



Annual Report

2012



Mahaweli Authority of Sri Lanka

Letter of Submission

Hon. Minister of Irrigation & Water Resources Management,
Ministry of Irrigation & Water Resources Management,

Hon. Sir,

I am pleased to submit the Annual Report of the Mahaweli
Authority of Sri Lanka for the year 2012, for your information
and reference.

Yours faithfully,



Gamini Rajakaruna
Director General,
Mahaweli Authority of Sri Lanka

**MAHAWELI AUTHORITY OF SRI LANKA
ANNUAL REPORT - 2012**

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The Mahaweli Authority of Sri Lanka

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VISION

“Functioning as the premier body to plan, develop, manage and regulate river basins and water resources in Sri Lanka.”

MISSION

- **Improve the efficiency of land and water resources in order to enhance National Food Production.**
- **Improve the management capacity of Farmer Organizations to enable them to undertake the management of Irrigation Systems and entrusting the management of such Systems to them.**
- **Expanding the water retention capacity of the Mahaweli Reservoirs to meet the present water requirements and developing new Irrigation Schemes.**

Historical Background

Soon after the end of Second World War almost all countries took initiatives to direct their development processes in new dimensions. Particularly, the States which got caught in the cold war that prevailed between the world powers, came under the clutches of the relevant political streams and pursued avenues of development based on their beliefs and political principles.

Sri Lanka, having nourished by both of these streams, took efforts to find a suitable development path, in the aftermath of its Independence from British colonial rule. Initiatives were taken to further improve the food production process, after having considered the negative consequences that might result in, in case we fail to expand the food production process on par with the exponential expansion of population. Subsequently, as an initial step, a Joint Study was carried out by the United States Operation Mission to Ceylon and Irrigation Department during the latter part of 1950s. This study resulted in a report titled "Mahaweli Ganga Basin Development Scheme" in April 1961, in order to divert Mahaweli waters to the areas of the dry zone, which suffer due to shortage of water. Based on this Report, the Master Plan for the Development of the Mahaweli Ganga, along with the proposals to provide irrigation facilities for agriculture in the Mahaweli areas and generate hydro-power was released in 1968. This Report was prepared by an UNDP/FAO Mission along with the Irrigation Department.

As the first activity of this Plan, diversion of Mahaweli waters to the dry zone (57 cm per second) for the purpose of generation of electricity and promotion of agriculture was commenced. Subsequently, during 1969-77 period the Bowatenne Reservoir and a Hydro-power Plant were constructed. The development of the downstream areas of Kalawewa basin was commenced by utilizing the water released from Bowatenne.

The Accelerated Mahaweli Development Programme, which expected to complete the work within 6 years, instead of a 30-year period envisaged by the original Plan, was introduced in 1978. Under this Programme Victoria, Maduruoya, Randenigala-Rantambe and Kotmale reservoirs were constructed utilizing the financial assistance received from countries such as Great Britain, Sweden, West Germany and Canada. Thus the food production process was accelerated by cultivating large extent of new lands in System B, C, G and H through utilizing water released from these reservoirs. The generation of hydro-power was also developed, simultaneously.

Subsequently, areas such as Huruluwewa, Medirigiriya, Uda Walawe, Rambakkanoya and System 'L' covering the Welioya region, were declared as Mahaweli Systems considering proposals included in the Mahaweli Master Plan and adapting to current socio. economic and political developments. Accordingly, development activities were initiated in these areas. To date the Mahaweli Authority is continuously engaged in the development of those areas. Meanwhile, construction of Moragahakanda - Kaluganga reservoir, which is included as one of the five major reservoirs within the Mahaweli Master Plan, is underway. It has also been able to commence the construction work of the Kivuloya reservoir in the Welioya area.

Profile of the Board of Directors during the year 2012

Serial No.	Name / Position
01	<p>Mr. Gamini Rajakaruna Director General Sri Lanka Mahaweli Authority Chairman</p>
02	<p>Mr. K.W. Ivan de Silva Secretary, Ministry of Irrigation & Water Resource Management Director</p>
03	<p>Eng. (Dr.) G.G.A. Godaliyadda Director General, Irrigation Department Director (January - July)</p> <p>Eng.(Mrs.) Badra Kamaladasa Director General, Irrigation Department Director (August - December)</p>
04	<p>Mr. K.M.M. Siriwardene Director General, Department of Fiscal Policy Director</p>
05	<p>Eng. M.A.P. Hemachandra Working Director, Central Engineering Consultancy Bureau Director</p>

SENIOR MANAGEMENT

Serial No.	Position	Name
01	Director General	Mr. Gamini Rajakaruna
01	Deputy Director General (Technical Services)	Eng. (Mr.) N.C.M. Nawaratne
02	Deputy Director General (Administration & Finance)	Mr. Ranjith Ariyaratne
01	Director (Planning & Operations)	Mr. C. Wellappili
02	Director (Agriculture)	Mr. M.S. Dayaratne
03	Director (Land Use & Planning)	Mr. K. Somapala
04	Director (Head Works Administration, Operations & Maintenance)	Eng. (Mr.) S.S. Jayaweera
05	Director (Engineering Design & Planning)	Eng. (Mrs.) P. Thalagala
06	Director (Downstream Development)	Eng. (Mr.) K.G. Perera
07	Director (Water Management Secretariat)	Eng. (Ms.) G.K.T. Samaratunga
08	Director (River Basin Management)	Eng. (Mr.) H.H.P. Premakumara
09	Director (Mahaweli Security Corps)	Major (Mr.) L.A.P. Jayawardena
10	Director (Lands)	Mr. L.B. Samarakoon (Upto 17th March 2012)
		Mr. M.S.A.S. Kumara (Actg.) (Since 17 th March 2012)
11	Director (Animal Husbandry)	Mr. M.A. Ranjith (Upto 17 th March 2012)
		Mr. M.D. Piyatillake (Since 17 th March 2012)

12	Director (Finance)	Mr. W.A.N.N.K. Weerasuriya
13	Director (Business Development)	Mr. W.K.P.C. Perara
14	Director (Legal)	Mrs. R.L. Rajapakse
15	Director (Institutional Development)	Dr. D.M.S. Dissanayake
16	Director (Forestry & Environment)	Mr. A.M.K.B. Attanayake
17	Director (Head Quarters Operations)	Mr. D.K.V. Wijeweera
18	Director (Mahaweli Centre)	Mr. T.M.P. Mallahewa
19	Director (Personnel & Administration)	Mr. N.C. Vithanage
01	Project Director (Dam Safety & Water Resources Planning Project)	Eng. (Mr.) B.C.S. Elakanda
02	Project Manager (Moragahakande/Kaluganga Development Project)	Eng. (Mr.) R.B. Tennakoon
03	Project Director (System B)	Eng. (Mr.) P.G. Gunapala
01	Resident Project Manager (B)	Mr. W.K. Ranjith Perera
02	Resident Project Manager (Rambakkanoya)	Mr. A.D.S. Indrasekera (Upto 11 th December 2012)
		Mr. A.M.A.P.G. Gunawardena (Since 12 th December 2012)
03	Resident Project Manager (C)	Eng. (Mr.) H.M. Ranasinghe
04	Resident Project Manager (Victoria)	Mr. W.M.R.W. Wijetunga
05	Resident Project Manager (Huruluwewa)	Eng. (Ms) Chandra Senarath
06	Resident Project Manager (H)	Mr. M.M. Asanka Gunatillake (Upto 17 th March 2012)
		Mr. R.B. Sirisena (Since 18 th March 2012)

07	Resident Project Manager (L)	Mr. P.G. Dayananda
08	Resident Project Manager (D)	Mr. I.M.U.K. Kumara
09	Resident Project Manager (G)	Mr. H.M.K.R. Herath
10	Resident Project Manager (Walawe)	Mr. R.A.W. Perera (Upto 4 th March 2012)
		Mr. M.M. Asanka Gunatillake (Since 18 th March 2012)

Review of Director General for the Year 2012

The Mahaweli Authority of Sri Lanka (MASL) was established under the Act No. 23 of 1979. The Mahaweli Project, as a multi-purpose development programme, continuously plays a key role in the economic development of Sri Lanka, primarily focusing on the development of the Mahaweli basin. During the initial period we were tasked with creating prosperity in the dry zone areas of the country, through achieving self-sufficiency in rice production by constructing five major dams. As of now, under the vision of “Mahindha Chintanaya” we direct the Mahaweli Project towards new targets by following a new development approach.

During the year 2012 the main functions performed by us included enhancing the productivity of each unit of water and land through increasing the efficiency of each Irrigation System coming under the MASL. Accordingly, annual water consumption per hectare was maintained at an average level of 1.2 meter and succeeded in increasing the production of paddy per hectare to 6.5 metric tons. It was also possible to increase the production of fruits such as plantain and pineapple and subsidiary crops by upto 20%. Entrusting the task of maintenance and operation of Irrigation Systems to Farmers Organisations resulted in the capacity development of such organizations. A special programme was implemented by a directive of His Excellency The President in order to increase the capacities of major reservoirs and field tanks. Under this programme two major reservoirs and 52 small reservoirs were rehabilitated by removing sediments.

Construction of infra-structure facilities, land administration and activities related to the conservation of the environment are being carried out on a continuous basis at Moragahakanda - Kaluganga Project and construction work of the main dam of the Moragahakanda reservoir was commenced. An allocation of Rs.150 million was made for the downstream development work of Rambakkanoya reservoir. The development of one Satellite town, 4 villages, roads, supply of electricity and other infra-structure facilities were carried out utilizing these funds. Along with such facilities resettlement has also been commenced. Under this Project it is planned to allocate 1-1/2 acre paddy land and ½ acre homestead to each family and 2300 farmer families will be benefitted by these land grants.

A Special Programme was implemented in the System ‘L’ (Welioya/ Sampathnuwara) in order to resettle war displaced persons. Under this programme, development activities such as construction of relevant infra-structure facilities to resettle 2900 families and identification of lands are underway and initial steps were taken to construct Kivuloya reservoir, as a key Irrigation System. It is proposed to develop 4000 acres of land under this programme.

Statements of Accounts of MASL were prepared as per the Sri Lankan Accounting Standards and Guidelines for Good Governance. Special Internal Audit programmes were implemented to ensure financial discipline within the organization. Initial steps were taken to obtain the audited accounts of the Companies established under MASL, and liquidate Companies earmarked for such liquidation.

Special functions implemented during this year included determination cadre and formulation of a Scheme for Recruitment and Promotions as per the revisions implemented in the State Sector in 2006, in respect of salaries and cadre determination.

A special programme was planned to issue Grants for lands alienated in order to regularize land administration. Under the guidance of Hon. Minister of Irrigation and Water Resources Management a programme was launched to survey 63,000 plots of land and prepare Plans for them. Preparation of Plans in respect of 25,000 plots of land was completed.

I take this opportunity to extend my gratitude to all employees of MASL for their commitment and dedication towards achieving the physical and financial targets set for the year 2012. They all contributed towards the general administration of the Mahaweli reservoirs and Irrigation Systems, land and water management, planning of special projects and implementation in 2012. I also thank the Board of Directors for the guidance provided to me in this regard.



Gamini Rajakaruna
Director General
Mahaweli Authority of Sri Lanka

Brief Note of the Board of Directors

The Board of Directors of the Mahaweli Authority of Sri Lanka has pleasure in presenting its Report together with the Audited Financial Statements of the Organisation as at 31st December 2012.

Review of the Year

The Review submitted by the Director General contains a detailed description of the operation of the Organisation during the year ended on 31st December 2012.

Also proper steps have been taken to ensure that the assets of the Organisation are safeguarded and proper systems of internal control have been made available with a view to the prevention and detention of fraud and other irregularities and minimizing of risks.

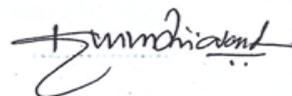
The Board wishes to express great appreciation to all Staff Members of MASL for the enormous commitment shown in their work.



Gamini Rajakaruna
Chairman



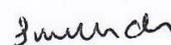
Engineer K W Ivan De Silva
Director



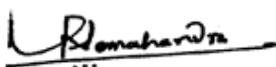
K M Siriwardana
Director



Engineer (Dr.) G G A Godaliyadda
Director (January to July)



Engineer (Mrs.) Badra
Kamaladasa
Director (August to December)



Engineer M A P Hemachandra
Director

Report of the Audit Committee – 2012

The Audit committee of the MASL consists of three Non-Executive Directors of the Board and the Director who represents the General Treasury functions as the Chairman of the Committee.

Members of the Audit committee – 2012

- Mr. K.M.M.Siriwardana Chairman of the Committee
- Dr.G.G.A.Godaliyadda Member
(Jan – July 2012)
- Eng. (Mrs) Badra Kamaladasa Member
(Since August 2012)
- Mr.M.A.P. Hemachandra Member

Presence at Committee Meetings

- Secretary to the Board of Directors
- Deputy Director (Administration & Finance)
- Director (Finance)
- Chief Internal Auditor
- An External Auditor representing Auditor General
- Other relevant Officers who are summoned when necessary

Functions of the Committee

- Monitor and review the internal control systems of the Authority, reorganization and approval of Annual Audit Plans, when necessary.
- Review Internal Audit Reports, perusal of issues and take corrective actions to overcome deficiencies, if any.
- Review matters raised by the Auditor General in terms of Section 14 (2) (C) of the Finance Act No.38 of 1971.
- Quarterly review of the Performance Reports of the Authority.

Internal Audit Division

The Internal audit of the Authority was carried out according to the Internal Audit Plan, under the guidance of the Audit Committee during the year 2012. Further, this Division took steps to conduct a System Audit to eliminate inefficient procedures, improve internal controls, check and minimize possible instance of fraud and errors.

Recommendations

The Audit Committee of the Authority held meetings as per the instructions of the General Treasury and during the year ended on 31st December two such meetings were held. Instructions were issued by the Committee to take remedial actions to rectify identified deficiencies. The Committee has submitted its recommendations on these deficiencies and the remedial actions were taken by the Management.

Assets and Liabilities in the preceding 7 years

Assets & Liabilities	2012 (Rs.'000)	2011 (Rs.'000)	2010 (Rs.'000)	2009 (Rs.'000)	2008 (Rs.'000)	2007 (Rs.'000)	2006 (Rs.'000)
Assets							
Non Current Assets							
Property, Plant & Equipment	3,733,498	4,011,792	5,325,181	5,271,286	5,031,173	1,210,750	1,177,269
Other Financial Assets			59,848,291	72,794,406	71,941,143	70,566,371	66,401,615
Work in progress	12,821		2,940,429	1,940,878	1,076,819		
Investments	13,759	135,392	124,801	134,967	145,827	125,623	69,148
	3,883,909	4,147,184	68,238,702	80,141,537	78,194,962	1,902,744	67,648,032
Current Assets							
Inventories	161,801	157,725	162,219	140,686	178,128	253,016	182,643
Receivables	893,430	684,392	1,129,552	1,494,204	1,183,988	1,028,909	2,908,725
Pre payments	1,548	19,470	4,209	1,353	312	3,639	306
Bank Guarantees	2,210	2,160	359	503		302	
Cash & cash equivalents	121,802	143,521	209,735	44,435	55,454	79,299	50,076
Total Current Assets	1,180,791	1,007,268	1,506,074	1,681,181	1,262,804	1,365,165	3,141,750
Total Assets	<u>5,064,102</u>	<u>5,154,452</u>	<u>69,744,776</u>	<u>81,512,502</u>	<u>79,457,766</u>	<u>75,147,725</u>	<u>69,181,600</u>
Liabilities							
Current Liabilities							
Payables	472,849	364,983	238,803	254,085	259,194	2,412,322	643,023
Accrued Expenses	61,525	47,494	39,385	70,231	64,707	57,414	51,177
Total current liabilities	534,374	412,477	278,188	324,317	323,901	2,469,736	694,200
Provisions for Gratuity	1,077,205	1,022,674	1,071,471	1,091,555	988,026	927,275	729,399
Loans	612	612	1,142	370	8,100		
Leases	9,269						
Total Current Liabilities	1,087,086	1,023,286	1,072,613	1,091,925	996,126	927,275	729,399
Total Liabilities	1,621,460	1,435,763	1,350,801	1,416,241	1,320,027	3,397,011	1,423,599
Net Assets/Equity							
Accumulated Fund	23,116,473	230,009,463	87,422,561	98,404,890	96,161,823	92,650,767	89,501,788
Revenue Reserve	53,560	53,560	65,731	59,904	10,990	-	
Revaluation	3,061,097	3,061,146		3,119,639	3,340,644	3,238,397	
B/F Balance of Income & Expenditure	(22,787,889)	(22,405,480)	(22,213,956)	(21,709,177)	(21,273,471)	(20,900,053)	(21,743,787)
Total Net Assets/Equity	<u>3443,240</u>	<u>3,718,68968</u>	<u>393,975</u>	<u>80,096,260</u>	<u>6,196,595</u>	<u>71,750,714</u>	<u>67,758,001</u>

Board of Directors of the Companies established under the Mahaweli Authority of Sri Lanka - 2012

S. No	Name of the Company	Chairman	Board	Address of the Head Office
01	Mahaweli Livestock & Agro Enterprises (Pvt) Ltd		Mr.M.D. Piyatilaka Mr. Edward de Mel Mr. Nimal Mahawatta, Mr. Osman de Silva	No. 260/20, Baseline Road,,Colombo 09
02	Mahaweli Consultancy Bureau (Pvt) Ltd	Dr. Harsha Samarawee ra	Mr. D.C.S.Elakanda Mr. Gamini Wejenayaka	No. 11, Jawatta Road, Colombo 05
03	Mahaweli Venture Capital Company (Pvt) Ltd		Mr. Wijithasena, Mr. Rathnasiri Veragala	No. 96 Mahaweli Centre Building, Ananda Kumaraswamy Mawatha, Colombo 7
04	National Resources Management Services (Pvt) Ltd	Mr.K.W.N.C Karunaratn a	Mr.A.M.K.B.Attanayaka Mr.B.W.M.W.Senaviratne	Dam Site, Polgolla
05	Mahaweli Engineering Services Company		Mr. Nishantha Piyasena Mr.N.M. Abeyratne	No. 100, Kaldemulla Rd, Ratmalana

ADMINISTRATIVE

Report

PART I

CHAPTER ONE

ESTABLISHMENT, CONSTITUTION AND FUNCTIONS OF THE MAHAWELI AUTHORITY OF SRI LANKA

The Mahaweli Authority of Lanka (MASL) was established under the Act No. 23 of 1979. The functions of the Mahaweli Authority of Sri Lanka in or in respect of a Special Area are set out in Section 12 of the MASL Act.

- a) To plan and implement the Mahaweli Ganga Development Scheme including the construction and operation of reservoirs, irrigation distribution system and installations for the generation and supply of electrical energy;
Provided, however, that the function relating to the distribution of electrical energy may be discharged by any Authority competent to do so under any other written law;
- b) To foster and secure the full and integrated development of any Special Area;
- c) To optimise agricultural productivity and employment potential and to generate and secure economic and agricultural development;
- d) To conserve and maintain the physical environment;
- e) To further the general welfare and cultural progress of the community and to administer the affairs of such area;
- f) To promote and secure the participation of private capital, both internal and external, in the agricultural development;
- g) To promote, and secure the co-operation of Government departments, State institutions, local authorities, Public corporations and other persons, whether private or public, in the planning and implementation of, Mahaweli Ganga Development Scheme.

