modality of funding.

## CHAPTER 6 PERFORMANCE MONITORING

Monitoring the progress in implementation of the Strategic Plan is crucial if the Association is to achieve its objectives.

Four sub-committee chairpersons have been appointed for each of the key focus areas and the sub-committees have to implement the action plan of their respective area. They should meet at least once a month to plan the work in detail and monitor progress to assess whether activities have been implemented as per the timeline and whether the deliverables have been achieved. The Sub-committee chairpersons would report on progress of ongoing activities at each EXCO meeting.

All Sub-committee chairpersons and the Executive Committee should meet bi-annually to review the implementation progress of the Strategic Plan.

### Key Performance Indicators

Key Performance Indicators (KPIs) have been identified to assess the overall progress in implementing the Strategic Plan.

Table 6 Key Performance Indicators

Key Focus Area	KPI
Advocacy	Percentage of proposals adopted by the Government
Market Development	Total Exports
	Exports growth in the five products under component I
Restructure	Membership growth (number of members)
	Annual revenue generated vs Budget
Technology, Research & Innovation	Number of Project Proposals prepared and funding committed

The first and last KPI above would not have targets as realization of these indicators are dependent on third parties whereas LFVPPEA has some control over the realization of the other KPIs. The annual targets for these KPIs are provided below.

Table 7 Annual targets - Key Performance Indicators

KPI	2019	2020	2021	2022	2023
Total Exports US\$m @ 20% growth pa	120	145	175	210	250
Exports growth in five products					
Membership (net increase)	+12	+6	+6	+6	+6
Annual Revenue	Annual Budgeted Revenue				
Number of Project Proposals prepared and funding committed	1	1	1	1	1

Information gathering for KPIs

### Percentage of Proposals adopted by the Government

The Secretariat should keep a record of all submissions made to the Government, follow-up on progress and record the ones that have been adopted to calculate the percentage of proposals accepted by the



Government. The percentage is likely to be very low but it will serve in identifying what further action is required to improve the success rate.

### Total Exports and Exports growth in the Five products under Component I

Exports of F&V come under three HS Chapters in the Customs data; Chapter 07- Vegetables, Chapter 08 – Fruits and Chapter 20 – Processed Fruit and Vegetables. However, the total of each of these chapters cannot be taken as these includes certain products which do not come under the scope of products under LFVPPEA such as coconuts, other nuts and lentil. A list of the relevant HS codes were extracted from these three chapters and arrangements are being made to obtain the data from the SLEDB monthly. See Annex VIII for the list of HS codes. Once this data is received, the secretariat can easily extract the information relating to the five products and add up to get the total exports.

### Membership growth

The total membership as at October 2018 was 50. As indicated in the Notes to the Budget (Note 2) consequent to strike off of names of companies that have not paid subscriptions and have not indicated interest in continuing their membership, there are around 35 members as at present. The actual increase in members would have to be compared against the target set out in the table below.

Table 8 Membership growth

KPI	2019	2020	2021	2022	2023
Membership (net increase)	+12	+6	+6	+6	+6

### Annual Revenue generated vs Budget

The Budgeted Revenue is provided in page 30 of this report. The actuals have to be compared vis-à-vis the Budget and the reasons for the variations to be indicated. Organise buyer-seller meets. (ex after regional seminars)

### Number of Project Proposals prepared and funding committed

It is anticipated to get funding commitment for at least 1 proposal every other year. Since its difficult to prepare a proposal and obtain grant assistance, on each second year it may include obtaining a main sponsorship for a seminar.