1.0 Functions of the Mahaweli Authority of Sri Lanka

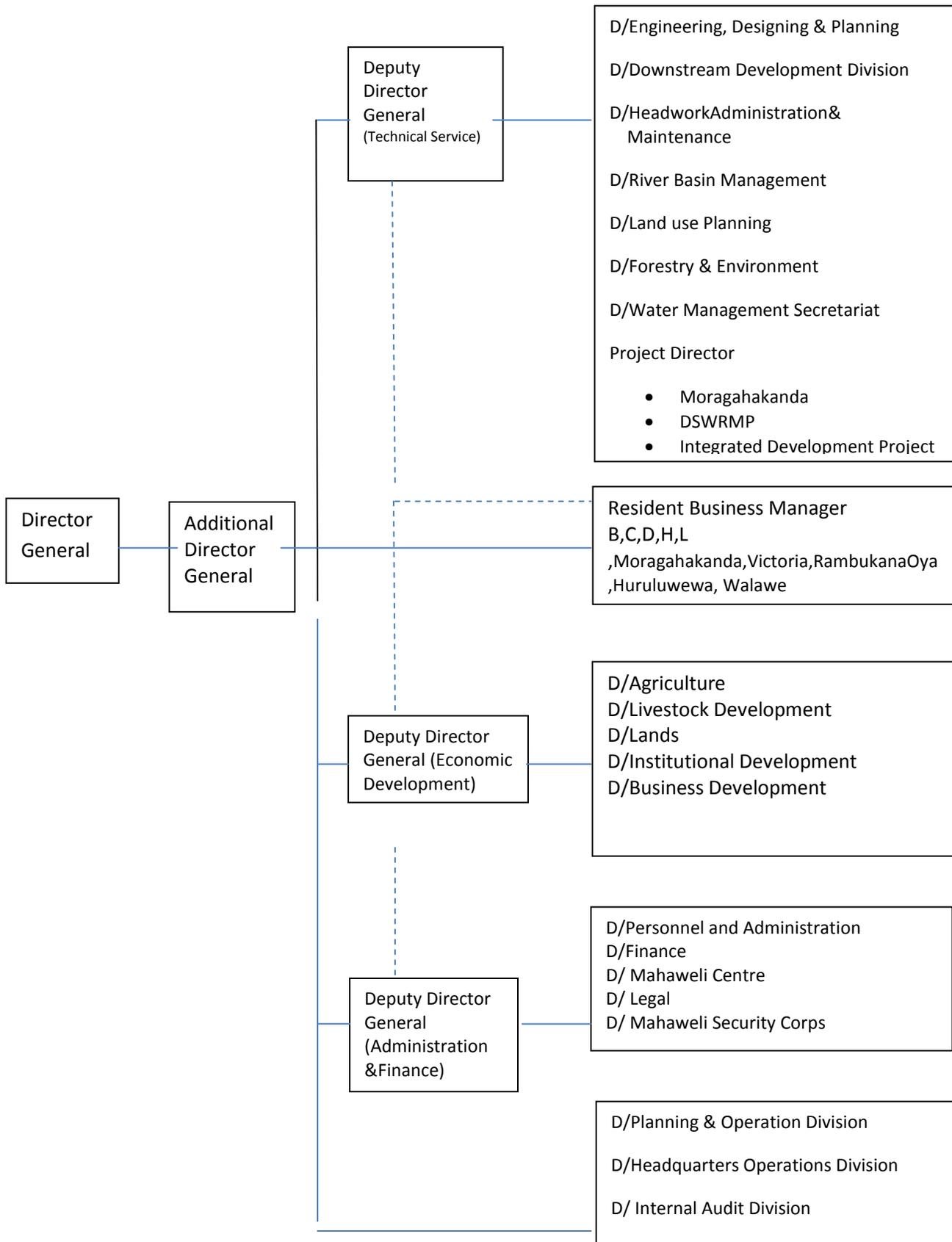
The administration of the Project and Field Offices established under each subject area of the MASL by the Director General is coordinated by the respective Deputy Directors General, Directors, Project Directors and Resident Project Managers.

Accordingly, the MASL has performed the following functions:

- ❖ Conducting monthly reviews on the Progress of the Authority as per the Corporate Plan and Annual Activity Plan and achieving the relevant targets through required interventions.
- ❖ Disposal of assets according to a plan prepared for the maintenance and administration of assets.
- ❖ Construction of the Moragahakanda-Kaluganga Reservoir and Kivuloya Reservoir according to the time frame.
- ❖ Identifying of areas and conducting an Initial Environmental Study in order to expand the extent of irrigated lands in the Right Bank of the System 'B' and System 'L'.
- ❖ Encouraging farmers to cultivate selected field crops and solving marketing issues with the objective of increasing the cultivation of subsidiary food crops by 30%.
- ❖ Empowerment of officers and farmer representatives to enable them to strengthen the Farmers Organisations to facilitate the delegation of the maintenance and management of Irrigation Systems to the Farmers Organisations.
- ❖ Capacity development of officers and employees at all levels and taking steps to introduce an e-human resources management by computerizing all personnel related information.
- ❖ Allocation of water from the major reservoirs for settlement schemes, hydro-power generation, domestic electricity and domestic water supply through the process of Season Planning by conduction discussions with the line agencies.

- ❖ Initiating steps to facilitate for crop diversification, socio-economic development and employment creation in B,C,H,L, Moragahakanda, Huruluwewa, Walawe, Victoria and newly declared Rabbukkanoya project areas.
- ❖ Raising the awareness of the community on issues such as water management, human resources management, livestock development, agricultural development, soil and water conservation, watershed management, environment pollution and water pollution.
- ❖ Formulation and implementation of effective operational maintenance programs in order to ensure the safety of main diversion reservoirs and raising awareness of the Farmer Organisations.

1.1 The administrative Structure of the MASL



1.2 Mahaweli Systems –Structure & Administration

Mahaweli area is divided into 10 Administrative Units according to the Master Plan for the Development of the Mahaweli Basin, so as to facilitate the settlements administration, operations and maintenance of the Irrigation Systems. The Systems B,C,D,H, Moragahakanda, Victoria and Huruluwewa are established along the Mahaweli river basin and Udawalawe, Weliloya (System'L') and Rambakkan Oya Systems have been set up as Special Areas.

The development and management functions of the Mahaweli Systems and the special areas have been delegated to the Resident Project Managers. The Resident Project Managers are required to report directly to the Director General and Additional Director General. They are supported by Directors appointed at Head Office level for each subject area, in respect of the functions to be carried out at system level under the purview of Deputy Director General.

The Resident Project Manager functions as the Chief Executive Officer in respect of each System and Deputy Resident Project Managers are attached as the supervisory officers looking after the technical, land, agriculture and development functions. Block Office, which comprises a few Units, functions under the purview of the Block Managers and an Irrigation Engineer, Institutional Development Officer, Agriculture Officer and a Land Officer are attached to each Block Office. Unit Managers are appointed for each Unit and they perform their duties in respect of each subject area, under the supervision of the above officers. Approximately 250 – 300 families are settled under each Unit.

Land administration in the Mahaweli Systems is carried out according to the Land Policy of the government based on the Land Development Ordinance and Crown Lands Ordinance. From functions related to alienation of state lands for development activities to issuing of Grants are performed in this regard. Further, activities related to leasing out of land for commercial and investment purposes and granting of lands to the second and third generations of settlers are handled by the Zonal Offices.

The following activities are also being carried out under the supervision of Zonal Offices: Irrigation, water management, maintenance, management and improvement of irrigation systems under institutional development , production of seeds, farm development, training and models under agriculture development, livestock, fisheries and environment conservation, project development, implementation of small and medium scale credit schemes, commercial agriculture ventures, agro- industries and related self-employment programmes.

Table 01 -Information related to the Mahaweli System

	B	C	D	Moragah akanda	H	L	Walawe	Victoria	Huruluwewa	Rambak kanoya
Administrative District	P'naruwa/B'cola	Ampara/P'naruwa/Badulla	P'naruwa/Trinco	P'naruwa/Matalae	A'pura/Trinco	Vauniya Mulative A'pura/Trinco	Hambantota/Monaragala/Ratnapura	Kandy/N'eliya	A'pura/Matalae	Ampara/Badulla
No. of Blocks	8	7	2	4	7	2	6	2	5	3
No. of Units	48	31	6	17	25	9	36	2	12	
No. of Farmer organizations	133	196	15	42	223		283		138	5
Total extent of land(ha.)	75441.5	52614	90370	11913	44982	199207	64530	10386	32500	136558

Table 02 - Provisions made for the Year 2012

System	Amount Allocated (Rs.m.)		Amount Received (Rs.m.)		Total cost	
	Capital	Recurrent	Capital	Recurrent	Capital	Recurrent
B	210.0	69.0	59.2	186.75	57.881	185.467
C	80.0	185.0	66.5	181.35	71.229	183.787
D	157.2	150.0	131.9	146.0	147.991	140.984
G- (Moragahakanda)	98.76	44.0	49.65	45.75	52.946	35.859
H	20.0	25.0	21.10	33.150	16.006	31.126
L	77.0	185.0	61.0	178.8	58.274	166.099
Walawe	16.9	28.0	8.15	36.3	12.421	34.649
Victoria	22.0	44.0	22.20	44.45	21.079	43.003
Huruluwewa	30.0	65.0	25.9	49.75	25.365	45.805
Rambakkanoya	30.0	26.0	26.3	29.0	20.954	30.976

Table 03 - Infrastructure Facilities available at Mahaweli Systems

	B	C	D	Moragaha kanda	H	L	Walawe	Victoria	Hurulu wewa	Rambak kanoya	Total
Infrastructure Facilities											
Schools	84	107		26	87	5	71				309
Wells	8477	19635		3613	19234	520	9233				60712
Toilets	28030	40112		9004	41446	2526	49570				170688
Houses	28030	38742		8803	41044	2623	48907				168149
Irrigation Reservoirs											
Main canals km	76	29			102		112		48		367
Feeding canals km	72	125		5	87		146		11		446
Distribution canals km	649	559		90	493	155	510		133		2589
Field canals km	1719	1337		293	1277	65	1625		331		6647
Roads											
Grade B km	57	125		35	63	157	46	11	92		598
Grade C km	66	96		60	153	105	102	5	159		746
Grade D km	589	639		170	30	60	595	1	93		2177
Rural km	22	67		8			31	70			198
Settlements											
Homestead	7420	10828		1343	8555	2578	24424		2971		58119

Irrigated	21269	21138		4751	19656	1910	23088		5212		97024
Others- Ranaviru etc.	250	527		57							

1.3 Divisions directly controlled by the Director General

- ❖ Head Quarters Operations Division
- ❖ Planning & Operations Division
- ❖ Internal Audit Division

1.3.1 Head Quarters Operations Division

- Coordination with the Director General, all divisions, projects, and special activities of the MASL.
- Coordinating the Board Meetings of the MASL and carrying out all related functions.
- Coordinating, management and follow-up of inward mail of the organization
- Planning and organizing all internal and external meetings and conferences conducted by the Director General.
- Making required arrangements with regard to the conduct of national, regional and international conferences.
- Coordinating activities during the visits of foreign aid groups and delegations.
- Submission of nominations for foreign scholarships, conferences and workshops and related coordination functions.
- Coordination with the Parliament, Presidential Secretariat, Ministry of Finance, all other Ministries, Departments and International Organisations with regard to the functions of the MASL.
- Submission of Cabinet Memoranda and Drafts and follow-up activities related to the Cabinet approvals.
- Handling of the procurement functions of the Departments and confirming the decisions of the regional and project related procurement functions

- Coordination and documentation of the Executive Committees meetings and informing the decisions of such meetings.
- Coordinating and documentation of the Audit Management Committee.
- Coordinating functions related to the Special Projects Implementation Unit and referring the decisions to the relevant Divisions.

1.3.2 Planning and Monitoring Division

Planning and Operation division was established with the objective of facilitating flow of information related to the functions of the MASL. Provision of statistics and data support services expected from this Division. Action has been taken to fulfill the following functions through this Division:

- Preparation of a Corporate Action Plan according to the Vision & Mission of the organization and act according to the Annual Plan
- Preparation of Special Project Reports
- Conducting Economic and Social Surveys and carrying out analysis.
- Review the progress of the projects on monthly, quarterly and annual basis, coordination of project evaluation functions and ensuring the operation evaluation system.
- Preserving the Technical Reports, Feasibility Reports and Evaluation Reports and providing them for use.
- Operation and maintenance of the Mahaweli Computer Network.
- Establishment of Official Website, updating the existing IT support system.
- Coordination of Studies with regard to the impact areas.

1.3.2.1 Special functions performed by the Planning & Monitoring Division during the year

- Preparation of an Annual Implementation Plan covering 10 Resident Project Managers areas in respect of 09 locally funded projects and 07 foreign funded projects.
- Preparation of annual recurrent expenditure adjustments for the period 2012-2016.
- Preparation of Annual Procurement Plan.
- Submission of 02 Concept Papers with regard to the Areas of the Mahaweli Development program to the Department of National Planning.
- Compilation of 07 reports received from Field Offices and 07 Progress Reports.
- Implementation of the National Harvesting Study Program.
- Using of various software in order to properly evaluate the current ICT Division.
- Coordination and updating of the Mahaweli Website.
- Maintenance of a library which keeps data, information and books on MASL.
- Contribution to the Deyata Kirula and National Farmers Week exhibitions

1.3.3 Internal Audit Division

Internal Audit Scope has been prepared according to the Sri Lanka Auditing Standards, Public Enterprises Guidelines for good governance (Public Enterprises Circular No. PED/12), Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Guidelines on Internal Auditing issued by the Department of Public Finance of the Ministry of Finance and Planning and Management decisions.

Accordingly, action was taken to assign following tasks to the Officer in charge of that Division and he directly reports to the Director General with regard to the said tasks:

- ❖ Perusal and reporting on the operational functions of the organization in a management perspective, instead of an accounting perspective.
- ❖ Evaluating the extent of progress reported in the relevant Project and Programmes along with the given time frame.
- ❖ Conducting on site investigations to find out the issues that lead to delays in the implementation of work.
- ❖ Evaluation and review of controls used to monitor the operational functions.
- ❖ During this year 25 field audit checks, 07 special investigations and 11 initial inquiries about complaints were carried out

CHAPTER TWO

Technical Services Division

The responsibility for fulfilling the following tasks is delegated to the Deputy Director General (Technical Services) :

1. Formulation of a Strategic Plan with the objective of achieving targets set out in the Corporate Plan / Annual Plans.
2. Providing guidance and direction for the preparation of Technical Plans and Estimates.
3. Formulation of an appropriate process to ensure the proper maintenance and protection of the physical assets including major dams, diversion tunnels and downstream areas.
4. Formulation of proper plans to supply required water on time for agricultural activities and other requirements through the reservoirs and irrigation systems.
5. Planning of Projects, Feasibility Studies, operation and progress review.

The Technical Services Division of the Mahaweli Authority of Sri Lanka performs its functions focussing mainly on the above mentioned processes. Accordingly, this Division implemented following activities during the year 2012 :

2.1 Project Planning and Implementation

2.1.1 Kaluganga Development Project

- ❖ Monitoring of the Consultancy Contract for the construction designs for Kaluganga head works and procurement of materials for the contractors for construction.
- ❖ Planning and designing of road networks and irrigation systems for the proposed settlement areas of right and left banks of Kaluganga.
- ❖ Planning and designing of social infra-structure facilities for Kaluganga basin.

2.1.2 Downstream Development Activities

- ❖ The main activities of this Division include operation and maintenance of the Mahaweli Irrigation Systems, maintenance and management of buildings and premises, planning and preparation of estimates for the rehabilitation of the road network, construction, quality control and progress review.
- ❖ Accordingly, the following provisions were made by the Treasury to all Mahaweli Systems :

Table 04 - Budgetary provisions made for the Mahaweli Systems and Expenditures - 2012

System	Amount allocated for the year 2012 (Rs. m.)	Expenditure during the year 2012 (Rs.m.)
System - B	39.5	34.125
C	56.185	44.65
H	12.6	9.4
D	2.92	1.612
G	117.2	99.356
L	30.8	20.655
Walawe	40.0	21.941
Victoria	9.525	5.089
Huruluwewa	21.7	15.468
Rambakkan Oya	26.1	9.744
HAO&M	206.0	164.0
Total	562.5	426.0

2.1.3 Development of Mini-hydro Power Projects

During the year 2012 the following institutions commenced construction activities related to mini-hydro power generation projects :

1. Eagle Power (Pvt) Ltd. - Maduru Oya
(2.0 Mw)
2. Kent Hydropower (Pvt) Ltd. - Lenadora
(1.40 Mw)
3. Energy Generators (Pvt) Ltd. - Rajjamana
(6.0 Mw)
4. Lower Kotmale Oya (Pvt) Ltd. - Lower Kotmale
(4.8 Mw)
5. Escas Power (Pvt) Ltd. - Owala
(2.8 Mw)

In addition to that,

- Approval has been obtained for Environment Impact Assessment (EIA) Report of the Kiwul Oya Mini-hydro Power Project and the EIA process is being carried out for the following projects :
 1. Ukuwela (2.0 Mw)
 2. Chandrika Wewa (2.0 Mw)
 3. Nayakakumbura (2.0 Mw)
 4. Dambulu Oya (CEA approval obtained)
- Construction work completed in respect of the following Mini-hydro power Projects and institutional charges are being recovered in the following manner :
 1. Branford (2.5 Mw) - Revenue 13%
 2. Koladeniya (1.2 Mw) - Revenue 6%

2.1.4 Development of River Basins and Reservoirs

River Basin Activities

- Water Management at Kala Oya Reservoir
- Management of Upper Spill / River basin
- Awareness and Educational Programmes for school children
- Training Programmes for University students to test water quality
- Development of small tanks and dams in waterways / canal networks
- Updating the data on water sources (Kala Oya Basin)
- Silt removal at Kalawewa

Table 05 – Budgetary Provisions and Expenditure – 2012

S/No.	Description	Estimated Amount (Rs. m.)	Expenditure (Rs. m.)
01	Capital	38.0	35.02
02	Re-current	20.0	19.5
03	Removal of silt	350	142.19

2.1.5 Sevanagala Rehabilitation Project

Irrigation water is being supplied to 1700 hectares of land in Udawalawe left bank for sugarcane cultivation and 557 hectares have been allocated to the farmers for paddy cultivation. The irrigation systems of this area remain dilapidated due to lack of maintenance. The operation and maintenance activities were not carried out in a proper manner due to the inactive nature of the Farmers Organisations. This Project was initiated as a Special Rehabilitation Project in order to address this issue.

Plans have been prepared for the development of the following canal networks :

- Distributory Canal Co2 (From 0+000 km to 6+098 km)
- Distributory Canal Co2 (From 0+000 km to 2+650 km)
- Distributory Canal Co2 (From 0+000 km to 0+807 km)

2.1.5.1 Financial Progress

- The total expenditure incurred for the Sevanagala Rehabilitation Project for the year 2012 was Rs. 1.781 million.

2.1.5.2 Other Activities

- ❖ Assistance to update the Mahaweli Water Resources Development Plan under Multi -Sectoral Water Resources Planning of DSWRPP.
- ❖ Design and Planning of activities related to the Kivul Oya Project in the Mahaweli 'L' System.
- ❖ Design and Planning work for Malwanna and Mahawelitenne Units of Mahaweli System 'B'.
- ❖ Assistance to design a Mini-hydro Power Plant at a waterway belonging to Mahaweli River.
- ❖ Routine construction works required to the maintenance of all Mahaweli Systems.

2.2 Headworks Administration, Operation and Maintenance Division

Headworks Administration, Operation and Maintenance Division (HAO&M) was established in 1985 for the purpose of managing the major reservoirs, trans basin canals, canal networks and dam related structures, in order to ensure their uninterrupted operation.

2.2.1 The work sites managed by HAO&M Division :

Kotmale	Victoria
Polgolla	Randenigala
Minipe	Rantambe
Ulhitiya	Maduru Oya
Kandalama	Dambulu Oya

2.2.2 Main functions of HAO&M Division

- A. Administration
- B. Operation
- C. Maintenance

2.2.3 Functions of Operations and Maintenance Division

- Continuous maintenance of reservoirs, dams and associated structures.
- Implementing a Dam Safety Programme covering all dams.
- Taking steps to ensure the monitoring, reviewing and sustainability of dams.
- Testing and updating all components of the System to enable it to meet any emergency (floods, earthslips, etc.) situation.
- Collection of instrumentation Data on a continuous basis.
- Implementation of water monitoring programmes, as planned.
- Conservation activities at reservoirs and re-acquiring the encroached areas, on a continuous basis.
- Carrying out the in-house inspections as planned.

2.2.4 Progress in 2012

- Carrying out the routine maintenance work of reservoirs, dams and associated structures.
- Safety operations and permanent maintenance activities planned for all dams have been completed.
- Collection and analysis of Instrumentation Data carried out as planned.
- Water quality maintenance activities were completed as planned.
- Initial steps with regard to the Reservoir Conservation and re-acquiring of encroachments were completed.
- In-house inspections were carried out by the Engineers attached to the HAO&M Division.
- Permanent maintenance work at Digana Village.

Table 06 – Financial situation and Progress – 2012

Description	Approved Budget Rs. m.	Work Completed Rs. m.	Funds Received Rs. m.	Expenditure Rs. m.
Capital	190,000	187,073	156,700	167,073
Recurrent	219,600	-	202,950	198,751

2.3 Water Management Secretariat

The Water Management Secretariat has been established with the following objectives and It is being administered under the Director (Water Management Secretariat) :

Maintenance of the information system with regard to water levels and capacity of all Mahaweli reservoirs.

- ❖ Analysis and forecasting of the water capacity of each reservoir according to cultivation seasons.
- ❖ Determination of the volume of water to be released weekly from the Mahaweli reservoirs for the requirement of irrigation, electricity generation, drinking water and for other requirements.

- ❖ Updating and implementing of the computer module for water operations. Analysis of preliminary hydraulic data and maintenance of an information system and providing of information to the relevant parties.
- ❖ Preparation of the water supply plan in respect of each cultivation season and conducting review seasonal meetings with regard to supplying of water to reservoirs and systems.

2.3.1 Review of Year 2012

- Water levels at all low-land reservoirs remain at middle or higher levels due to the inter-monsoonal and North-East monsoonal rains.
- Preparation of land for cultivation at all irrigation systems was completed during the period mid-October to first week of December.
- Almost 100% of all land areas was served by all irrigation systems.
- During this season the water levels at Mahaweli, Kelani and Walawe reservoirs remained at a dry situation. Therefore, the water levels at major reservoirs were maintained at a level corresponding to a level expected during a dry condition. Therefore, 44% of the power generation was contributed by the hydro power plants of Mahaweli systems.
- Additional water diversions from irrigation systems were not required due to the North-East monsoonal rains.
- Inspection activities at Bowatenna reservoir and maintenance activities at Ukuwela power plant were carried out during October 2011.

2.3.2 Yala Season 2012 (1st April to 30th September)

- It was decided not to cultivate at Kandalama and System 'G' areas, in order to protect the farm lands nourished by the Polgolla diversion, because of the failure of North-East monsoonal rains.
- Crop failures took place at some of the Giritale and Kalawewa irrigation lands due to shortage of water. As at end of 2012 Yala season, Victoria and Randenigala reservoirs became reserve empty due to release of water to lands cultivated under the Minipe right bank, left bank and Maduru Oya reservoirs, in order to protect the paddy lands. Cultivation at Kantalai and Allai was 100% successful, and 30% - 20% crop failures were reported at other systems.

- The rainfall and its spread around the areas covering Ulhitiya, Maduru Oya and Walawe projects were satisfactory compared to the situation prevailed in other areas.
- Irrigation reservoirs at Mahaweli, Kelani and Walawe systems became reserve empty because of the severe drought situation prevailed during the Yala season.
- However, it has been able to generate 43% (1014 GwH) of hydro power from the Mahaweli system.

2.3.3 Maha Season (2012 / 2013)

- All irrigation reservoirs, except Giritale and Maduru Oya reservoirs, reached maximum water levels as at mid-December due to the North-East monsoonal rains. Victoria reservoir reached spill level and the water levels of the other major reservoirs coming under Mahaweli, Kelani and Walawe systems were on the increase.
- Cultivation activities at System 'C' were delayed up to 10 December until the water level of Maduru Oya reservoir went up. Since adequate water reserve was not available at Uda Walawe reservoir in order to commence 2012/2013 Maha seson, irrigation activities took place at Walawe right bank and left bank in November. Cultivation activities were commenced in December in all other systems with the support of North-East monsoonal rains.

2.4 Land Use Planning Division (Physical Planning Division)

The Land Use Planning Division has been established within the Mahaweli Authority of Sri Lanka with the following objectives :

- ❖ Preparation of physical plans for land use in Mahaweli areas and acquisition of lands in new developed areas, formulation of strategies for se-settlement according to the National Plan.
- ❖ Collection of data and information required for the preparation of land and physical plans for new projects and special projects.
- ❖ Preparation and updating of GIS and maps based on secondary and primary information.
- ❖ Preparation of plans for settlements and towns in the Mahaweli areas.
- ❖ Collection of information and compiling of reports with regard to demography, agriculture, physical infra-structure facilities and other human activities in the Mahaweli areas.

2.4.1 Review of activities carried out during the year 2012

2.4.1.1 Rambakkan Oya Reservoir Development Project

- Preparation of an Integrated Village Plan for Galwalayaya village with the objective of completing the work of Rambakkanoya was carried out and the initial planning for Galwalayaya village was completed.
- The initial Integrated Plan for Pollebedda was completed and it is being implemented at present.
- Land ownership survey at Pollebedda Grama Niladari Division was completed and preparation of a report based on the survey data was also completed.
- Lands suitable for Rubber cultivation were identified at Maha Oya and Padiyatalawa Grama Niladari Divisions. Plans were also completed in order to commence rubber plantation activities in the Padiyatalawa Grama Niladari Division.
- A Socio-economic Survey was conducted during the year 2012 at Maha Oya town and the Maha Oya Town Development Plan is being prepared.
- Two Socio-economic Surveys were conducted at two towns within the Padiyatalawa Grama Niladari Division and agricultural lands under small tanks were prepared by World Vision Organization.

2.4.1.2 Moragahakande – Kaluganga Reservoir Development Project

- Initial plans for the village of Guruwela was completed; construction work was commenced in order to provide required basic facilities for the settlements at Karadamulla, Rawanagama, Guruwela and Galgodawela villages.
- It was required to re-settle the settlers of Thalagoda Grama Niladari Division according to priority. It was proposed to develop Thorapitiya village to re-settle families. Meanwhile, the Integrated Development Plan and the initial village plan for Thorapitiya village were completed.
- Plans in respect of the Police Station building and a large Co-operative building in Laggala town were completed.
- Plans for Sub Post Offices, Gramodaya Health Centre and small scale Co-operative building for the villages of Guruwela and Thorapitiya were completed.

- According to the information obtained from Kaluganga re-settlement area, in 2012 it was able to collect information about damages caused to the properties including the information on families whose properties were damaged in the area.
- Preparation of an Integrated Development Plan for Bandarawewa and Dahamwewa villages in the Kawudulla left bank re-settlement area was completed. Accordingly, initial plans for the villages of Bisopura and Bandarawewa were finalized.
- Preparation of the re-settlement plans in respect of Kaluganga Reservoir Development Project was completed.

2.4.1.3 Development Plan for System 'L'

A part of System 'L' was developed under the Mahaweli Master Plan. It was proposed to re-settle 10,000 families in the System 'L' under the guidance of Uthuru Wasanthaya Development Programme. A development plan was formulated based on cluster development and it is being implemented at present.

2.4.1.4 Development Plan for Allai Kantalai

Preparation of a development plan for Allai Kantalai project area is underway, in order to prepare an initial plan for Suriyapura area to provide facilities for the families settled under this project.

2.5 Environment and Forestry Conservation Division

Director (Forestry and Environment) is responsible for the following functions :

- ❖ Extending assistance for formulating Environment Policy in respect of development activities carried out by the Division and preparation of relevant management conservation plans in respect of such activities.
- ❖ Evaluating the environmental impact of all development projects, follow up and co-ordination with other organizations.
- ❖ Preparation of plans for the co-ordination of Environment and Forestry management activities, follow up and preparation of relevant guidelines.
- ❖ Developing scientific research in the relevant field.
- ❖ Collecting data on natural resources and management in the MASL areas.

Table 07 - Conservation of Natural Resources

P H Y S I C A L			
ACTIVITY	UNIT	TARGET	PROGRESS
Biological/Mechanical Soil Conservation /Vetiver/ Grass Strips/Boulder bunds	Meter	41000	39895
Plant production at demonstration farm, Navadevita Nursery	No. of Plants	80000	87130
Programme to issue free plants under Forestry Prog.	No. of Plants	40000	49803
Forestry programme Community/Stream banks/ roads, etc.	No. of Plants	31	40
Co-ordination activities in respect of upper Mahaweli catchment areas	Programmes	01	01
Monitoring of water quality at the Mahaweli river	Programmes	01	01
Downstream co- ordination and Aquatic weed m'ment	Programmes	01	0.92
Construction of cattle sheds at home gardens	Programmes	20	13
Establishment of Compost manufacturing units at home gardens	Nos.	250	100
Purchases in order to enhance fruit production	Nos.	3500	
Enhancing crop cultivation & Aquatic production		600	300

2.5.1 Environmental Education Division

The Environmental Education Division carried out activities targeting school children, personnel of organizations, political leaders, university students, farmers, external employees and staff of Non-Governmental Organisations.

Table 08 – Activities implemented in 2012

P H Y S I C A L			
ACTIVITY	UNIT	TARGET	PROGRESS
Training programmes to train staff members	Nos.	6	2
Training programmes for the Beneficiaries	Nos.	36	33
Environmental Training programmes	Nos.	12	24
Development related to Production	Nos.	03	03
Home Garden Development	Nos.	01	0.83

2.5.2 Geographical Information System (GIS) Division

- Activities implemented by the GIS Division during the year 2012 are summarized below :
- An amount Rs. 1.160 million was allocated to GIS Division for the year 2012 and expenditure incurred during the year was Rs. 0.052 million

Table 09 - Progress in 2012

P H Y S I C A L			
A C T I V I T Y	Unit	Target	Progress
Tabulation of data of environmental resources from Kotmale Reservoir to Haragama, utilizing Satellite images	Programmes	01	01
Purchase of high resolution Satellite images (Improving data tabulation of the upper catchment area of Kuda Oya)	Programmes	01	01
Preparation of a Data Bank (GIS) for the natural resources management and implementation of Bamboo planting activities	Programmes	01	01
Geomatic correction of Satellite images, field verification and data base development	Programmes	01	01

2.5.3 Land Use and Planning Division

The Land Use Planning Division provides required information and instructions in order to manage land resources in a sustainable manner. This Division performs in the fields of surveying of lands, inspection of land resources, environmental management activities and land use planning.

- An amount of Rs. 0.1 million was allocated for this Division in 2012. Expenditure incurred during the year was Rs. 0.04 million.
- Activities implemented by the Land Use Planning Division during the year 2012 can be summarized as follows :

Table 10 - Progress in 2012

P H Y S I C A L			
ACTIVITY	Unit	Target	Progress
Preparation of land use mapping for the purpose of collecting information on mini hydro power projects in the upper Mahaweli catchment areas	No. of Maps	01	01
Continued resources mapping activities through the use of high resolution Satellite images	Projects	01	0.2

2.5.4 Hydrology Division

- The Upper Mahaweli catchment areas selected for Sediment Monitoring Programme are given below :
 1. Nilambe Oya - Gurukele
 2. Uma Oya - Welimada
 3. Hulu Ganga - Narampanawa
 4. Maha Oya - Maha Oya
 5. Belihul Oya - Kelumsuriyagama
 6. Atabage - Atabage
 7. Atabage - Nawa Depita

Table 11 - Summary of Sediment Monitoring Programmes during 2012

	Sub Catchment Areas	Extent (ha)	Rainfall	Daily discharge records Rainfall	Collecting Dip Samples
1	Uma Oya - Welimada	9834.67	12	12	292
2	Nilambe Oya - Nilambe	6128.95	12	12	324
3	Maha Oya - Maha oya	10777.98	12	12	311
4	Atabage - Atabage	4352.55	12	12	347
5	Belihuloya - Kelumsooriyagama	14467.09	12	12	313
6	Mahaweli Ganga - Nawa Depita		12	12	486

7	Huluganga Narampanawa	-	12264.03	12		0
8	Serawella - 01		4.65	12		0
9	Serawella - 02		55.00	12	12	340
	Total			108	84	2413

- An amount of Rs. 1.78 million was allocated for this Division for the year 2012 and total expenditure incurred was Rs. 0.975 million.

2.5.5 Riverine Bamboo Project

This Project was initiated with the objective of cultivating Bamboo along the river banks in order to prevent river bank erosion in the Upper Mahaweli catchment areas and downstream basins. Tissue cultured plants are being produced in the Kotmale area for this project and this is being implemented with the co-ordination of the Ministry of Water Resources Management, Divisional Secretaries and the Government Agents.

In addition to this, cultivation of Fruits and other exotic plants has commenced under this project and plans are underway to implement a programme to enhance the living conditions of the second and third generations of the Mahaweli settlers.

Table 12 - Activities implemented by the Riverine Bamboo Project

Component/Activity	Status	Issues/Comments
Production of Tissue cultured plants	In progress	Production Target 350,000 plants, Plant production 69,460
Procurement of inputs	In progress	
Maintenance of Nurseries	In progress	
Programme of planting	In progress	Target 350,000 ; However, action has been taken to plant 227,753 Nos.
Research	In progress	Research is being carried out in respect of Anthuriums, Pineapple and Plantains
Sale of Plants	In progress	Receipt of income of Rs.362,765.00

**Table 13 – Riverine Bamboo Project –
Expenditure incurred for the year 2012**

S/No.	Description	Amt. Allocated Rs. million	Provisions Rs. million	Expenditure Rs. million
1	Capital	15.00	7.50	8.38
2	Riverine Bamboo Project	35	11.00	14.77
3	Agriculture promotion	0.565		0.215
4	Total Capital	50.565	18.5	23.365
5	Recurrent	36.25	26.275	25.47

2.6 Special Project

2.6.1 Moragahakanda / Kaluganga Development Project

2.6.1.1 Moragahakanda Project

The Moragahakanda Project was commenced in 2007 by utilizing local funds with the objective of constructing a permanent reservoir to provide irrigated water to 82,000 ha. of lands which will be cultivated annually during the Maha season, controlling the flood situation in that area and generating hydroelectricity. Accordingly, steps have been taken to construct a reservoir with a capacity of 521 million cubic meters and the proposed Kalu Ganga reservoir with a capacity of 144 million cubic meters will be linked to this reservoir through a tunnel. It is estimated that an amount of Rs.64,358 million will be required for this project. Arrangements will also be made under this project to re-settle 1572 farmer families in the Kalu Ganga left bank area (1700 ha.) and Kawudulla Division.

The initial activities of this project are given below :

- Development of Social infra-structure facilities
- Construction of diversion roads, main roads, trade roads and hamlet roads
- Construction of irrigation infra-structure facilities, such as small tanks and canals
- Acquisition of lands and re-settlement
- Agricultural and livestock development
- Implementation of small businesses and credit schemes
- Formation of Farmers Organisations and capacity development
- Raising awareness and training
- Activities to minimize negative impacts on the environment

As of now, the following works have been completed as planned, under this project :

Construction of first diversion road, link roads, first saddle dam, 10 small tanks in the irrigation system, canals, work site of the Project office, Settlement Centre, Engineers' offices, Block offices. Activities such as construction with regard to the main contract, acquisition of land, alienation of lands to the groups displaced at the first stage, conservation activities related to the environment, bio-diversity, raising awareness and training programmes have also been completed.

The construction work of the main dam of Moragahakanda reservoir and the second saddle dam is being carried out by a Chinese firm called China Hydro Company and the funds required for that work have been granted by the Chinese Development Bank on credit basis. Initial activities related to these constructions have already been commenced.

2.6.1.2 Kalu Ganga Development Project

This project was commenced during the year 2007 under local funds and plans have been prepared to re-settle 797 families in an area of 1,900 ha. developed in the Kalu Ganga right bank area.

- Development of social infra-structure facilities
- Construction of diversion roads, main roads, trade roads and hamlet roads
- Construction of irrigation infra-structure facilities, such as small tanks and canals
- Acquisition of lands and re-settlement
- Activities to minimize the negative impacts on the environment

Funds are being granted by Kuwaiti Development Fund, Saudi Development Fund and OPEC Development Fund for the construction of the main dam of the Kaluganga Development Project. Designs and plans have already been completed in this regard and Cabinet approval has been obtained for the International biddings in order to select a Construction Contractor. It is proposed to commence activities of this Project with the consent of the Funders.

2.6.1.3 Downstream Development Plan

In order to re-settle the people who got displaced under this project, an extent of 3,000 hectares in the left bank of Kawudulla and 2,000 hectares in the newly developed area have been developed utilizing locally available funds. Required steps have already been taken and the relevant activities are underway to acquire land and develop irrigation and social infra-structure facilities.

Table 14 – Financial and Physical Progress of the Moragahakanda Development Project

	Activities	Provision Rs. m.	Expenditure Rs. m.	Progress %
01	Land Surveying	1.50	0.05	5%
02	Construction of Buildings	82.50	41.98	70%
03	Construction of Roads	161.00	158.92	95%
04	Development of Irrigation Infrastructure facilities	70.00	38.53	50%
05	Surveying of main dam, Construction of capacity dam	12,243.94	11,554.80	94%
06	Construction of No. 2 Saddle dam	0.50	0.00	65%
07	Acquisition of land and Re-settlement	31.80	23.88	60%
08	Obtaining Environmental Clearance and minimizing impacts on environment	40.12	27.78	60%
09	Purchasing of materials for Office and worksite	3.00	2.27	76%
10	Total expenditure for Administration & Management	60.00	60.08	-
	Total – Local Funds	2,312.36	2,109.65	
	Direct Foreign Funds	10,382.00	9,798.64	
	Grand Total	12,694.36	11,908.29	

Table 15 – Financial and Physical Progress of the Kalu Ganga Development Project

S/No.	Activities	Provision Rs. m.	Expenditure Rs. m.	Progress %
01	Land Surveying	4.00	4.73	100%
02	Construction of Buildings	93.50	80.39	50%
03	Purchasing of Machinery and other equipments	35.00	34.57	
04	Construction of Roads	255.00	281.08	100%
05	Development of Irrigation Infrastructure facilities	112.00	118.70	65%
06	Surveying of main dam, construction of capacity dam	-	-	-
07	Acquisition of land and settlement	106.50	21.99	50%
09	Obtaining Environmental			

	Clearance and minimizing impacts on environment	49.26	35.82	65%
10	Purchasing of materials for office and worksite	5.00	2.47	49%
11	Total Expenditure for Administration & Management	60.26	62.56	-
	Total – Local Funds	685.26	607.74	
	Direct Foreign Funds	-	-	
	Foreign Aid (on reimbursement basis)	28.00	27.62	
	Foreign Aid related to Local funds	7.00	6.95	
	Grand Total	720.26	642.31	

2.6.2 Dam Safety and Water Resource Planning Project

2.6.2.1 Objectives of the Project

- Establishing a long term sustainable plan for the operation and maintenance of large dams.
- Long term sustainable planning for the hydroelectricity resources of the country and for the development of infra-structure facilities and enhancing management, protecting general public from water induced hazards and enhancing the quality of water sources.

As a result of this Project, support will be given to the initiative taken by the Government for rural development and alleviation of poverty and also it will protect people from the natural disasters.

2.6.2.2 Main components of the Project

- I. Improving the Dam Safety situation and enhancing operational efficiency.
- II. Improving and modernizing the existing hydroelectricity information system.
- III. Providing adequate support for : National water consumption planning, Update Mahaweli water sources development planning, Mundeniaru development planning.

2.6.2.3 Project Implementation Agencies and Time Frame

This Project is being implemented by the respective Offices of the Mahaweli Authority of Sri Lanka, Irrigation Department, Ceylon Electricity Board and National Water Resources Board. Initially 30th June 2013 was fixed as the date for the completion of the activities initiated under the project and subsequently it was extended up to 30th June 2015.

2.6.2.4 Financial Activities of the Project

Including an expenditure forecast of Rs. 8,187 million, the estimated cost is US\$ 75.8 million. Out of this amount, US\$ 70.23 million (Rs. 7,585.64 million) will be provided by IDA-WB and the balance will be contributed by the Government of Sri Lanka.

Formulation of the project activities is being carried out by the Irrigation Department and management of water resources and implementation is being carried out by the implementing agencies and Project Management Division, jointly.