## Simple monitoring mechanism to assess LFVPPEA's capacity to serve its members and non-members with indicators to measure improvement, for the year 20XX

Implementation of the Strategic Plan is expected to gradually improve the LFVPPEA's capacity to serve its members and non-members. The following indicators (linked to the Strategic and Operational Plans) can be used to ascertain improvements:

- Growth in the number of members from 31 Dec last year  
No of members last year .....  
No of members this year ..... Growth (%).....
- No of members who left during the year .....  
An exit interview to be conducted for each of them
- Percentage of submissions to the government that were adopted/implemented  
No of issues submitted ..... of which no that were implemented/ adopted ..... , & %.....
- No of seminars organized during the year ....., & last year .....  
No of persons who participated this year ..... Vs last year .....  
(with breakdown on members & nonmembers)  
Please ensure that an evaluation form is provided to the participants at each seminar and that it is completed. The results of the evaluation should be submitted to the EXCO after each seminar and it should be used as a learning experience to improve future events.
- No of trade missions organized / participated during the year .....  
(This should include the missions/shows organized by the Association and those that were organized by others but for which the Association took a delegation)  
Total no of members who participated in the missions .....
- No of quarterly forums held with the Ministry / Department .....
- No of press releases issued during the year .....
- No of project proposals prepared and submitted .....  
No of projects initiated during the year .....

- No of research papers prepared during the year .....
  
- No of visitors to the website this year ..... & last year .....
  
- List out other services offered to the members /non-members by the Association
  
- No of sub-committee meetings held per year for each sub-committee:  
Advocacy Sub-committee .....
- Market Development Sub-Committee .....
- Membership, Communication and Events Sub-Committee .....
- Technology, Research & Innovation Sub-committee .....
  
- Annual Membership survey to assess member satisfaction (Attachment VI)
  
- Total Exports of Fresh and Processed Fruit & Vegetables & Total exports for each of the five products under the value addition project
  - This year Rs mn or US\$ mn
  - Last year Rs mn or US\$ mn
  - Percentage increase

## CHAPTER 7 OPERATIONAL PLAN, 2019-2023

Core Strategy	Actions	Deliverables	Time frame	Responsibility	Additional cost (Rs)
<b>Advocacy (A)</b>					
A1	A 1.1 Develop papers on Association's position relating to key issues, to be submitted to the Government	6 papers	Y1 onwards	Advocacy SC, Manager	Nil
	A 1.2 Request for a quarterly forum with the Ministry/DOA/ MODSIT and request them to invite other relevant Government institutions for the meeting, to discuss F&V industry issues (a paper/letter to be submitted on the Association's position/s on issues for discussion at the meeting). Follow-up on progress in adopting recommendations.	4 meetings p.a. or less if no significant issues to discuss	Y1 onwards. Meeting has already been requested	Advocacy SC, Manager	Nil
	A 1.3 Be actively involved in Government programs by strongly bringing out Association's position on matters relevant to the Association		ongoing	Advocacy SC, Manager, Board	Nil
	A 1.4 Develop /strengthen relationships with key legislators / regulators, by organising one to one meetings, inviting for events etc., to facilitate dialogue on important issues and advocate policies and program funding to support the advancement of the F&V sector	Two meetings per year initially and increased thereafter	Y1 onwards	Top Board/ Advocacy SC	30,000/- per meeting
	A 1.5 Promote "Organized Agriculture" and financing & establishment of collecting / processing centres district-wise with the relevant Ministry			Advocacy SC, Manager	

Core Strategy	Actions	Deliverables	Time frame	Responsibility	Additional cost (Rs)
	A 1.6 Engage Advisors to support the Association in Advocacy initiatives		Y3 onwards	Advocacy SC, Top Board	500,000/- p.a.
A 2	A 2.1 Develop /strengthen relationships with partner organisations such as EASL, Shippers Council, NAC etc to address cross cutting issues		ongoing	Advocacy SC, Manager	Nil
A 3	A 3.1 Members to bring issues to the attention of the Secretariat in writing (at the quarterly meeting or when issues arise) and the Advocacy SC to evaluate and decide the course of action and address member issues. Update members		Y1 onwards	Advocacy SC, Manager	Nil
<b>Market and Value Chain Development (M)</b>					
M1	M 1.1 Identify new potential markets to promote exports	List of potential markets by March 2019	Y1 and list to be updated thereafter	Market Development (MD) SC	Nil
	M 1.2 Identify a trade show (Fruit Logistica) and participate under the single banner of LFVPPEA and develop a Branding Strategy for Sri Lankan F&V		To participate every other year	MD SC	Cost recovery + admin fee for Assn
	M 1.3 Organise /participate in Trade Missions to countries that have potential for export. Encourage members to join with missions organized by Bilateral Business Councils of the Chambers, SLEDB etc. The secretariat to be alert and circulate information on missions that are likely to be useful to members.		Y1 onwards	MD SC, Manager	Nil. (If Assn organizes, levy admin fee)