By the year 2012, out of the amount of Rs. 8,187 million allocated for this project, Rs. 4,073 million have been utilized and the recorded financial progress and physical progress were 49.6% and 53% respectively. The three components of the project remain at various levels of progress, and as of now the progress is given below :

2.6.2.5 Dam Safety and Remedial Works

Under this plans have been prepared to rehabilitate 32 high risk dams. Conceptual plans and tender documents have been completed by the Implementing Support Consultants (ISC) for 32 dams and contracts have been awarded for 29 dams. Up to now, 3 dams have been fully rehabilitated and in respect of the 26 balance dams, 25 contracts have commenced rehabilitation activities and works remain at various progress levels as indicated below.

Meanwhile, 11 reservoirs managed by the Mahaweli Authority of Sri Lanka are also being rehabilitated. The progress achieved is given below :

Table 16 – Progress in Dam Rehabilitation Work – 2012

S/No.	Dam	Physical Progress	Financial Progress
01	Dambulu Oya	Completed	Completed
02	Kandalama	Completed	Completed
03	Deduru Oya and Kandalama	Completed	88%
04	Bowatenne	Completed	81%

05	Chandrika Wewa	Completed	89%
06	Kala Wewa	60%	56%
07	Maduru Oya	65%	49%
08	Rantambe	35%	37%
09	Randenigala	50%	41%
10	Polgolla	40%	50%
11	Kotmale	35%	45%

Further, dam safety facilities and set of instruments have been supplied and all facilities are provided to the Engineers in charge of all reservoirs and Deputy Resident Business Managers in charge of the downstream areas.

2.6.2.6. Management of Hydro-Meteorological Stations

It has been planned to establish 122 hydro-meteorological stations throughout the country in order to collect data and 19 such stations will be established within the Mahaweli area. It has also been planned to establish a Hydrology Analysis Centre by restructuring the Water Management Secretariat of the Mahaweli Authority of Sri Lanka, in order to analyse data and forecast events.

2.6.2.7 Machinery, equipment, instruments and vehicles were supplied for 80 dams including 32 major dams in order to provide basic safety measures. This was required for the operation, maintenance and rehabilitation of such dams, as per the objectives of the Project. Assistance was provided to the Managers of 48 dams (except 32 dams selected for rehabilitation) for essential emergency repair works, to construct access roads and install lighting facilities and security facilities. Under this programme required facilities were provided to 40 dams.

2.6.2.8 Preparation of National Water Resources Plans

Under this, a National Water Use Plan and a Water Use Plan for Mundeni Aru Basin have been prepared. An unique function carried out under this Project is evaluation of the Mahaweli Master Plan which was prepared in 1968, in terms of present nature of water resources (volume and quality) and demand for water and adapting it to the present day context. Accordingly, a plan was prepared in this regard and it is proposed to finalise it after having consulted with the Stakeholders and interested parties.

2.6.2.9 Training and Capacity Development

Number of local and overseas training programmes and workshops were conducted for the capacity development of the Officers (particularly Engineers) of the MASL and the participants have gained knowledge in the subjects such as monitoring of dams, dam safety, dam construction, planning and dam management through these programmes.

2.6.3 Mahaweli Consolidated Development Project

This Project has been established with the objective of rehabilitation of road infrastructure facilities located within the irrigation systems at 8 divisions of Mahaweli System 'B', institutional development, agricultural and livestock development and conservation of environmental system.

The Mahaweli Consolidated Development Project implemented the following activities during the year 2012, having achieved its basic objectives :

- ❖ Rehabilitation of canals and road net works
- ❖ Rehabilitation and promotion of water planning systems
- ❖ Activities related to agricultural and livestock development
- ❖ Activities related to institutional development
- ❖ Activities related to forestry and environment
- ❖ Administrative functions
- ❖ Miscellaneous activities

Table 17 - Constructions carried out by the Project within the area

Sub Irrigation Zone	Division	Distribution Canals (km)	Field Canals (km)	No. of Tanks (km)	Roads (km)
5	Dambawinna	49.9	117.7	04	20.7
5	Wijeyapura	50.1	126.5	-	18.5
1	Dimbulagala	74.5	168.9	08	44.6
1	Elle Wewa	64.3	141.8	11	30.4
2	Sevanapitiya	49.3	171.7	10	37.8
2	Senapura	58.0	118.4	05	28.7
3	Sinhapura	52.6	107.2	08	39.3
4	Esalapura	60.0	186.7	08	35.5
4	Sapumalpura	-	-	-	-
	Total	459.3	1138.9	54	255.5

2.6.4 Ridimaliyadde Consolidated Development Project

2.6.4.1 Location of the Project

Ridimaliyadde Divisional Secretariat Division in the Uva Province.

2.6.4.2 Objective of the Project

Enhancing the living conditions of the rural communities through socio-economic infra-structure facilities and introduction of sustainable income sources.

2.6.4.3 Project Components

- Promotion of irrigation networks and agricultural infra-structure facilities
- Supply of irrigated water
- Promotion of social infra-structure facilities
- Development of small and medium scale industries
- Conservation of the environment

2.6.4.4 Role of the Project

- Increasing the capacity of irrigated water
- Cultivation of commercial crops in 1,200 hectares
- 100 Agricultural wells
- Improving the health and sanitation facilities
- Creating income opportunities in livestock resources for 1,000 families
- Increasing the agricultural road network by 70 km
- Increasing the agricultural production in the project area by 50%
- Increasing the women participation in the income earning population by 50%
- Encouraging the younger generation to involve in agro industries and related to agriculture production.

No. of Beneficiaries from the Project	-	14,782 families
Project period	-	05 years (2012-2016)
Total estimated cost	-	Rs. 1,100 million

Table 18 - Annual Progress - 2012

S/No	Activity	Target	Progress
01	Technical Services		
	Construction of buildings (Office and Quarters)	02	
	Construction of school buildings	05	
	Multi-purpose buildings	01	
	Purchase of machinery	03	02
	Road rehabilitation	19.6 km	
	Construction of roads	01.0 km	
	Irrigation development activities	06	
	Construction of wells for drinking water	05	
	Tank rehabilitation	01	
02	Human Resources & Institutional Development		
	Sumaga Programme	20	03
	Construction of sanitary latrines	1050	837
	Introduction and Empowerment of Small Groups	105	200
	Training Programmes with regard to agricultural Production Co-ordination of Training Programmes in respect of Self-Employment	120	180
	Social Mobilisation Programmes	1000	600
	Vocational Training	50	
03	Business Development		
	For Cadju production -Purchase of Machinery	01	
	-Construction of buildings	01	
	-Training activities	04	
04	Agricultural Development		
	Construction of agri-wells	23	03
	Cultivation of Papaw	2000	
	Vegetable cultivation	100	
	50% Contribution for Manioc cultivation	500 farmers	
	Minor Irrigation models	05	
	Training and Awareness	500 farmers	
	Construction of Net Houses for domestic nurseries	500	
05	Livestock Development		
	Purchase of dairy Cows - For Farmers	75	
	- For Farms	10	

Construction of Cattle Sheds – For Ridimaliyadde Farms For Farmers	01 75	
Production of Chicks	10,000	1,000
Construction of Poultry Pens	100	
Construction of Ponds for Ornamental Fish (50% Farmer contribution)	40	
Release of Fingerlings into the reservoirs	50,000	12,000

2.6.5 Weli Oya Consolidated Development Project

2.6.5.1 Project Concept and Objectives

During the past, arrangements were made to evacuate the settlers of Mahaweli system 'L' to secured areas, leaving their farms and houses. The Weli Oya Consolidated Development Project has been planned in order to provide required facilities and to rehabilitate this area along with the development of infra-structure facilities so as to enable the families who left those areas to come back and engage in their agricultural activities.

Accordingly, 6,788 families are to be settled in the Mahaweli System 'L' during the 3-year Project period. They will be provided with irrigated land for this purpose (2.5 acres per family – 0.5 acres for homestead, 01 acre for irrigated agriculture and 01 acre non-irrigated land). The basic objectives of this project are ensuring sustainability of this area by providing social infra-structure facilities and enhancing the living conditions of the settlers through such activities.

2.6.5.2 Location

This Project covers Anuradhapura, Vavuniya and Mullaithivu districts.

Table 19 - Project Activities

Activity	Value (Rs. Million)
Surveying activities	19.8
Clearing of jungles	65.3
Maintaining of Camps for the Settlers and providing transport facilities	722.2
Supply of irrigation infra-structure facilities	1,395.0
Supply of Socio-economic infra-structure facilities	1,001.0
Agricultural Technical development	208.8
Conservation of Environment	100.0
Post-settlement activities	101.8

Operation and Maintenance	293.1
Total	3,957.1

2.6.5.3 Targets of the Project

- Re-settlement of 6788 families in 11 villages
- Development of agricultural lands in the extent of 4,187 ha.
- Construction and improving of market roads (150 km) and hamlet roads (132 km)
- Promotion of social infra-structure facilities
- Post-settlement activities

Table 20 – Proposed Budget

Year 1	Year 2	Year 3	Total
2086.71	1256.6	604.8	3957.1

Table 21 – Progress – 2012

Activity	Target	100% Completed	More than 50% Completed	Between 10 %- 50%
Settlement				
Home Garden (0.5 acres)	6788 (1376 ha)	2550		
Irrigated land (01 acre)	6788 (2750 ha)			
Non-irrigated Land (01 acre)	6788 (2750 ha)	939		
Construction of Roads				
Market Roads Km	150			
Hamlet Roads Km	132			
Diversion Roads Km	842	10	42	5.4
Infra-structure Facilities				
Improvements	23		5	10
Construction of Irrigation				

Works				
Distributory canals Km	110			
Field canals Km	300	2		

Table 22 - Allocation of Funds (Rs. Million)

Year	2013	2014	2015	2016
Amount Allocated	150	500	1900	1520

Table 23 - Agricultural Progress

		YEAR MAHA	2012 YALA
Paddy	Cultivated ha.	1904.3	149.6
	Production mt	7564.1	564.6
Other Field Crops	Cultivated ha.	550.5	445.1
	Production mt	1908.2	1412.8
Livestock and Fisheries	Production mt		309
	Milk		469.87
	Fish		

2.6.6 Rambakkan Oya Consolidated Development Project

2.6.6.1 Location of the Project

Within the Maha Oya Divisional Secretary's Division, Ampara district in the Eastern Province.

2.6.6.2 Objective of the Project

Carrying out land development and re-settlement activities in respect of 3,550 families with an estimated cost of Rs. 1,086 million within a period of 5 years between the period 2012 – 2016.

2.6.6.3 Project activities

1. Promotion of agricultural production and livestock resources development
2. Business development
3. Promotion of social infra-structure facilities
4. Institutional development
5. Development of lands and farms
6. Conservation of environment

2.6.6.4 Targets of the Project

1. Providing 1,400 ha. of new lands for irrigated agricultural development
2. Re-settlement of 3,550 families under socio-economic infra-structure facilities
3. Generate income opportunities for 400 families engaged in livestock development
4. Construction of 100 Tube Wells to ensure water security
5. Increasing the production of Milk by 10% through private sector investors in 3 tourism zones.

Table 24 - Annual Progress 2012

S/No.	Activity	FIN Target	ANCIAL Progress	PHY Target	SICAL Progress
01	Surveys (Ownership and Vocation)	400	165	04	02
02	Survey related activities				
	Conducting field surveys in the Maha Oya Town and the areas where families are to be settled (1600 ha.)	2380	2380	200	242
	Conducting field surveys in the areas which are being cleared for irrigated agriculture land (1750 ha)			1750	875
	Rehabilitation of rural roads (100 km)			37	13.05
	Distribution of Homesteads (4000 Blocks)			1400	100
	Distribution of agricultural lands (2300 Blocks)			1120	442
	Establishment of Resettlement Centres (100 ha.)			60	4
	Marking the borders of Homesteads (4000 Blocks)			600	101
	Marking the borders of agricultural lands (2300 Blocks)			150	150
03	Acquisitions and payment of Compensation	1500	30	900	137

	(Hectares)				
04	Settlement activities (4000 families)	6491	1120		
	Selection of Allottees			520	598
	Distribution of Homesteads			520	56
	Construction of sanitary latrines			100	10
05	Awareness and Training	1950	205	35	10
06	Agricultural Development	5359	640		

CHAPTER THREE

DEVELOPMENT SERVICE DIVISION

The Development Division is comprised of the following five Sub Divisions:

01. Land Division
02. Agriculture Division
03. Livestock Development Division
04. Institutional Development Division
05. Business Development Division

3.1 Land Division

This Division is responsible for the preparation of plans for land use in Mahaweli areas, according to the National Policy and management of that process.

Accordingly, this Division deals with matters such as acquisition of land, alienation of lands to farmers and non-farmer families, complying with the provisions of legislations such as land Development Ordinance, Crownlands Ordinance, Forest Ordinance and Re-acquisition of Lands Act and alienation of lands for state and semi government organizations, Investment Projects and commercial activities.

3.1.1 Activities implemented during the year - 2012

- 1' Selection of eligible allottees for land alienation
2. Alienation of lands among allottees.
3. Issue of permits / grants
- 4' Transferring of ownership of lands.
- 5' Acquisition of lands and compensation payments
- 6' Transfer of lands to State Institutions
- 7' Issue of deeds to 'Poojabhoomi' Lands
8. Alienation of lands for medium scale entrepreneurs.
9. Recovery of lease rentals for the lands.
- 10' Survey maps and valuation reports
- 11' Conducting of Block Days

Table25 - Allotment of lands under Land Development Ordinance - 2012

System	Target		Progress	
	Homestead	Irrigated	Homestead	Irrigated
B	800	200	726	250
H	858	-	-	-
C	3345	-	199	5
Walawe	2870	213	143	58
Vic / Kot	148	-	-	-
Moraghakanda	-	-	96	96
Huruluwewa	256	-	-	-
D	400	629	-	135
Rambakkanoya	350	375	88	125
L	2002	608	630	662
Total	11029	2025	1882	1331

Table 26 -Allotment of Lands under Crown Lands Ordinance - 2012

System	Target	Progress
B	233	162
H	723	3
C	216	8
Walawe	41	-
Vic / Kot	318	-
Moraghakanda	107	1
Huruluwewa	55	3

D	78	-
Rambakkanoya	9	-
L	173	1
Total	1953	178

Table 27 -Issuing of Grants under Land Development Ordinance - 2012

System	Target	Progress
B	2500	3697
H	1544	383
C	2957	848
Walawe	2755	363
Vic / Kot	100	80
Moragahakanda	1210	249
Huruluwewa	1023	485
D	-	-
Rambkkanoya	-	-
L	300	-
Total	12389	6105



Granting of Poojaboomi deeds under the distinguished participation of H.E. the President



Handing over of Ranawirakumbaya by the Hon. Minister



Handing over of Grants at Temple Trees under the distinguished participation of the H.E. the President

Table 28 Income from Rentals (Rs. Million) - 2012

System	Target	Progress
B	32.883	15.42
C	100.490	19.86
Moraghakanda	4.742	1.25
H	185.68	15.5
L	0.206	0.206
Walawe	51.779	15.69
Vic / Kot	95.289	34.13
D	3.116	3.10
Huruluwewa	4.607	2.90
Total	478.792	108.056

Table 28- ProgressReport on Land surveys and preparation of Plans by the Authorized Surveyors at Mahaweli Systems- 2012

S.No	System	No of allotments to be surveyed			No. of survey Applications			No. of survey marks completed			No. of Plans prepared			No. of Plans prepared and submitted		
		Homestead	Irrigated	Others	Homestead	Irrigated	Others	Homestead	Irrigated	Others	Homestead	Irrigated	Others	Homestead	Irrigated	Others
01	B	14006	10218	-	13358	9430	-	5280	5628	-	1421	1196	-	798	946	-
02	C	7174	3365	-	6710	3365	291	1804	1997	-	1342	1290	-	464	277	-
03	H	8605	654	-	8606	654	-	4118	310	-	598		-	598	0	-
04	Huruluwewa	2293	571	-	1533	372		1036	260	-	26		-	26		
05	L	2856	1578	-	2856	924	-	1301	410	-	82			82		-
06	Medirigiriya	0	233	-		233	-	0	144	-	0	144	-	0	144	-
07	Walawe	9762	1708	-	8906	817	-	6492	380	-	2153	6	-	1319	0	-
08	Moragahakanda	1886	505	-	1850	494	-	2316	448	-	267	112	-	267	112	-
09	Vic / Kot	801	0	-	685	0	-	333	0	-	0	0	-	0		-
Total		47383	18832	-	44503	16289	291	22688	9577		5889	2748	-	3554	1479	

Table 29 -Progress in Allotment of Residential lands under RVDB

S. No.	Subject	Grants	Permits
1	No. approved by the Cabinet	171	83
2	No. of Grants issued under prior approval	20	-
3	No. of Grants with the signature image of the H.E. President	15	-
4	No. referred in order to obtain the signature image of H.E. The President	18	-
5	No. of Grants obtained street line certificates	28	-
6	No. referred to obtain Valuation Reports	171	-
7	No. of Valuation Report received	29	-
8	No of Survey Orders issued in respect of lands without Survey Plans	143	83

3.2 Agriculture Division



The special tasks delegated to the Agriculture Division include cultivation activities in the Systems, farm development, promotion of agricultural-products and persuading farmers towards more productive agricultural practices by introduction of agriculture technologies,

experiments and promotions of models in liaison with government and non-governmental organizations.

3.2.1 Activities implemented during the year - 2012

- ❖ 20-22% contribution to the national paddy production.
- ❖ Initiating steps to increase the production of irrigated lands, home gardens and the production of other field crops by 25%.
- ❖ Development of home gardening.

Maintaining model farms by cultivating crops suitable for each region, production of the seeds required for the region within the farm, provision of training and services by establishing an animal husbandry unit. Maintaining a Sales Center for agricultural products in the vicinity of the farm, maintaining the farm in such a manner to assist University Students in their field research and models, maintenance and development of Mahaweli Farms so as to attract tourists.

- ❖ Supplying of high yield seeds and planting materials to the farmers.
- ❖ Taking steps to disseminate the technological knowledge gained through experiments, models and research.



	No. of Units	Target	Progress
Distribution of 2kg packets of Paddy	-	8000	6580
Model Field	-	123	102
Field Days	-	60	47
Distribution of Parachutes, (under 50% farmer contribution)	-	5030	5000
Programme of production of paddy for export	Ha.	1500	480

Table 30 - Promotion of Paddy Production**Table 31 -Production of other Field Crops**

Category	Program	No. of Units	Target	Progress
Soya	Future activities as agreed	-	8890	7500
Groundnuts	Seed producer farmers	-	12	11
Sweet potato	Distribution of suitable planting materials	Kg.	1350	1130
Green gram	Distribution of seeds, under 50% farmer contribution.	Kg.	1200	1000
Cowpea	Distribution of seeds, under 50% farmer contribution.	Kg.	2000	1800
Chillies	Distribution of seeds for cash	Kg.	62000	53500
Chillies	Free distribution of seeds	Kg.	295	255
Maize	Supplying of seeds as agreed Distribution of hybrid seeds under 50% farmer contribution.	Kg.	3000	3000

Big Onions	• Sending to stores for categorization of seeds	Kg.	01	01
	• Reimbursement of transport costs of seeds/bulbs sent for categorization	Kg.	70000	60958
	• Distribution of plastic umbrellas under 50% home contribution	Kg.	1400	3184

Table 32 –Progress of Mahaweli Farms

Crop	Extent Cultivated	Production (metric tons)
Paddy	301	3675
Banana	43	161
Papaw	11	42
Mango	71	08
Dragon Fruit	03	00
Pineapple	06	01
Other fruits	29	26
Vegetables	09	24
Other field crops	83	576
Export crops	01	00

Table 33 –Progress of Seed Production

Category	Unit	Volume
Seed paddy	Bushels	112000
Big Onions	Kg.	3200
Chillies	Kg.	2270
Green gram	Kg.	7700
Cowpea	Kg.	9220

Table34 - Manufacture of Organic Fertilizer

Category	Unit	Volume
Compost	Metric ton	6365
Straw	Metric ton	1130
Cow dung	Metric ton	2500

Table 35 - Progress in Model Farms and Experiments

Subjet / Crop	Physical	
	Target	Physical Progress
Paddy	945	884
Soya	12	08
Sweet potato	03	02
Green gram	860	696
Ground nut	21	13
Chillies	18	16
Maize	24	13
Big Onions	82	94
Papaw	12	08
Home gardening	270	204
Compost production	1500	1158

Table36 -Conducting of Field Days & Progress achieved through Trained Professionals

Crop	Field Days				Training			
	Programme		Farmers		Program		Farmers	
	Target	Progress	Target	Progress	Target	Progress	Target	Progress
Paddy	945	796	37800	27164	155	104	4650	3304
Soya	-	-	-	-	45	28	1350	828
Sweet potato	03	02	120	86	02	02	60	53
Green gram	-	-	-	-	42	21	1260	746
Chillies	28	21	1120	914	82	31	2460	706
Maize	24	13	960	642	49	15	1470	492
Big Onions	45	32	1800	1288	116	68	3480	2168
Papaw	14	14	560	676	21	18	630	503
Ground nut	-	-	-	-	28	15	840	398
Banana	-	-	-	-	88	51	2640	1526
Home garden	155	121	6200	4754	129	117	3870	3642
Compost production	450	384	18000	15056	450	396	13500	12296

Table 37 - Progress in the production of other Field Crops

Crop	Extent Cultivated	Amount of seeds harvested	Production Mt.
Paddy	170000	149805	724663
Big Onion	512	462	5970
Black cowpea	314	214	169
Chillies	355	295	352
Cowpea	449	332	348
Ginger	78	78	117
Green gram	364	292	328
Ground nut	160	108	95
Kurakkan	45	45	63
Maize	3351	1100	2750
Red onions	15	15	214
Soya	2805	1181	2951.5
Banana	6063	6063	126136
Papaw	621	621	18354
Pineapple	58	58	930
Vegetables	1346	608	6080

3.3 Livestock Development Division

The Livestock Development Division is required to perform the following tasks in order to persuade farmers to use new technology to increase the productivity of animal production, adding value to animal production, strengthening the marketing network and to market targeted production:

- Development of milk production
- Development of fresh water fisheries
- Poultry keeping
- Goat
- Piggery
- Bee keeping
- Promotion of dairy farms
- Encouraging farmers for animal production



Table 38 - Progress 2012

S. No.	Task	Unit	Progress
1.	Annual milk production	Liters' 0,000	19,910
1.A	Gross value of milk production	Rs. million	900
2.	No. of dairy farmers at year end	No.	18,150
3.	Heads of cattle in the Mahaweli System	No.	107613
4.	No. of cows artificially inseminated	No.	5212
5.	Supply of high breed cows	No.	86
6.	Establishment of Breeding centres	No.	5
7.	Exchange of calves	No.	50
8.	Diary Societies	No.	269
9.	Bio-gas production plant	No.	3
10.	Compost production units	No.	258
11.	Production of chicken	Mt.	5322
12.	Farmers engaged in chicken production	No.	832
13.	Egg production	No.	4179
14.	Farmers engaged in egg production	No.	3133
15.	Farmers engaged in homestead poultry	No.	5733
16.	Distribution of day old pullets	No.	20948
17.	Construction of sheds for goats	No.	8
18.	Farmers engaged in goat rearing	No.	2020
19.	No. of goats	No.	19405
20.	Mutton production	Mt.	139
21.	Farmers engaged in piggery	No.	114
22.	No. of piggs	No.	4340
23.	Pork production	Mt.	143
24.	Fresh water Fish production	Mt.	8817
25.	Value of fresh water fish production	Rs. m	19
26.	Fishlings storage by (NAQDA)	No.	2236
27.	Number of farmers engaged in Fishlings production (Mahaweli)		4150
28.	Number of farmers engaged in Ornamental Fish production	No.	358
29	ponds	No.	628
30	Storage of fingerlings	No.	21640
31.	Production of fishlings	Pairs'000	17760
32.	Value of ornamental fish produced	Rs. m	57
33.	Fresh water prawn production	Ponds	12
34.	Fresh water fishermen Societies	No.	134
35.	Members in Fresh water fishermen Societies	No.	2244

36 Training programs
 37 Participation

168
 2945

Table39 -Special Diary Projects in System C -Progress in 2012

01.	Farmer Training Programmes	No.	5
02.	Officer Training Programmes	No.	2
2A.	Awareness Programmes	No.	2
03.	Construction of cattle sheds	No.	150
4.	Supply of high bred animals	No.	90
5	Supply of calves under Calves Supply Programme	No.	92



3.4 Institutional Development Division

The following functions are delegated to the Institutional Development Division:
Formation of an Institutional Structure(Farmers Organizations) to undertake the



socio –economic development of the farmer communities living in the areas that come under the purview of the Mahaweli Authority of Sri Lanka, creating a conducive socio-economic environment and a morally developed society through conducting of religious programmes targeting the children and youth, promotion of skills to improve the living conditions of the farmer communities, facilitating the social and cultural development of the society through value enhancing programmes and developing the sporting skills of the Mahaweli children so as to enable them to participate in national level sports competitions.

Accordingly, the Division carried out the following activities during the year 2012:

- ❖ Programmes to upgrade Farmers Organizations
- ❖ Accounts training for Farmers Organisations
- ❖ Programs to share experiences of Farmers Organisations
- ❖ Exhibitions and introduction of agricultural products to the markets
- ❖ Activities related to irrigation management
- ❖ Allocation of distribution canals among Farmers Organisations

Progress at System Level								
1	Farmer Training		42	56	100	375	562	100
2	Training		128	128	100	2435	1671	57
3	Institutional Development Training		5447	4213	90	4949	3536	91
4	Women Programmes		614	527	91	2376	2156	94
5	Mahaweli Games		247	235	95	12500	27180.9	100
6	Socio - Cultural & Health		601	304	46	2423	2219.14	92
7	Youth Education Programmes		33	38	46	720	261.5	36

Table 41 - Progress of Mahaweli Sports

Events	System	Sportsmen/women	Competition Range
100 x 4m- Male	B	J.A.N.S. Jayathilaka W.S.S.P Sooriyabandara AmilaGayan H.A.S. Sampathkumara	42.8
100 x 4m- Female	Walawe	V.D. MeshaiSeniverathna G.A. ShiyamaDulani I.G. IndikaSrimali R. Sumalishanika	4.10.80
3000 Meters walking males	Moragahakanda	M.K.Ranaweera	14.36.40
3000 Meters walking Females	H	L.M.M.S. Jayaratna	16.24.40



Table 42 - Activities of the Farmer Organisations during the year

Activities	Programmes	km		Gross	Total value
Maintenance of Irrigation works	1215	624	59994	16570	
Maintenances of Road and Public Properties	689		17918	5754	22324



Table 43 - Women Small Group Funds

System	No. women small groups	No. of members	Savings(Rs.'000)
B	149	1192	7450.00
C	445	1716	14814.92
D	27	218	316.80
G	49	308	2437.80
H	229	1624	1478.50
L	10	97	183.96
Hurululwewa	43	426	1579.50
Walawe	59	418	758.98
Total		207	-



3.5 Business Development Division

The functions delegated to this Division include: Development of plans for business development utilizing the available irrigation and land resources in the Mahaweli settlement areas, business development initiatives by the private sector, formulation of strategies for the implementation of projects and evaluations, conducting market surveyed, according to the nature of the demand, promotion of small businesses and marketing of Mahaweli products, creating job opportunities to second and third generations and enhancing their entrepreneur skills, promotion of environment-friendly farm based Tourist Projects and fulfilling the capital requirements of investors by launching small & medium scale credit schemes.

Accordingly, the Business Development Division contributed to the implementation of following activities during the year:

- ❖ Activities related to allocation of lands for investment promotion activities within the Mahaweli Systems
- ❖ Entrepreneur development
- ❖ Implementation of Credit Programme for small and medium scale entrepreneurs
- ❖ Implementation of environment-friendly, farm – based Tourism Programmes and promotion of tourism in Mahaweli Systems.
- ❖ Provision of business consultancy services
- ❖ Availing of boat services and C plane projects, entering into agreement and Monitoring
- ❖ Creating of employment opportunities through generating new business avenues and contributing to the national production
- ❖ Marketing services (Implementation of Mahaweli Sales Centres, organizing of fairs to sell produce and creating marketing linkages.
- ❖ Coordinating and monitoring of MASL Companies



3.5.1 Progress achieved during the year

1. Creation of 7650 employment opportunities by providing 6533 hac. of land under 283 commercial projects.

Table 44–Activities under Small & Medium scale Credit Schemes

Banks	Programmes	Projects implemented	No. of projects	Amount
Regional Development Bank	Mahaweli Saviya	Agricultural Development Project	111	18330.000
		Livestock Development	81	12575.000
		Paddy, coconut & food production project	101	16600.000
		Exotic Products Projects	25	11000.000
		Others	178	16990.000
Total			496	75.495.00

The Mahaweli reservoirs provide an ideal opportunity for a Tourism Project and boat services have been introduced in these reservoirs so as to attract tourists and generate income. An annual income of Rs. 2260,000 was earned by providing boat services in Udawalawe, Kandalama, Vicoctoria, Polgolla, DambulluOya and Chandrikawewa reservoirs.

3.5.2 Companies Established under the MASL

Five companies have been established under the MASL and the following companies carry out their business activities in a successful manner:

❖ Mahaweli Consultancy Bureau

The functions carried out by this company include conducting hydraulic, safety and environmental studies in respect of projects implemented by the Ministry of Irrigation and Water Resources Management, preparation of Project Reports and

Environment Impact Assessment Reports, engaging engineers as Construction Consultants

❖ **Natural Resources Management Services (Pvt.) Ltd.**

This consultancy company is engaged in conducting environmental studies, environmental impact assessments and socio-economic surveys.

❖ **Mahaweli Livestock & Agro Enterprises (Pvt.) Ltd**

A livestock products factory is maintained by this company at Girandurukotte to process agricultural products. The products made by this company includes yoghurt, curd, condensed milk and ice-cream.

CHAPTER FOUR

Human Resource and Financial Management Division

4.1 Human Resource Management Division

The main functions handled by the Human Resource Management Division includes preparation of Human Resources Plans covering 4200 employees of the Mahaweli Authority of Sri Lanka, selection and recruitment of staff, implementation of capacity development programmes, placement of staff, determining job description for each position, evaluation of performance, promotions, retirements, staff emoluments and other benefits, monitoring of staff placement, maintenance of discipline, implementation of the relevant labour laws with regard to the administration of staff, implementation of the judgements given by the relevant constitutional bodies, allocation of vehicles, official quarters, holiday homes, conference halls, training centres owned by MASL and administration and management.

Table 45 - No. of Employees 2012

S/No.	Category	Total Employees
01	Permanent Employees	3918
02	On Secondment Basis	03
03	On Contract Basis	214
04	On Probation	53
	Total	4188

Table 46 - Overall Performance - 2012

S/No.	Function	Performance
01	New Recruitments, Promotions to Grades	276
02	Retirements and Terminations	371
03	Provision of Benefits	371

4.2 Capacity Development for the Staff

Training Programmes are being planned and implemented under the following three main themes :

- (i) Training Officers
 - Internal Training Programmes
 - Training at External Institutions (Local Scholarships)
- (ii) Training Programmes to issue Certificates at NVQ levels
- (iii) Creation of computer softwares and operation of computer systems

4.2.1 Officer Training

An amount of Rs. 12 million was allocated to conduct training programmes and as at end of 2012 an amount of Rs. 12.583 million was spent in this regard.

4.2.1.1 Officer Training – Internal

Under internal training, 47 Officer Training Programmes were conducted, covering themes such as Raising of awareness, Management Development, Capacity Development and Skills Development.

1505 Officers, in all categories participated in these training programmes. A minimum training of 50 hours was given to each officer.

4.2.1.2 Officer Training – External

48 Officers were sent for external training, covering government approved training programmes, NVQ level programmes, as well as Diploma and Degree level courses.

Institution/Course	No. of Participants
Agriculture Diploma – Dept. of Agriculture	35
English Diploma – Jinaratne Technical Institute	01
Social Development Diploma – Cooperative College	04
Construction Training & Development Institute	01

4.2.2 Training Programmes to award NVQ Certificates

Nawa Medagama Agricultural Training Centre was registered under the Tertiary Education Commission under No. P18/0057 in order to link the training activities of this Centre with the National Level Courses. After this registration, this Centre has commenced NVQ Level 4 Certificate Courses, such as Agriculture Field Assistant, Livestock Development Assistant, Nursery Management and Park Beautification. At present this Centre has been accredited as an Institute which award International Level Certificates for training.

In addition to that, arrangements have been made for accreditation to award NVQ Level 5 and 6 in Agricultural Production Technology.

- Awarding of NVQ Level 4 Certificates to 76 Field Assistants.
- Awarding of NVQ Level 4 Certificates to 03 Technical Assistants.
- Awarding of NVQ Level 4 Certificates to 02 Welders.

4.2.3 Computer Software - Creation and Operation of Computer Systems

A Human Resources Management System has been created for the Mahaweli Authority of Sri Lanka and up to now data related to the Head Office, Victoria Project and Moragahakande Resident Business Manager's Office have been fed into this system and they remain operational. The introduction of this system takes place under the supervision of the Information Technology Institute.

4.3 Formulation of Recruitment Scheme

Although instructions were issued to the Mahaweli Authority of Sri Lanka by Circular No. 80 of 2006 to determine a new cadre and to formulate a scheme for recruitment, this task has been delayed for several years. In order to redress this delay, a Recruitment Scheme was finalized to recruit 191 employees and submitted to the Management Services Department for approval.

Table 47 – Allocation of Holiday Homes and Income Received

	Holiday Homes	No. of Rooms	Income Received
01	Kalawewa	05	727000.00
02	Thambuttegama	04	42000.00
03	Kotmale	04	167500.00
04	Weli Oya	04	52500.00
05		06	27500.00
06	Maduru Oya	03	40500.00
07	Dehiattakandiya	07	119500.00
08	Randenigala	03	77000.00
09	Pimburaththewa(Wewa)	04	98000.00
10	Pimburaththewa(Mard)	04	34000.00
11	Ruhunuketha	10	188500.00
12	Embilipitiya	08	26500.00
13	Bakamuna	04	12500.00
14	Polgolla	03	1500.00
	Total		1614500.00

4.4 Legal Division

As per the MASL Act No. 23 of 1979 and the other 23 Incidental Acts, the following main functions have been delegated to this Division : Planning of legal actions, preparation and implementation of various legal contracts between different organizations and persons, co-ordination with Parliamentary Advisory Committees, Petition Committees, Parliamentary Commissioner for Administration, Arbitration, Labour Tribunals and Human Rights Commission with regard to the complaints submitted in respect of Employer/Employee issues.

Table 48 - Overall Performance - 2012

Court	No. of cases pending at the commencement of the year	Year 2012			No. of cases pending at year end
		No. of Cases heard		No. of Cases Completed	
Supreme Court	9	2	3	0	12
Appeal Court	21	8	13	0	34
Civil Appellate Court	14	5	1	4	11
Commercial High Court	2	2	0	1	1
High Court	6	1	2	0	8
District Court	67	4	3	0	69
Magistrate Court	2	1	0	1	1
Labour Tribunal	18	4	0	3	15
Arbitration	10	8	0	0	10
Total	149	35	22	9	161

4.5 Finance Division

The main functions delegated to the Financial Management Division include :

Preparation of estimates according to Corporate and Annual Plans of the Organisation, preparation of Budgetary proposals in order to obtain allocations made for the Mahaweli Authority of Sri Lanka under the National Budget, estimation of monthly fund requirements and receipt of funds from the Treasury, preparation of annual estimates for National and Foreign Projects, payment of staff salaries and other payments, management of physical assets responding to the Audit Queries, providing information to the Parliamentary Committee on Public Enterprises (COPE).

Table 49 - Funds allocated and the expenditure incurred for the Organisation during the year 2012

Expenditure Head	Details	Capital Source	Amount Allocated	Expenditure
152-2-4-1503	Recurrent Expenditure	Local	1,950,000,000	1,936,700,193
152-2-4-2201	Capital Expenditure	Local	1,050,000,000	91,291,409
152-2-4-2201	Other Mahaweli Projects Weli Oya Development Project (Kiwul Oya)	Local	100,000,000	3,353,069
152-2-5-2001	Mahaweli Integrated Project	Local	500,000,000	450,000,000
152-2-4-2201	Rambakkanoya Development Project	Local	100,000,000	28,805,463
152-2-4-2201	Machinery and Equipment	Local	200,000,000	42,956,000
152-2-5-2105	Ridimaliyadde Development Project	Local	100,000,000	45,781,686
	Total		2,050,000,000	1,486,167,627

Table 50 - Assets, Properties and Equipment

Description	2011.01.01 Cost	Purchases	Sales Cons- truction	2011.12.31 Cost	Depre- ciation	Value after Depreciation
Land and Buildings (Office)	1261643	23804		1285448	161285	1124163
Land and Buildings (Others)	2816207	12320	14870	2813657	667286	2146372
Vehicles	906420	115554	85354	936620	728319	208301
Office Equipment	49635	8554	1437	56752	27622	29130
Generators	13547	88		13636	9562	4073
Machinery and Equipment	15459	669	160	15968	10251	5717
Machinery and Equipment (Construction)	178416	28890	27	207279	116005	91273
Machinery and Equipment (General)	69659	10274	2248	77686	39236	38449
Furniture and Fittings	89018	6551	978	94590	37279	57311
Computers and Accessories	53384	9151	2467	60069	32807	27262
Total		215856	125955	5561704	1829652	3732052

4.6 Mahaweli Security Corps

Main functions handled by the Mahaweli Security Corps include ensuring the security of lands, buildings, quarters, large irrigation systems, reservoirs, power plants, work sites, employees and settlers coming under the purview of the Mahaweli Authority of Sri Lanka, extending support with regard to security related matters in conducting special functions with VIP participation and providing security in implementing Forest Ordinance and Acquisition of Possession Act. Accordingly, Security Officers are deployed under 40 Detachments covering 10 security areas and security duties are being carried out at Resident Project Managers' Offices, project offices and all Engineers' Offices attached to main reservoirs

4.7 Mahaweli Centre

The Mahaweli Centre was established with the objective of formulation of policies for the promotion of education, culture and social development of the children living within the Mahaweli areas, promoting the artistic talents, communication, media skills and moral development of the Mahaweli community and the staff, maintaining of an Irrigation Museum in order to raise awareness among the community on hydraulic civilization and traditional farming systems.

Accordingly, during the year 2012, activities have been carried out in such a manner to achieve these objectives. The Centre functions as an Information Centre highlighting the progress achieved in Mahaweli development with the backing of ancient hydraulic civilization. It has also resulted in social and cultural development among the Mahaweli settlers. This Centre has also contributed for the sustainable development process through exploring the proud heritage of our hydraulic civilization, development concepts and skills. Information has been provided by this Centre to the school and University students and other organizations required for planning. The progress achieved during this year is indicated below :

- ❖ Conducting of 8 “Gee Rasa Vinisa” cultural programmes.
- ❖ Publication of 3 issues of Diyawara Waari (For 3 quarters).
- ❖ Conducting a Course on the theme of production and direction of TV programmes.
- ❖ Production of a short documentary film to coincide with the Mahaweli Art Festival
- ❖ Officially launching the construction activities of the National Hydraulic Museum.