Core Strategy	Actions	Deliverables	Time frame	Responsibility	Additional cost (Rs)
	M 1.4 Build networks with selected Sri Lankan foreign missions, trade representatives and F & V Associations overseas to receive market intelligence/ information. Disseminate information to members	At least 3 new contact points pa	Y1 onwards	MD SC, Manager	Nil
	M 1.5 Monitor implementation of MOUs with Nobaresco & WADA	MOU Objectives	Y1 onwards	MD SC, Manager	
M2	M 2.1 Work with the Department of Commerce to identify opportunities under FTAs and disseminate information among members	Exports to FTA countries	Y1 onwards	MD SC, MCE SC, Manager	Nil
M3	Based on Component 1: M 3.1 Develop the value chain for each of the five fruits through identified leaders M 3.2 Increase in availability of planting material and new varieties M 3.3 Promote organic Agriculture M 3.4 Pest and disease control M 3.5 Ascertain possibility of using sea freight (es for Mangoes) M 3.6 Compliance with minimum pesticide residue levels	Annual growth in Exports of the five fruits: Pineapple, Mango, Banana, Papaya & Passion fruit.	Y1 onwards	MD SC, Manager	
M4	M 4.1 Develop a campaign to promote consumption of F & V among the tourists with a view to providing broader exposure to our products overseas			MD SC, Manager to work with NES team	Nil
<b>Restructure of the Association (R)</b>					
R1	R 1.1 Engage a full time Manager to oversee secretariat and liaise with stakeholders.	Recruit a Manager	By 2019	Top Board	To be estimated after interviews

Core Strategy	Actions	Deliverables	Time frame	Responsibility	Additional cost (Rs)
	R 1.2 Reduce the no of sub-committees and make them more active, with deliverables	New sub-committees & deliverables	Y1 onwards	Chairman, Sub-committee chairpersons	Nil
	R 1.3 Compile a database of external experts for knowledge transfer and update	Database	Y 1 onwards	MCE SC, Manager	Nil
	R 4.3 Organise local buyer-seller meets (after regional seminar)	At least 1 per year	Y1 onwards	MCE SC, Manager	Cost recovery basis
R2	R 2.1 Initiate an aggressive drive to increase the membership	12 in Y1 & 6 p.a. Y2 onwards	Y1 onwards	Manager	Increased revenue
	R 2.2 Engage the SMEs by inviting them to be involved in Association activities (such as sub-committees)	More active members	Y1 onwards	Manager, SC Chairpersons	Nil
	R 2.3 The Board meetings in March, June, September and December to be opened to members, with an external speaker invited for the meetings	4 meetings pa	Y1 onwards	Chairman, MCE SC, Manager	Nil
	R 2.4 Introduce a members page in the website		Y2 onwards	MCE SC, Manager	To be estimated
R3	R 3.1 Keep members updated regularly on Association activities via social media etc. Circulate key points of EXCO meeting within 48 hours.	Monthly	Y1 onwards	MCE SC, Manager	Nil
	R 3.2 Issue press releases to the public on Association's achievements / events	Media releases	Y1 onwards	MCE SC, Manager	Nil
	R 3.3 Regular update of website	New posts	Y1 onwards	MCE SC, Manager	Nil