4.8 Transport Division

Mahaweli Authority of Sri Lanka maintains 467 Nos. of vehicles. The task such as acquiring of such vehicles, maintenance and management has been assigned to this Division. At present most of the vehicles remain road-worthy and during the year the Transport Division has implemented the following activities :

Table 51 - Repairing of Vehicles - 2012

S/No.	Activity	No. of Vehicles	Expenditure Rs. Cts.
01	Major repairs	16	1,255,777.29
02	Servicing of vehicles	82	1,206,623.52
03	Re-fixing Tyres, Tubes	20	676,772.02
04	Re-fixing of Batteries	26	311,260.02
05	Insurance	95	1,499,001.85
06	Renewal of Insurance	86	689,763.22
07	Emission Tests	41	37,075.00
08	Inspection Reports and Fitness Certificates	03	1,500.00
09	Semi-Luxury Tax	11	533,120.00

Chapter Five

5.1 Companies established under the MASL

Some of the business activities carried out by the MASL have been commercialized and management of those activities has been handed over to the following companies, registered under the Companies Act:

- 1. Mahaweli Livestock & Agro Enterprises^Pvt&Ltd**
- 2. Mahaweli Venture Capital (Pvt) Ltd**
- 3. Mahaweli Consultancy Bureau (Pvt)Ltd**
- 4. Natural Resources Management Services (Pvt) Ltd**
- 5. MahaweliEngineering services (Pvt) Ltd**

Table52 -Performance of the Companies during the year 2012

S.No	Company	Functions performed during the year/status
01	Mahaweli Livestock & Agro Enterprises (Pvt) Ltd	<ul style="list-style-type: none"> ❖ Collection of milk from the farmers of the area and provision of services ❖ Milk products ❖ Supply of pullets to the farmers under the Village Poultry Project ❖ Supply of buffaloes to the Department to Animal Production and Health to be used as studs ❖ Production and marketing of high quality broilers
02	Mahaweli Venture Capital Company (Pvt) Ltd	<ul style="list-style-type: none"> ❖ Income has been generated by an investment of Rs 9.5 million in Treasury Bills and from the Dolomite Project located in Digana: From Treasury Bills 740,314 From Dolomite Project 1,062,590 ❖ The Company has become defunct because of its failure to recover loans amounting to Rs 8.6 million granted to investors. ❖ It has been decided to liquidate this loss making company as recommended by the Parliament Committee on Public Enterprises(COPE)
03	Mahaweli Consultancy Bureau (Pvt) Ltd	<ul style="list-style-type: none"> ❖ Operational income has been generated during the year 2012 by following Feasibility Studies and Contracts: Feasibility Studies North western main cannal, Rs 21 m Uma Oya Rs 4.9 m

S. No	Name of the company	Year of establishment	Registration	Shareholders	Shares	Chairman	Board	Address of the Head Office	Status of the company as at 2012	Whether accounts audited for 2012	Net profit / loss for 2012
1	Venture Capital Company (Pvt) Ltd	1997-03-17	Under Company Act No.7PV9854 of 2007	Mr. K.H.SGunathilaka Mr. LalithGodamunna Mr. Paul Leslie Benedict	01 01 01	Nil	Operation manager Mr. Wigithasena, Mr. RathnasiriVeralagala	No. 96 Mahaweli Centre Building, AnandaKumarasamy Mawaths Colombo 7	Defunct proposed to close down	2012/2013 Audit draft report submitted	(67.194.99)
2	Mahaweli Livestock & Agro Enterprises (Pvt) Ltd	1999-06-14	Sort for registration as per Company Act No. 07 of 2007 Old registration N(PVS)23849	MASL	Yet to be issued	Nil	Mr.M.D. Piyatilaka Mr. Edward de Mel Mr. Nimal Mahawatta, Mr. Osman de Silva	No. 260/20, Baseline Road Colombo 09	Functional	No	(2.468.780.42) This loss includes the depreciation of the previous assets of the Company
3	Mahaweli Consultancy Bureau (Pvt) Ltd	1998-06-18	Under company Act No.7 of 2007PV238	MASL Mr.	6384 01	Mr.HarsahaSamaraweer	Mr. Elakanda Mr. GaminiWegen	No. 11, Jawatta Road, Colombo	Functional	Audited	(332.990)

			49	TissaSenaratne		a	ayaka	05			
4	National Resources Management Services (Pvt) Ltd	1999-07-30	Under company Act No.7 of 2007 PV4398	MASL Mr. H.M. Mantritolaka Mr. D.R. Wanigarathna	1500 01 01	MrK.W. N.D.Karunaratna	Mr.A.M.K.B.Attanayaka Mr.B.W.M.W.Senaratne	Dam Site, Polgolla	Functional	Audited	(444.164)
5	Mahaweli Engineering Services Company	1999-08-14	Under company Act No.17 of 1982	MASL Mahaweli Venture Capital Company	01 01	Nil	Mr. NishanthaPiyasena Mr.N.M.Abeyratne	No. 100, Kaldemulla Rd, Ratmalana	In the process of liquidation	Audited upto 2013	(59.408)

PART II

ANNUAL ACCOUNTS

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The Mahaweli Authority of Sri Lanka (MASL) was established under the Act No. 23 of 1979. The functions of the Mahaweli Authority of Sri Lanka are set out in Section 12 and is entrusted with the task of implementing the Mahaweli Development Programme.

According to the Mahaweli Act, the functions of the Authority in, or in relation to, any Special Area shall be :

- (a) To plan and implement the Mahaweli Ganga Development Scheme including the construction and operation of reservoirs, irrigation distribution systems and installation of plants for the generation and supply of electrical energy. Provided, however, that the function relating to the distribution of electrical energy may be discharged by any authority competent to do so under any other written law.
- (b) To foster and secure the full and integrated development of any Special Area.
- (c) To optimize agricultural productivity and employment potential and to generate and secure economic and agricultural development within any Special Area.
- (d) To conserve and maintain the physical environment within any Special Area.
- (e) To further the general welfare and cultural progress of the community within any Special Area and to administer the affairs of such area.
- (f) To promote and secure the participation of private capital, both internal and external, in the economic and agricultural development of any Special Area.
- (g) To promote and secure the co-operation of Government Departments, state institutions, local authorities, public corporations and other persons, whether private or public, in the planning and implementation of Mahaweli Ganga Development Scheme and in the development of any Special Area.

The Mahaweli Authority of Sri Lanka comprises five Subsidiary Companies and one Associate Company. They include: Mahaweli Venture Capital Company (Pvt) Ltd., Natural Resources Management Services (Pvt) Ltd., Mahaweli Livestock and Agro Enterprises (Pvt) Ltd., Mahaweli Engineering Services (Pvt) Ltd., Mahaweli Consultancy Company (Pvt) Ltd., and Mahaweli Livestock Enterprises Company (Pvt) Ltd.

All the above companies have been incorporated under Companies Act No. 07 of 2007 and carry out the following principal activities :

Principle Activities of Mahaweli Companies

Subsidiary Companies

A) Mahaweli Venture Capital (Pvt) Ltd.

- i] Provision of credit facilities for Mahaweli Entrepreneurs.
- ii] Undertaking of commercial ventures to generate funds for the Company.

B) Natural Resources Management Services (Pvt) Ltd.

- i] Provision of professional advice and services in the field of Natural Resources Management such as designing constructions, conducting training, hydrological monitoring, land use mapping, catchments conservation and forestry etc.
- ii] Provision of information and data and preparation of Feasibility Studies, Environmental Impact Assessments (EIA), Initial Environmental Evaluation Reports, etc.

C) Mahaweli Livestock and Agro Enterprises (Pvt) Ltd.

- i] To make available high quality animals to Mahaweli farmers.
- ii] Production and marketing of dairy and meat products.

D) Mahaweli Engineering Services (Pvt) Ltd.

- i] Servicing and repairing of light and heavy machinery and equipment.
- ii] Undertaking land development contracts and hiring out of heavy machinery.

E) Mahaweli Consultancy Bureau (Pvt) Ltd.

- i] Provision of consultancy services in the fields of construction of buildings, irrigation works, land drainage and roads.
- ii] Undertake of construction contracts in the fields of construction of buildings, Irrigation works, land drainage and roads.

Associate Company

A) Mahaweli Livestock Enterprises Ltd.

- i] Broiler production and marketing.
- ii] Broiler buy back arrangements with Mahaweli farmers.

2. Basis of Preparation

2.1 Statement of Compliance : The Financial Statements comprise The Statement of Financial Position, Statement of Performance, Statement of Changes in Net Assets/Equity, Cash Flow Statements and Notes to the Financial Statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The Accounting Policies adopted are consistent with those used in the previous financial year.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the revaluation of property, plant and equipment.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees. All Financial Information presented in Rupees has been rounded to the nearest Thousand.

2.4 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and result may differ from these judgements and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to Accounting Estimates are recognized in the period in which the estimates are revised, if the revision affects only that period.

2.5 Changes in Accounting Policies

The Accounting Policies adopted are consistent with those of the previous Financial Year except for changes made to the other financial assets, Dam Safety and Water Resources Management Project and Moragahakanda Project.

3. Significant Accounting Policies

The Accounting Policies set out below have been applied consistently to all periods presented in those Financial Statement.

3.1 Basis of Consolidation

3.1.1 The Consolidated financial statements are prepared by consistent application of consolidated procedures, which include amalgamation of the financial statements of the parent and subsidiaries on the basis of reported results and of the equity method. Thus, the consolidated financial statements present financial information about the M.A.S.L. as a single economic entity.

3.1.2 Draft financial statements are used for the consolidation purpose since –

- a] The audit of the financial statements of the companies are being under process and,

- b] The reporting financial year of the companies is different that of the Authority.

3.2 Property, Plant and Equipment

3.2.1 The cost of the assets purchased after 01.01.2009 comprises its purchase price or cost of construction and any directly attributable cost of bringing the asset to working condition for its intended use and the assets purchased or constructed before the above date were revalued and taken into the account with effect from 01.01.2009.

3.2.2 The provision of depreciation is calculated on the cost of revaluation of all properties, plant and equipment other than free hold land, on a straight line basis such that the cost of the asset is amortized over the period appropriate to the estimated life of the type of asset. Depreciation is charged applying the depreciation rates given below from the month the asset is available for use. In the case of Motor Vehicles 10% scrap value is allowed before applying rates of depreciation :

1]	Buildings – Office	2-1/2 %	per annum
	Others	5%	per annum
2]	Motor Vehicles	20%	per annum
3]	Machinery and Equipment – Office Equipment and Welfare Items	15%	per annum
4]	Machinery and Equipment – Generators	15%	per annum
5]	Machinery and Equipment – Construction	15%	per annum
6]	Machinery and Equipment – General	15%	per annum
7]	Furniture and Fittings	10%	per annum

8]	Computer and Accessories	20%	per annum
9]	All assets of DSWRP Project	20%	per annum

3.3 Investments

3.3.1 Investment in Associate Company

Investment in the Associate Company is accounted for at cost and is classified as a long term investment in the Balance Sheet. Since the Authority has no significant influence in the financial and operating policy decisions of the investing company, the adoption of the equity method is inappropriate.

3.3.2 Other Investments

Other investments are treated as long term investments in Balance Sheet and stated at cost.

3.4 Other Financial Assets

Other financial assets are stated in the Balance Sheet at cost.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Provision has been made where necessary for slow moving, defective and obsolete stocks.

3.6 Trade and Other Receivables

Trade and other receivables are stated at the values estimated to be realized net of provision for bad and doubtful receivables.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank overdrafts that are repayable on demand and form an integral part of the MASL cash management. They are included as a component of cash for the purpose of the Statement of Cash Flows.

3.8 Foreign Aid

The utilization of foreign aid is reported in the cumulative payments made by Donor Agencies up to 31st December 2010. Expenditure in foreign currencies was converted to Rupees on the exchange rates prevailing on the dates of payments.

3.9 Liabilities and Provisions

Liabilities classified as Current Liabilities on the Balance Sheet are those obligations payable on demand and within one year from the Balance Sheet date. Items classified as Non-current Liabilities are those obligations which expires beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the financial statements.

3.10 Retiring Benefit Plan

Provision has been made for payment of retirement gratuities for all employees. The computation of the provision is based on half month's qualifying Salary at the end of the financial year, for each year of service commencing from the first year of service.

3.11 Income Statement

3.11.1 The MASL revenue represent recurrent grant received from the General Treasury, lease rental Income from state land under administration of MASL., royalties from quarters and income from investments and interest.

3.11.2 Revenue is recognized to the extent that it is probable that economic benefits will flow to MASL and that it can be reliably measured. Lease rentals, other rents, royalties and interest income is recognized on an accrual basis.

3.11.3 An amount of Rs.389.375 million is stated as the income for the year from lease rentals and this amount also include arrears rentals, not accounted for in the previous years.

3.12 Expenditure

All expenses incurred in a day to day operation of the organization and maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit / loss for the year; provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant and equipment.

3.13 Post Balance Sheet Events

All material events occurring after the date of Balance Sheet were adjusted where necessary.

3.14 Contingencies

The contingent liability as at 31.12.2011 on various litigations filed against Mahaweli Authority of Sri Lanka was Rs.144.23 million.

Mahaweli Authority of Sri Lanka,
No. 500, T.B. JayahMawatha,
Colombo 10

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 31.12.2012

	Not e	Group		Authority	
		Rs' 000 2012	Rs' 000 2011	Rs' 000 2012	Rs' 000 2011
ASSETS					
Noncurrent Assets					
Property Plant and Equipment		3,732,900	4,011,792	3,638,945	3,916,040
Investment		137,590	135,392	69,879	71,879
Work in progress		12,821		12,821	12,821
Total Non-Current Assets		3,883,311	4,147,184	3,721,545	4,000,740
Current Assets					
Inventories / stocks		101,801	157,725	151,211	132,913
Trade and Other Receivables		893,430	684,392	1,278,726	1,032,354
Prepayments		1,548	19,470		3,492
Bank Guarantees		2,210	2,160		
Cash and Cash Equivalents		121,802	143,521	98,549	142,139
Total Current Assets		1,180,791	1,007,268	1,528,486	1,310,898
Total Assets		5,064,102	5,154,452	5,250,131	5,311,638
LIABILITIES					
Current Liabilities		472,849	364,983	422,436 ,	288,827
Payables		61,525	47,494	45,717	31,468
Accrued Expenses		534,374	412,477	468,553	320,295
Total Current Liabilities					
Non-Current Liabilities					
Provision for Gratuity		1,077,205	1,022,674	1,075,013	1,021,217
leases		9,269			
Deferred Tax		612	612		
Total Non-Current Liabilities		1,087,086	1,023,286	1,075,013	1,021,217
Total Net Assets		3,442,642	3,718,689	3,706,565	3,970,126
Net Assets/Equity					
Accumulated Fund		22,870,420	23,009,463	22,851,058	22,989,946
Reserves- B/F Balance of Income and Expenditure A/C		(22,542,434)	(22,405,480)	(22,188,394)	(22,063,797)
Revenue reserve - Companies		53,560	53,560		
Revaluation Reserve		3,061,097	3,061,146-	3,043,901	3,043,978
Total Net Assets /Equity		3,442,642	3,718,689	3,706,565	3,970,127

IndraniRamanayaka
Director Finance
MASL

GaminiRajakaruna
Director General
MASL

Mahaweli Authority of Sri Lanka
No. 500 T.B. Jaya Mawatha
Colombo 10

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2012

Authority					
				Group	Authority
Rs'000	Rs'000			Rs'000	Rs'000
2011	2011		Schedule	2012	2012
		Income			
181,584	181,584	Taxes		389,376	388,298
18,281	18,281	Royalty		73,105	72,270
10,862	10,862	Consultancy			
	53,184	Contract Services		13,669	
12,916	14,600	Farm Produce Sales		10,241	7,740
19,160	19,160	Revolving Income		13,362	13,362
	4,797	Investment Income (MCB, NRMS & Venture Capital)		1,144	
72,463	73,218	Other Income		132,160	107,760
315,266	375,686	Generated Income		633,057	589,430
1,780,000	1,780,000	Treasury Grants - Recurrent		1,735,500	1,735,500
867,289	867,289	- Capital		1,471,388	1,471,388
2,962,555	3,022,975			3,839,945	3,796,318
		Less : Expenses			
1,700,401	1,709,360	PersonelEnoluments		1,826,449	1,814,010
25,548	25,798	Travelling &Subsistences		25,456	25,240
69,800	72,346	Supplies / Transportation		89,784	86,739
22,116	22,255	Maintenance Expenditure		26,101	25,822
64,322	67,127	Contractual Services		77,798	77,244
2,313	2,313	Insurance		1,190	1,103
36,217	83,316	Other Expenses		29,965	27,901
383,746	389,530	Depreciation		400,383	395,222
14,898	14,898	Provision for Bad Debts		2,814	2,814
867,289	867,289	Rehabilitation, Improvement, other			

		Maintenances				
		Community Development & Settler Service			1,471,388	1,471,388
3,186,650	3,254,232	Total Operating Expenses			3,951,330	3,927,483
(224,095)	(231,257)	Surplus (Deficit) from Operating Activities			(111,384)	(131,165)
7,595	7,595	Add Profit / Loss on Disposal of Fixed Assets			6,568	6,568
		Less: Taxes				
(216,500)	(223,662)	Net Surplus / (Deficit)			(104,816)	(124,597)
(21,847,297)	(22,213,956)	Balance B/F as at 01.01.2012			(22,437,618)	(22,063,797)
(22,063,797)	(22,437,618)	Net Surplus (Deficit) Brought Forward			(22,542,434)	(22,188,394)

Sri Lanka Mahaweli Authority,
No. 500, T.B. Jaya Mawatha
Colombo 10.

CASH FLOW STATEMENT - FOR THE YEAR ENDED 31st DECEMBER 2012

		Group	Authority
		2012	2012
		Rs. '000	Rs. '000
Cash Flows From operating Activities (With adjustment for the previous year)		(143,521)	(131,165)
Non- cash Transaction			
	Depreciation	400,384	395,222
	Provision for Gratuity	51,099	50,808
	Provision for Obsolete Items	2,814	2,814
	Increase/decrease in accrued expenses	14,031	14,419
Operational Activities			
	Increase/decrease in payables	120,567	134,008
	Increase/decrease in Stocks	(6,890)	(18,298)
	Increase/decrease in other receivables	(191,199)	(242,880)
		247,318	204,758
Net Cash flow from operations			
Cash flow from investments			
	Movement in properties, machineries & equipment	(121,491)	(117,952)
	By Sales of Assets	6,568	6,568
	investments & work in progress	(15,019)	2,000
	Maintenance expenses in Capital Nature	(1,471,388)	(1,471,388)
Net Cash flow from Investment Activities		(1,601,330)	(1,580,772)
Cash flow from Financial Activities			
	Capital Grants	1,332,296	1,332,424
		1,332,296	1,332,424
Net cash flow from Financial Activities			
	Net increase/decrease in cash & cash equivalents	(21,717)	(43,590)
	Balance of Cash & Cash Equivalent as at 01.01.2012	143,521	142,139
Cash & Cash Equivalents on 31.12.2012		121,802	98,549

Mahaweli Authority of Sri Lanka,
No.500, T.B. Jaya Mawatha,
Colombo 10.

Description	Property Machinery & Equipment	Other assets	Work on progress	stocks	Trade & other receivables	Cash & cash equivalents	creditors	Accrued Expenses	Accumulated Funds	Income/expense fund A/C Balance B/F	Reserves
Balance as at 01.01.2011	5,142,567	60,968,207	4,289,344	154,229	1,798,652	142,295	365,605	52,340	90,053,704	(22,022,705)	3,113,316
Adjustments											
01. Assets/expenses- Ministry Projects DSWRM Moragaha Kanda – Kaluganga Project	(653,252) (603,275)	(1,341,506)	(4,289,344)	(21,316)	(554,667) (21,631)	(156)	(27,774) (49,004)	(20,882)	(2,491,651) (4,945,406)		(69,338)
02. Errors in categorization of expenses		(59,626,701)									
03. Maintenance expenses of capital nature - 2011									(59,626,701)		
04. Allocation for Gratuity payments- Moragaha Kanda – Kaluganga Project										(41,092)	
	3,916,040	0	0	132,913	1,032,354	142,139	288,827	31,468	22,989,946 (19,517)	(22,063,797)	3,043,978

Financial Information
Mahaweli Authority of Sri Lanka,
No. 500, T.B. JayahMawatha,
Colombo 10

Statement on Changes in Equity

	Group			Rs.'000
	Consolidated Fund	Reserves	Retained Earnings	Total
Balance as at 1. 1 2011	20,358,803	3,116,032	(22,287,186)	1,187,649
During the year	2,650,660	(1,326)	(150,432)	2,498,902
Balance as at 31.12.2011	<u>23,009,463</u>	<u>3,114,706</u>	<u>(22,437,618)</u>	<u>3,686,551</u>
Balance as at 1.1.2012	23,009,463	3,114,706	(22,437,618)	3,686,551
During the year	(139,043)	(49)	(104,816)	(243,908)
Balance as at 31.12.2012	<u>22,870,420</u>	<u>3,114,657</u>	<u>(22,542,434)</u>	<u>3,442,643</u>
Statement on Changes in Equity		Authority		Rs.0'000
	Consolidated Fund	Reserves	Retained Earnings	Total
Balance as at 01.01.2012	19,477,445	3,248,508	(21,847,297)	878,656
During the year	3,512,501	(204,530)	(216,500)	3,091,471
Balance as at 31.12.2011	<u>22,989,946</u>	<u>3,043,978</u>	<u>(22,063,797)</u>	<u>3,970,127</u>
Balance as at 01.01.2012	22,989,946	3,043,978	(22,063,797)	3,970,127
During the year	(138,887)	(77)	(124,597)	(263,561)
Balance as at 31.12.2012	<u>22,851,059</u>	<u>3043,901</u>	<u>(22,188,394)</u>	<u>3,706,566</u>

PART III

Audit Report



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

LP/C/MASL/FA/2012/55

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

09 September 2014

The Director General

Mahaweli Authority of Sri Lanka



Report of the Auditor General on the Financial Statements of the Mahaweli Authority of Sri Lanka and its subsidiary companies for the year ended 31 December 2012 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971

Reference to my report even number dated 10 June 2014 on the above subject.

02. The English version of the above mentioned report is sent herewith.


H.A.S. Samaraweera
Auditor General

Copies to: 1. Secretary - Ministry of Irrigation and Water Resources Management
2. Secretary - Ministry of Finance and Planning



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Your No.

දිනය
திகதி
Date

10 June 2014

The Director General

Mahaweli Authority of Sri Lanka



Report of the Auditor General on the Financial Statements of the Mahaweli Authority of Sri Lanka and its subsidiary companies for the year ended 31 December 2012 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971

The audit of consolidated financial statements of the Mahaweli Authority of Sri Lanka and its subsidiary companies for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was furnished to the Director General of the Authority on 26 May 2014.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.



1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority for the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Authority. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1:4 Basis for Qualified Audit Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.



2. Financial statements

2:1 Qualified Audit Opinion- Group

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the consolidated financial statements give a true and fair view of the financial position of the Mahaweli Authority of Sri Lanka and its subsidiary companies as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

Qualified Audit Opinion- Authority

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Mahaweli Authority of Sri Lanka as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Consolidated Financial Statements

Amalgamation of accounts

Financial statements had been prepared by amalgamating accounts of the Authority and its five subsidiary companies.

Following observations are made in this connection.

- (a) Three major projects had been included in the consolidated financial statements of the Authority in the preceding year and two projects which were directly implemented under the Ministry had been removed from the accounts of the Authority in 2012.



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 Auditor General's Department

- (b) The financial year of the subsidiary companies being 01 April to 31 March, only the accounts of 04 companies relating to 03 months were audited accounts while the accounts relating to the remaining 09 months were not audited accounts. Accounts of one subsidiary company had not been audited since 2007.

2.2.2 Accounting Policies

Decrease in non-current liabilities.

Expenditure for infrastructure facility development and improvement, construction of roads, and expenditure for community development, maintenance of agricultural and irrigation facilities had been shown as other financial assets under non-current liabilities up to the year 2011 and a decision had been taken to identify them as capital maintenance expenditure and write off through the financial performance statement annually.

Accordingly, Rs 1.471 million had been written off in 2012. Further, other financial assets brought forward in the consolidated statement of financial position as at 31 December 2011 amounting to Rs.59.63 billion had been written off against the Accumulated Fund. Accordingly, assets in the consolidated statement of financial position as at 31 December 2012 had decreased by 95 per cent as compared with the previous year. The approval of the Board of Directors in respect of changing accounting policies had not been furnished to audit. I had been informed by the reply of the Director General dated 04 December 2013 that, the relevant documents had been referred to the Department of State Accounts for obtaining approval in this regard.

2.2.3 Accounts receivable and payable

In terms of the financial statements as at 31 December 2012, the balance of the trade and other receivable amounted to Rs.893.4 million and out of which a sum of Rs.478.7 million was lease income receivable and it represented 53.5 per cent of the income receivable. Following observations are made in this connection.



- (a) According to the reports of the land division it was revealed that, Rs.370 million or 87 per cent of the receivable income was lease income receivable. Out of such lease income Rs.170 million or 45 per cent was recoverable from Zone "H" while 21 per cent was recoverable from Zone "C".
- (b) The rental receivable for the year with regard to the lands granted by the Authority for the use of Niraviya and Kalankuttiya farms of the Mahaweli Livestock Enterprises Company Ltd. had not been calculated and brought to the accounts of the year under review. I had been informed by the letter of the Director General dated 04 December 2013 that, action would be taken to recover the rental applicable to the building since 2013.
- (c) In terms of the financial statements as at 31 December 2011, the value of the accounts receivable from various sources amounted to Rs.368,481,000 and it was Rs.478,727,000 by the end of the year 2012. Accordingly, an increase in the outstanding accounts receivable by Rs.110,246,000 or 29 per cent was observed.
- (d) According to the records of the land division, the number of blocks of lands which had been unlawfully encroached amounted to 7,333 and it was observed that, the delay occurred in legalizing these lands deprives the Authority of the rental income which can be earned from the lands from which rental can be recovered.
- (e) In terms of the accounts, the contingent liabilities for the cases filed against the Authority as at 31 December 2012 amounted to Rs.144.23 million.



2.2.4 Unreconciled accounts

In terms of the statement of financial performance, the lease income receivable from 07 regional project management offices amounted to Rs.357.9 million and as per the records of the Land Division it was 105.7 million. As such, a difference of Rs.252.2 million of the annual income was observed. The reasons for this difference were not apparent.

2.2.5 Irregular Transactions

According to a sample test, two regional offices of the Authority had incurred a sum of Rs.879,844 for the supply of fuel for the vehicles of the Ministry of Irrigation and Water Resources Management and as expenditure for food and beverages during the year under review and action had not been taken to get such money reimbursed from the Ministry.

2.2.6 Lack of evidence for audit

Detailed reports and age analysis of lease income receivable amounting to Rs.370 million had not been furnished to audit.

2.3 Non-compliance with laws, rules, regulations and management decisions

Following non-compliances were observed.

<u>Reference to laws, rules and regulations etc.</u>	<u>Non compliance</u>
------------------------------------------------------	-----------------------

- | | |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Financial Regulations 371 | (i) Even though the maximum amount which can be granted as an ad-hoc imprest at a time amounted to Rs.20, 000, on the contrary, payment of advances up to Rs.196,000 exceeding the said limit during 68 instances were observed under the Rambakenoya project in the year 2012. |
| (2) (b) and (d) | |



The Director General, by his letter dated 04 December 2013, had informed that since this limit being an obstacle to maintain institutional affairs continuously and efficiently, advances have to be granted thus exceeding the limit.

- (ii) According to a sample test, it was observed that advances had been paid to the officers of Rambakenoya Zone and Mahaweli Security Divisions who were not in the staff grade in 08 and 100 instances respectively.
- (iii) Even though the ad-hoc imprest should be settled immediately after the completion of the relevant purpose, it was observed that there were instances where advances had not been settled up to the period of 08 months.

3. Financial Review

3.1 Financial Result

As per the consolidated financial statements presented, the operations of the Authority and its subsidiary companies for the year under review had resulted in a deficit of Rs. 3,318,273,000 before taking into account the Government contribution as compared with the corresponding deficit of Rs. 2,878,546,000 for the preceding year. After taking into account the Government contribution of Rs.3,206,888,000 the deficit for the year under review amounted to Rs.111,384,000 while such deficit for the preceding year amounted to Rs.231,257,000 after taking into account the Government contribution of Rs.2,647,289,000 for the previous year. Accordingly, an increase of Rs. 119,873,000 in the consolidated financial results was observed.



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 Auditor General's Department

3.2 Analytical Financial Review

- (a) As per the statement of financial performance presented, income, expenditure and an analytical review for the year under review and the previous year are given below.
 - i As compared with the previous year, deficit had decreased by Rs.119.8 million or 48 per cent.
 - ii Expenditure for the supply and transport had increased by Rs.17.4 million or 19 per cent in the year 2012 as compared with the year 2011, whereas other expenditure had decreased by Rs.53.3 million or 64 per cent. The decrease in the other administration *expenditure of the Mahaweli Consultation Bureau had resulted in this decrease in other expenditure.*
 - iii As compared with the previous year, income of the Authority and its subsidiary companies on the operational activities of the year under review had increased by Rs.257.3 million or 68 per cent. Increase in the Royalty by 54.8 million or 299 per cent and lease income by Rs.207.7 million or 114 per cent had been the reasons for this increase.
 - iv In comparison with the figures relating to three years in the statement of financial performance, the calculated ratios are given below.

<u>Income and expenditure account</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	%	%	%
Government grants to the total income	73	86	86
Personal emolument expenditure from the total expenditure	73	52	56
Rental income from the total operational income	61	74	83
Total expenditure over total income	103	105	119



4. Operating Review

4.1 Performance

Following observations are made.

4.1.1 Liquidation of Companies

For the purpose of liquidating two companies viz Venture Capital Company Ltd. and Mahaweli Engineering Services Company out of 5 subsidiary companies, a Director Board Paper had been submitted to the Board of Directors in 2010 and it had been kept behind for taking decisions following further discussions.

On 04 December 2013 the Director General had informed me that approval of the Board of Directors had been granted on 23 November 2013 to liquidate the above mentioned two companies and the Mahaweli Livestock and Agriculture Enterprises Company (Private) Ltd.

4.1.2 Entire Land development

As per the Mahaweli General Plan, the total extent of lands expected to be developed within 14 zones was 420,170 hectares. The extent of lands which had been developed as at 31 December 2012 was 102,528 hectares and the extent of lands currently being developed under the Moragahakanda Project is 81,422 hectares. Accordingly, a specific development programme for the development of 236,220 hectares had not been formulated up to 31 December 2012.

It had been informed by the reply of the Director General given on this matter on 04 December 2013 that, taking into consideration the present day needs, nature of the natural resources and their usage, the Mahaweli General Plan was being developed by the Dam Safety and Water Resources Planning Project and the development activities of the southern bank of the Maduruoya and Welioya, which had been unattended due to longstanding war atmosphere had been initiated.



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 Auditor General's Department

4.1.3 Administration and development affairs of the farms

As per the Corporate Plan, there are 16 farms owned by the Authority within an entire land area of 204.8 hectares in 08 zones. In accordance with the consolidated financial statements of the Authority and its subsidiary companies, income earned by the farm production amounted to Rs.10,241,000 as at 31 December 2012 and the income for the year 2011 being a sum of Rs.14,600,000 a decrease of the income by Rs.4,359,000 was observed. Further, it was observed that administration, supervision and maintenance affairs of the farm had not been at a satisfactory level.

4.1.4 Purchase of 105,000 seed coconuts for the distribution of saplings

For a special programme which was not included in the Annual Action plan, 50,000 seed coconuts had been purchased at a cost of Rs.1,750,000 from a plantation company in July 2012 in order to distribute coconut saplings among new residents and the business personnel of the Zone “L”. Further, 50,000 seed coconuts had been purchased by the Rambakenoya project from the estates of the Janatha Estates Development Board and private sector incurring a sum of Rs.1,600,000. In the selection of seeds for the coconut trees which bring forth yield for more than 50 years, though the technical assistance should have been obtained from the institutions such as Coconut Research Institute and Coconut Development Board who are expertized on their quality, required arrangement in this regard had not been made by the officers responsible. Accordingly, it was observed that, this expenditure had not been utilized so as to gain optimum economical productivity.



4.1.5 Animal husbandry

Following observations are made.

(a) Zone "L"

In the end of year 2011 and during the early months of 2012, 200 goats, 200 milch cows, and 20 stud bulls valued at Rs.13,685,340 had been purchased in order to distribute among the farmers, free of charge. Quotations in terms of the paragraph 3.2 of the Procurement Guidelines had not been invited for this purpose.

(b) Rideemaliyadda Development Project

A policy decision had been taken to extend concurrence to the implementation of this project, after conducting a feasibility study in terms of the Cabinet decision dated 11 September 2011. Nevertheless, a report of the feasibility study prepared in accordance with this Cabinet decision had not been furnished to audit.

Seven activities valued at Rs.6,950,000 planned under the animal husbandry as per the action plan, 2012 of this project had been abandoned without execution during the year.

Under the milch cow programme implemented for the distribution of milch cows among the farmers, although the target was to distribute 75 milch cows, only 45 milch cows had been provided. Therefore, the progress of the year was only 60 per cent. In the purchase of such milch cows, criteria on the standard of the animals had not been formulated and assistance of an Agricultural Officer had not been sought.



4.1.6 Training activities

Following observations are made.

- (a) Even though training programmes on self-employment relating to the amelioration of the living standard of the residents within the zone should be conducted by the main training centres of the Authority, it was observed that, Thelhiriyawa training centre in the Zone H and Girandurukotte training centre in the Zone C had not arranged and conducted timely training courses.

Even though about 10 sewing machines had been provided to the training centres in Zone L for the training purposes, any training programme had not been conducted during 2012. Accordingly, it was observed that buildings and machines of these centres had remained underutilized.

The Director General had informed by his letter dated 04 December 2013 that, training programmes such as Juki machine training, bridal dressing and Computer training were being conducted only at the Suriyawewa Training Centre and a part of the Centre had been temporarily given for the training activities of the youth cops (Yovun Senankaya).

- (b) Even though a sum of Rs. 3,250,000 had been allocated for the institutional development and training activities of the Rambakenoya Residential Enterprises Management Office, training programmes had not been implemented by the office.

The Director General had informed by his reply letter dated 04 December 2013 that since Farmers Associations could not be established owing to the delay occurred in the resettlement, this provision could not be utilized.



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 Auditor General's Department

4.1.7 Control and maintenance of circuit bungalows

There were 17 circuit bungalows under the Authority as at 31 December 2012. Even though the circuit bungalow at Nuwara- Eliya had been closed down since June 2011 for renovations, no such renovations had been initiated up to 31 December 2013. In terms of the consolidated financial statements 2012, the total income received from the circuit bungalows amounted to Rs.2,792,000. It was observed that an adequate attention had not been focused on the maintenance and control of the circuit bungalows during the year under review.

4.1.8 Performance of the land division

In the inspection of the performance of the Land Division for the period from 2009 to 2012, it was observed that the work relating to 26 targeted activities valued at Rs.199,628 had not been fulfilled and the progress of another 11 activities had been below 50 per cent. Following observations are made in this connection.

- (a) It was observed that the targets had been set impracticably and in the achievement of performance, inefficiencies of the relevant divisions have affected thereon.
- (b) It was observed that even though the Residential Enterprises Management Office of the Zone H had planned to distribute 1,506 blocks of land for various purposes under the Land Development Ordinance, only 03 blocks of lands had been distributed. The Director General had informed by his reply letter dated 04 December 2013 that delays occurred in obtaining diagrams from the Department of Survey and reports from the Department of Valuation had given rise to the delays of the above activities.
- (c) Under the Crown Land Ordinance 2,984 various annual permits and 399 long term leases had been targeted to be granted for the year 2012, whereas only 1,172 permits and 06 leases had been granted.



4.2 Management Inefficiencies

Following observations are made.

- (a) i Value of the total products purchased to be sold at the Mahaweli stall in 2012 amounted to Rs. 1,671,419 and out of which 40 per cent or products valued at Rs.674,031 were not Mahaweli products. Accordingly, it was observed that although Mahaweli stall had been set up for the sale of Mahaweli products, the objective had not been achieved.
- ii Even though the Director (Agricultural crops and Projects) had instructed to formulate a system to purchase fresh vegetables and fruits twice in a week, action had not been taken accordingly.
- iii An officer who had been recruited as the Chef had carried out all the affairs including financial control of the stall.
- (b) In terms of the paragraph 4.2.4 of the manual on the maintenance of the Victoria dam, the condition of the cables which fastened the concrete slab of the dam gates had to be checked in 2000, whereas it had not been carried out up to 31 December 2013. The Director General had informed by his reply letter dated 04 December 2013 that it had been planned to implement such activity as a special programme under the Dam Safety Project.
- (c) It was observed that about 50 per cent of the total hydro power generation of the Sri Lanka Electricity Board is produced by hydro power stations constructed in association with the Mahaweli reservoirs and a sum of Rs.4,576,989 had been paid to Sri Lanka Electricity Board in 2012 by the authority as electricity charges in respect of the electric lamps fixed on the dams of the Polgolla and Victoria reservoirs. Further, at the early stage of the construction of the Victoria dam, plans had been drawn to construct a micro hydro power station to meet the electricity requirement of the dam and necessary equipment for this purpose had also been provided by the first



construction company. Nevertheless, the said construction had been abandoned later and the equipment had been left insecurely in various locations without using. Since payment of charges for the maintenance of reservoirs and water used by the Electricity Board are not made, attention of the Authority should be focused on securing electricity requirements of the major dams, free of charge.

(d) Unauthorized occupation within the dam reservations

It was revealed that there were 655 unauthorized occupants in the reservation areas of Pollgolla, Kothmale, Bowathenna, Mapakada, Maduruoya and Victoria reservoirs and Authority had failed to evacuate those squatters and preclude further arrival of such squatters.

According to the reply of the Director General, a sub-committee of the Parliamentary Advisory Council had been appointed with regard to the evacuation of squatters and future action would be taken according to the decision of the said sub-committee.

(e) Construction of tube wells in the Zone L

Even though a sum of Rs.500,000 had been allocated to construct 10 tube wells in the year, at least a single new tube well had not been constructed and a sum of Rs.1,048,992 had been paid to the Water Resources Board in February 2012 for reconstruction of 6 tube wells. Out of them only 04 tube wells had been reconstructed as at 31 December 2012 and reconstruction of remaining wells had been abandoned. The Authority had not taken action to recover the sum of Rs.318,864 paid in excess to the Water Resources Board or to get the said work done.



4.3 Underutilization of funds

The capital expenditure estimate of the Authority for the year 2012 amounted to Rs.2,050 million and as per the accounts the expenditure was Rs.1,486 million. Savings of the provision was Rs.564 million or 27.51 per cent. The lower level of the performance of following projects had been the reason for this purpose.

<u>Expenditure item</u> Project	Total expenditure of the project	Estimated amount	Amount Received	<u>For the year 2012</u>		Savings as a percentage	Reasons for lower performance
				Amount spent	Savings of the provision as per estimated amount		
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn		
i Rideemaliyadda Project	-	100	15	45.7	54.3	54.3	Shortage of the staff and unfavourable weather condition
ii Rambakenoya Project	1086	100	-	29	71	71	Delay in the completion of the construction of Rambakenoya Reservoir
iii Kivuloya Project Zone-L	-	100	-	3.33	96.7	96.7	Delays in carrying out environmental studies.
iv Expenditure of Mahaweli zones	-	846	670	674	172	20	Delays in receiving imprests
v. Head office	-	292	130	118	174	59	Delays in receiving imprests
vi Agriculture Productivity Development Programme	-	121	61	107	14	11	Unfavourable weather conditions
vii. Livestock Development Programme	-	132	1	15	17	53	Delay in obtaining standard milch cows.



Even though the amount estimated to obtain from the Consolidated Fund for Ridimaliyadda, Rambakenoya and Kivuloya projects in the year was Rs.300 million, a sum of Rs.15 million had been received for such projects and as such, expenditure amounting to Rs.63.03 had been incurred from the money received for the activities of the Authority.

4.4 Uneconomic Transactions

As per the stock books of the Zone L, the value of the non-moving stocks which remained over a period of 04 years was a sum of Rs.1,263,396 and it is observed that it is an unnecessary investment on stocks.

4.5 Deficiencies in contract administration

Following deficiencies were observed on contract administration.

- (a) From among the contracts inspected, it was observed that action had not been taken to blacklist the names of 05 contractors whose contracts had been cancelled for not completing the work on due dates, who had half way abandoned the contracts and who had not commenced work under the contract.
- (b) It was observed at the sample test that although action should be taken to recover bid security from the contractors who had not commenced work of the contract, action had not been taken accordingly during two instances in respect of contractors who had not commenced work of the contract.
- (c) It was observed at the sample test that unnecessary delays had occurred in 06 instances in checking and forwarding bills submitted by the contractors to the Head Office.