Core Strategy	Actions	Deliverables	Time frame	Responsibility	Additional cost (Rs)
	R 3.4 Update the brochure	New brochure	Y1	MCE SC, Manager	To be estimated
	R 3.5 Use Association's logo for branding and image building		Y1 onwards	MCE SC, Manager	Nil
	R 3.6 Create awareness among farmers on good agricultural practices and "Organised production" enabling farmers to be aware of market requirements		Y1 onwards	MCE SC, Manager	To be estimated
R4	R 4.1 Organise a flagship event to generate a targeted (high) revenue	Target revenue	Y1 onwards	MCE SC, Manager	Cost recovery + revenue
	R 4.2 Increase the number of seminars organized by the Association and liaise with Regional Chambers to organise seminars in regions	Min.3 seminars pa, revenue target	Y1 onwards	MCE SC, Manager	Cost recovery + revenue
	R 4.3 Provide industry information to members	On demand	Y1 onwards	Manager	Cost recovery + revenue
<b>Technology, Research and Innovation (T)</b>					
T1	T 1.1 Strengthen dialogue with Research Institutes such as IPHT & ITI to promote R & D in the sector	At least two meetings per institute p.a.	Y1 onwards	TRI SC, Manager	Nil



Core Strategy	Actions	Deliverables	Time frame	Responsibility	Additional cost (Rs)
	T 1.2 Develop Project proposals to obtain funding	At least 2	Y1 onwards	TRI SC, Manager	Nil
	T 1.3 Explore opportunities to obtain grants / technical assistance through donor funding	1 Project Proposals p.a	Y1 onwards	TRI SC, Manager	Nil
	T 1.4 Facilitate access to new technology by making available the services of foreign consultants at a fee with a retainer for the Association		Y3 onwards	TRI SC	Cost recovery with a retainer
T2	T 2.1 Develop an App to create buyer-seller opportunities digitally such as "Govipola"	App	Y3	TRI SC	To be estimated
T3	T 3.1 Identify areas on which research is to be conducted and commission research	Research papers	Y1 onwards	TRI SC	To be estimated

## CHAPTER 8 BUDGET FOR THE FIVE YEARS, 2019/2020 TO 2023/2024

	Notes	2017/18	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Income</b>							
Membership Subscriptions	2	592,000	940,000	1,325,000	1,475,000	1,625,000	1,625,000
Seminar Income (net of expenses)	3	277,893	600,000	650,000	700,000	750,000	800,000
Fixed Deposit Interest		236,855	200,000	200,000	200,000	200,000	200,000
Flagship event	4		500,000	500,000	750,000	750,000	750,000
Other income	5		50,000	75,000	100,000	125,000	150,000
<b>Total income</b>		<b>1,106,748</b>	<b>2,290,000</b>	<b>2,750,000</b>	<b>3,225,000</b>	<b>3,450,000</b>	<b>3,525,000</b>
<b>Expenses</b>							
Secretarial Fees - CCC	6	448,689	518,400	559,872	604,662	653,035	705,277
Annual Return charges	7	32,160	40,000	42,000	45,000	45,000	50,000
AGM Expenses		23,600	25,000	28,000	28,000	30,000	30,000
Subscriptions - EASL etc		21,000	25,000	25,000	28,000	28,000	30,000
Audit fees		33,000	35,000	35,000	40,000	40,000	40,000
Communication charges - CCC		14,025	24,000	24,000	30,000	30,000	30,000
Web maintenance		24,500	24,500	24,500	27,500	27,500	27,500
Other expenses		35,677	60,000	72,000	75,000	75,000	80,000
* Manager - salary	8		1,035,000	1,104,000	1,173,000	1,242,000	1,311,000
* Manager - Office Space	9		60,000	60,000	66,000	66,000	72,000
* Manager - telephone/email	10		78,000	78,000	90,000	90,000	90,000
* Meeting with key legislators	11		60,000	90,000	140,000	140,000	150,000
* Identification of new potential markets			100,000				
* Updating & Printing the brochure	12		50,000				

Total Expenses		886,663	2,134,900	2,142,372	2,347,162	2,466,535	2,615,777
<b>Operational Surplus /deficit</b>		220,085	155,100	607,628	877,838	983,465	909,223
<b>Activities to be funded through grants or new income sources</b>							
Engaging an independent lobbyist	} 12				500,000	500,000	500,000
Develop a new App like "Govipola"							
Commissioned Research on selected topics			300,000	400,000	400,000	400,000	400,000
Total			300,000	400,000	900,000	900,000	900,000
<b>Overall Surplus / Funds needed to meet shortfall</b>		214,205	(144,900)	207,628	(22,162)	83,465	9,223

## Notes to the Budget

- In preparation of the Budget the Income and Expenses for the year 2017/18 was used as a base and only the relevant items for 2017/18 have been indicated above. For ex. items such as Secretarial and Logistics fees, staff welfare and WTO project expenses were not taken in as these will no longer be there.
- There were 50 members in the membership list as at October 2018, including the SLEDB and two Associate members. Several members have not paid their subscriptions for the last 2-3 years. The list of members and details on subscriptions paid are provided in Attachment VII. Based on personal calls made to some of them and discussions with the Chairman it was estimated that of this 50 about 15 may not continue. Therefore, the current membership was taken as 35. With the proposed aggressive marketing campaign, the EXCO is confident that LFVPPEA will be able to attract 12 new members next year (2019/20), net of any who may discontinue. Thereafter it is expected to attract 6 new members pa (net) for the next four years. The constitution and articles of the Association have some ambiguities relating to Associate membership, discontinuation of a member etc and these will be amended in the near future to make both documents consistent.
- The Annual Membership fee has not been revised for a few years. The EXCO is expecting to increase it by Rs 5000/- pa. from 2020/21.
- The SLEDB has a database of exporters, classified by sector. The F & V sector had a list of 495 exporters for 2017. Of these some are not contactable and some entities are not involved in F&V. Nevertheless, it provides a useful platform for LFVPPEA's membership expansion drive and LFVPPEA will work closely with the SLEDB in its membership promotion campaign.
- The Association's membership revenue is currently accounted on a cash basis. This weakens the collection of subscriptions as it is not apparent to the members as to which members are yet to make the payment. Therefore, from 2019/20 Membership subscriptions will be accounted for on an accruals basis.

- Seminar income is stated after deducting the expenses. Even though only Rs 236000/- was generated in 2017/18, the net seminar income for 2018/19 was over Rs 500,000/- and hence a target of Rs 600,000/- for 2019/20 is not excessive.
- The flagship event is yet to be developed. The Strategic Planning Committee is exploring the possibility of having a 'Organic Food" pavilion at the ProFood Exhibition. Organising a Flagship event is critical to raise funds to implement the new activities in the Strategic Plan.
- Includes administration fees for organizing trade missions & exhibitions, service fee for facilitating members to obtain expertise of foreign consultants, charges for providing information etc
- Secretarial fees levied by the Ceylon Chamber of Commerce is currently Rs 39829/58. It is projected to increase by 8% pa. from 2019/20 onwards.
- These expenses were based on 2017/18 spending, with a marginal increase to accommodate for inflation.
- Applications were called for the recruitment of a Manager. Provisionally a salary of Rs 75000pm with annual increments of Rs 5000pm was budgeted.
- The CCC has indicated that the Manager can be provided a desk at a cost of Rs 5000/- per month.
- Telephone charges were estimated at Rs 5000/- per month for the Manager's telephone. The Chamber can provide email facilities at Rs 1500/-per month.
- Year 1: 2 Meetings, Y2 : 3 Meetings, Y3 onwards 4 Meetings per annum and initially the cost of having a meeting was estimated at around Rs 30000/-.
- Provisional estimate