4.6 Utilization of vehicles

Following observations are made.

- (a) The Residential Enterprises Manager of the Zone H had used an additional vehicle besides the vehicle allocated to him from May 2010 to December 2011. It was observed as per the Gate pass register maintained by the security division that the above vehicle had not arrived at the office premises from May 2010 to December 2011. Nevertheless, the Residential Enterprises Manager had certified every travelling specified therein placing his signature. Even though the driver of the vehicle had stated that the daily travelling of the vehicle is started from Thambuththegama , he had not signed the register of arrival and departure maintained at the Thambuththegama office during the period from February 2010 to December 2011.

The office had incurred Rs.201,385 in respect of repairs and replacement of 04 tires to this vehicle during the period in which the vehicle was not used by the office. The Director General had informed that a preliminary inquiry had been initiated in this connection.

- (b) Upon a court order, another Residential Enterprises Manager had been attached to the Residential Enterprises Office of Zone H from 16 September 2011. These two officers had excessively obtained fuel valued at Rs 682,298 during the year 2011 without approval.

4.7 Resources of the Authority given to other public institutions

Contrary to the Chapter 8.3.9 of the Public Enterprises Circular dated 02 June 2003, 06 vehicles had been utilized by the Agricultural Development Ministry, the previous line ministry while 16 and 06 vehicles had been utilized by the Ministry of Water Resources Management, the present line ministry and other public parties respectively.



5. Accountability and Good Governance

5.1 Corporate Plan

A Corporate Plan had been prepared for the period of 05 years from 2012 to 2016 in the year 2012. Even though the targets required to be achieved by the Irrigation Division as per the “Mahinda Chinthana Ten year plan” had been pointed out in the Corporate Plan , arrangements had not been made to implement them by specifying strategies required to be adopted to achieve the said targets.

5.2 Action Plan

The officers responsible for each activity had not been identified in the Action Plan prepared for the year under review.

5.3 Internal Audit

The post of Director (Internal Audit) had fallen vacant since 30 November 2010 and a qualified officer had not been recruited to that post up to 15 November 2013.

5.4 Audit and Management Committees

In terms of the section 7.4.1.of the Public Enterprises Circular No PED/12, committee meetings should be conducted once in three months, only 03 meetings had been held during the year 2012.

5.5 Procurement Plan

Even though a Procurement Plan had been prepared for the year 2012, it had not been implemented adequately.



5.6 Budgetary Control

A budget had been prepared and funds provided thereon. However, the budget had been revised so as not to make changes to the total expenditure considering the expenditure incurred at the end of the year and the approval of the Board of Directors had been obtained again annually and as such, it was observed that the budget had not been made use of as an instrument of control.

6. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Director General of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- (a) Leasing of Lands
- (b) Utilization of Buildings
- (c) Implementation of Development Programmes according to the Action Plan
 - (i) Agricultural programmes
 - (ii) Milch Cow Programme
 - (iii) Fresh Water Fish Development Programme
- (d) Contract Administration
- (e) Implementation of Training Programmes at the Training Centers
- (f) Farm Administration
- (g) Stores Control
- (h) Collection of Taxes
- (i) Allocation and Control of Vehicles
- (j) Obtaining Labour by entering into Agreements with Farmers Societies
- (k) Payment of advances
- (l) Implementation of projects

H.A.S.Samaraweera
 Auditor General

PART IV

COMMENTS OF THE DIRECTOR GENERAL

Comments of the Director General on the Report of the Auditor General under Section 14 (2) (C) of the Finance Act No. 31 of 1971 regarding the Consolidated Financial Statements of the Mahaweli Authority of Sri Lanka and Companies managed by it for the year ended 31st December 2012

0.2 Financial Statements :

2.2 Comments on the Financial Statements

2.2.1 Consolidated Financial Statements

a) I accept this fact.

It was removed from the Accounts of the Authority and included into the budget and administration of the Ministry, since the Dam Safety and Water Resources Management Project and Moragahakande/Kaluganga Project were removed from the budget and administration of the Mahaweli Authority of Sri Lanka.

b) As of now, the audited accounts of all Companies, except the Mahaweli Livestock and Agro Enterprises Limited, up to 31st March 2013 have been submitted to the Audit Officers.

2.2.2 Accounting Policies :

Approval of the Board was granted (Annexure 01).

2.2.3 Receivable and Payable Accounts

a) Accepted. Arrears Registers have been updated in all Systems in order to recover arrears of income. A part of the arrears amounts has been rescheduled so as to fully settle within 36 months and in respect of the other part legal action is being initiated in order to repossess ownership.

b) The matter regarding this Query is accepted. Since this Company was functioning as a Mahaweli company during the initial period, the arrears of rentals were not collected. At present this company functions under the purview of the Ministry of Livestock Development and action will be taken in future to calculate the rentals and recover them in a proper way.

c) It is difficult to control the situation. This increase is being caused due to the revision of lease rentals recovered from lands on an annual basis, levying of new

leases, when regularizing encroachments, increasing the valuation rate in each 5 years and increasing the target for recoveries on an annual basis.

- d) Although all encroachments have been regularized, leases cannot be recovered from all such lands. Leases could be recovered only from the lands which could be regularized under the Crown Lands Ordinance. However, most of the encroachments are located in the areas which could be regulated under the Crown Lands Ordinance. Leases cannot be recovered since all the encroachers are low income earners.
- e) Potential claims relevant to the litigations filed against the Authority is Rs.144 million. An increase has been recorded in these amounts since it is required to deposit Guarantee payments related to the value of cases filed by current and retired employees of the Mahaweli Authority of Sri Lanka for claiming compensation and various other claims with regard to assets. It is difficult to control this situation since it is determined by external parties.

2.2.4 Un-reconciled Accounts

Lease Income

The revised accounts have been prepared after having properly identified the accurate amounts of lease rentals outstanding by verifying the relevant arrears amounts according to the Lease Registers maintained by the Zonal Offices. Therefore, I would like to inform that the lease income indicated in the Final Accounts remain correct. In this regard, the arrears of lease rentals which were un-accounted in the past years and the increase occurred in the arrears of rentals because of the valuation made in each 5 years, were accounted as income earned during the year.

2.2.5 Improper transactions

This expenditure was incurred in order to provide additional fuel to the vehicles when visits are being made by the Hon. Minister for field duties to the Mahaweli Authority of Sri Lanka. The Secretary of the Ministry has been informed in order to get this expenditure reimbursed.

2.2.6 Lack of evidence for Auditing

Although detailed reports and time analysis with regard to the lease income receivable were prepared, such reports were not submitted for auditing. I accept this fact. Detailed reports (Land Lease Registers) are available at the Zonal offices.

2.3 Non-compliance with regard to Regulations and Management Decisions

- a) i, ii, iii Accepted. Required instructions and guidance have been provided in order to avoid this situation. Accordingly, action will be taken to rectify such shortcomings in future.

0.3 Financial Review

0.3.1 As reported, a growth is indicated in the Consolidated Financial results.

I.3.2 Analytical Financial Review

- I. The deficit was reduced compared to the last year.
- II. The lifespan of more than 50% vehicles available within the Vehicle Pool of the Mahaweli Authority of Sri Lanka has exceeded 20 years. Therefore, the cost for maintenance has also been increased since they are required to be repaired very often. Further, an additional fuel cost also is to be incurred because of the increases taking place in fuel prices.

III, IV

4. Operational Review

4.1 Performance

4.1.1 Liquidation of Companies :

Accepted

4.1.2 Overall Land Development

The Mahaweli Plan has been prepared based on the current socio-economic, political and climatic situations. Action is being taken to revise this Plan considering the current needs, the present status of natural resources and their use. This activity is being implemented by the Dam Safety and Water Resources Planning Project. However, development activities related to the right bank of Maduru Oya and Weli Oya, the implementation of which remained crippled due to the war situation prevailing during a longer period, have been initiated by now. The land areas that could be developed further would be determined, after the revision of the relevant Plan.

4.1.3 Farm Administration and Development Activities

- a) The farm incomes were decreased due to the severe drought that prevailed during the early part of 2012 and the extreme weather conditions which resulted in heavy rains during the last quarter of the year. Further, the need of a longer period to generate income from new crops has also resulted in the decrease of incomes. Other reasons that contributed to the decline in income included inadequate number of Farm Managers because of the inability to obtain approval for the recruitment procedure based on Management Services Department Circular No. 30, and inability to maintain the farms with proper management. However, since employees have been recruited after having obtained the approval for the recruitment procedure, action will be taken to successfully carry out the functions of the farms.

4.1.4 Purchase of 105,000 coconut seedlings for distribution

A large decline was observed in the coconut production due to a disease which rapidly spread in the Southern Province. As a remedy for this situation, new coconut plantings were commenced under the instructions of the Ministry. Under this initiative, steps were taken to plant 50,000 coconut seedlings in the Badulla district under the Rambakkanoya Project and 55,000 seedlings in the System 'L', including the newly developed areas.

These purchases have been made under the Regional Procurement Committees and the Departmental Procurement Procedures. Although recommendations were not obtained from specialised organizations in this regard, the involvement of the following Officers were obtained for this process : The Technical Committee of System 'L' - Agricultural Officer of the System, who is an Agriculture Graduate ; Rambakkanoya Technical Committee Member – Deputy Resident Business Manager, an Agriculture Graduate

Further 100,000 nuts have been supplied by the Janatha Estates Development Board and the Kurunegala Plantation Company which possess specialized knowledge in the supply of coconut seedlings. The size of a coconut alone cannot be considered a standard; other factors are also related to that aspect. Further, I would like to state that it was confirmed that more than 90% of the coconut seedlings have shown the capacity to grow and the Government has not incurred any loss in this regard.

4.1.5 Animal Husbandry

a) System 'L'

The number of animals mentioned in the Query and the quotations are correct. Although public tenders were not called as per Section 32 of the Procurement Guidance Manual, quotations have been called from the Department of Animal Production and Health, Mahaweli Farms and National Livestock Development

Board for this procurement. Invitation was received only from the National Livestock Development Board for the inspection of animals. Accordingly, although the relevant animals were inspected, it was required to purchase in this manner due to the unavailability of cattle in suitable condition.

b) Ridimaliyadde Development Project

I accept that a Feasibility Report has not been prepared in this regard. However, this Plan has been prepared in order to provide solutions for a few unique issues identified on the basis of recommendations submitted by the Co-ordinating Committee of the Divisional Secretariat. Approval has also been obtained by the National Procurement Department for this Plan and annual budgetary allocations are made accordingly. The targets mentioned in the Query are correct.

Although the target under the milch cows programme is to supply 75 milch cows, 45 cows have been supplied as at end of the year and it remains at 60%. A 100% target could not be achieved because of the difficulties involved in the availability of milch cows.

4.1.6 Training Programmes

- a) This Centre was established during the early period of the Mahaweli Project with the objective of providing vocational training for the settlers and their children. However, it was difficult to achieve the expected targets because of the spread of large number of training institutions maintained by the Government and Non-governmental organizations. At present, it is planned to rehabilitate this Training Centre during the year 2014 and accord priority for the training of staff members and also to expand the training facilities available to the settlers.

This Centre is being used for training activities as well as to conduct various meetings because of the absence of a Conference Hall with required facilities in the System 'L'.

- b) An amount of Rs. 3,250,000, which was allocated for the Institutional Development and Training activities to be carried out at the Rambakkanoya Resident Business Manager's Office, could not be utilized because of the inability to form Farmer Organisations due to the delays experienced in the re-settlement activities.

4.1.7 Management and maintenance of Holiday Homes

Accepted. However, as of now 9 Holiday Homes at Uda Walawe, System 'H', System 'B', System 'C', Polgolla, Digana and Buwelikade have been completely refurbished and taken for use. Arrangements have been made to refurbish the Holiday Homes located at Ruhunuketha, Dehiaththakandiya and Kalawewa during this year.

4.1.8 Performance of the Lands Division

I accept that the targets for the performance of the Lands Division have been formulated in an unrealistic manner. During the year 2012 large number of special activities were performed by the Lands Division and they were not included in the Annual Plan of this Division.

- a) Although there were some lapses in the preparation of targets for the year 2012, steps have been taken to formulate targets for 2013/2014 period in a realistic manner.
- b) Since it was required to obtain Street Line Certificates for this long term leases from the Survey Department, it was unable to implement this programme at System 'H'. Similarly, a delay also has been occurred in obtaining the Valuation Reports from the Valuation Department. Action has been taken in order to meet the targets with regard to obtaining the Street Line Certificates and valuation Reports.
- c) This target could not be achieved due to the non-payment of lease rentals to renew Annual Permits for the next year and the alienation of these lands in a proper manner.

4.2 Management Inefficiencies

- a) I, ii, iii
As of now, operations of this Trade Centre have been stopped because it was difficult to maintain it as expected.
- b) Although it was indicated in the Maintenance Manual of the Victoria Dam, the Consultants pointed out it is required to incur a huge expenditure in this regard and that a substantial loss would not result in because of the non-implementation of this programme. However, it has been planned to rehabilitate / modernize this Dam as a special programme under the Dam Safety Project.
- c) Hydro electricity facilities are being provided by the Ceylon Electricity Board to Randenigala and Rantambe dams free-of-charge since it is not possible to disconnect power supply because the Plant is located within the Dam. The Mahaweli Authority of Sri Lanka is required to purchase power for the other dams since the relevant Plants are located within a distance of more than one kilometer from the dam sites. However, steps have already been taken in order to obtain electricity required for the maintenance of the dams free-of-charge. Although, facilities required for a Mini Hydro power plant have been established within the dam by the Construction Company, It has not been constructed considering the substantial expenditure to be incurred in this regard.

d) Encroachment within the Reservoir Reserves

A sub committee of the Parliamentary Advisory Committee has been formed to evict the encroachers from the reserve lands and future actions in this regard will be taken based on the decision of that Committee. Simultaneously, a socio-economic survey has been conducted in all Mahaweli reservoir reserve areas and the survey activities have been completed by now at Victoria, Randenigala, Bowatenna and trans-basin canal areas. Steps will be taken to evict the encroachers based on this report and the recommendations of the Committee mentioned above.

e) Construction of Tube Wells at System 'L'

An amount of Rs. 1,048,992 has been paid to the Water Supply and Drainage Board in order to rehabilitate 6 tube wells within the System 'L'. Only 4 tube wells were rehabilitated and the balance amount is Rs. 318,864. A request has been made for the refund of this amount. Steps will be taken to set-off this amount against the amount payable for the 10 tube wells which have been planned to be constructed in the future.

4.3 Under-utility of Funds

Accepted. The main reason attributed for this situation is the inordinate delays taking place in releasing of advances by the Treasury. As at end of 2012 the value of bills to be settled was Rs. 200 million. Accordingly, considering the value of the works completed, I would like to mention that a substantial under-utility is not observed in this regard.

4.4 Uneconomical Transactions

Accepted. By now tender procedures have been initiated in order to dispose of these stocks.

4.5 Shortcomings in the Contract Administration

- a) The shortcomings pointed out in the Query are acknowledged. Arrangements will be made to provide required information to the Treasury in order to blacklist the relevant Contractors. It has been noted to perform in the future in such a manner to avoid such situations.

- b) Accepted. Action has been taken to completely avoid such lapses that take place very rarely.
- c) Accepted. Action has been taken to avoid this lapse which has taken place only in this System

4.6 Use of Vehicles

- a) An initial investigation has been carried out with regard to the use of two vehicles by the Resident Business Manager of System 'H' at the same time. I will take action in this regard, based on the recommendations received from that investigation.
- b) It was required to attach another Resident Business Manager for System 'H', by a Court Order, while the presence of a Resident Business Manager in the System. It was required to obtain the services of the earlier Resident Business Manager, until such time the duties are formally handed over to the new Resident Business Manager. Accordingly, relevant fuel has been used to perform essential duties within this System.

4.7 Resources of the Authority provided to other State Institutions

Accepted. Exchange of letters has taken place with the Ministry of Agriculture, at several instances, in order to get back these vehicles. A request has also been submitted calling for the handing over of the vehicles released to the Ministry of Irrigation and Water Resources Management. The relevant Ministry has not responded in a satisfactory manner in this regard.

5 Accounting Activities and Good Governance

5.1 Corporate Plan

Officers have taken initiatives in order to formulate relevant strategies and plans to achieve the targets indicated in the Corporate Plan.

5.2 Action Plan

The Officers responsible have been indicated in the Action Plan prepared for the year 2014.

5.3 Internal Audit

There are no qualified internal auditors. Although a request was made to the Treasury to release a Grade 1 Accounting Services Officer, so far no such officer has been released.

5.4 Audit and Management Committee

Attention has been drawn towards conducting the meetings of the Audit and Management Committee in a proper manner.

5.5 Procurement Plan

Although it is difficult to act according to the Procurement Plan, instructions have been issued to the relevant officers to act in such manner, at all possible instances.

Budgetary Control

There are instances at which it is difficult to perform the functions mentioned in the Budget due to internal and external pressures. Although the functions that should be carried out on a priority basis were not mentioned in the budget, there are instances we are called upon to perform such functions. However, instructions are being issued to the Officers at Monthly Progress Review Meetings, so as to implement the functions mentioned in the budget at the maximum possible level.

6. Systems and Controls

Strategies are being introduced in order to address the shortcomings identified in the Systems and Controls. Attention of the Management has been drawn to avoid the weaknesses observed in this regard, hereinafter. I hereby inform that proper plans will be launched in order to avoid various shortcomings pointed out by the Audit Division with regard to the matters such as leasing of lands, use of buildings, implementation of development programmes according to the Action Plan, contract administration, use of training centres and implementation of training programmes, farm management, stock controls, collection of leases, use of vehicles, provision of advances and settlements and implementation of projects.



Gamini Rajakaruna
Director General
Mahaweli Authority of Sri Lanka

Copy : Secretary,
Ministry of Irrigation and Water Resources Management – For information

PART V

OVERALL PERFORMANCE

2012

**MAHAWELI AUTHORITY
OF SRI LANKA
OVERALL PERFORMANCE**

Mahaweli Authority of Sri Lanka was established by the Parliament Act No. 23 of 1979 in order to implement the Mahaweli Master Plan. Its current functions include the management and maintenance of the Irrigation Systems

constructed under the Mahaweli Master Plan, successfully completing the remaining projects, enhancing the agricultural productivity in the Mahaweli areas and developing the overall economy by post settlement development activities and generating new income avenues. Management of irrigation water in respect of 10,000 hectares of developed agricultural land remains the prime task of this exercise.

The Mahaweli Development Programme makes an unique contribution towards achieving the targets related to irrigation, agriculture and rural development under the Mahinda Chinthanaya Programme for National Development (2006-2016).

By now the MASL has accorded priority to the task of creating an agricultural economic renaissance by developing Northern and Eastern Regions of the country, the development activities of which remained crippled due to the unsettled situation which prevailed for over more than three decades. Under this initiative, as of now, feasibility studies and construction works are underway with regard to the Maduruoya Right Bank – System B Development, Allai Kantale Development, Welioya – System L Development and the development of North-Central Canal which is planned to carry irrigation water to Northern Region. Further, the above projects intend to secure the food production in Sri Lanka and to create sustainable employment opportunities in order to improve the economic condition of the rural population.

As at end of December 2012 the total investments made under the Mahaweli Development Programme stood at Rs.106.18 billion. The value of the accrued benefits obtained through the agricultural production, animal husbandry and plantation products was Rs.694.68 billion.

The MASL makes a major contribution to the agricultural production of the country. Its contribution to the production of paddy, soya and chillies remains 21%, 100% and 11% respectively. It also makes an unique contribution to the national production process through the production of additional crops.

The extent of land cultivated during the 2011/2012 Maha Season was 92,572 hectares. The gross paddy production recorded in the Maha Season remained 515,246 metric tons. The highest ever recorded yield per hectare of 6.65 metric tons was recorded from System 'G' of the MASL. Total paddy production recorded in both Maha and Yala Seasons of 2012 was 827,558 metric tons. The volume of production recorded in subsidiary food crops in 2012 was 308,438 metric tons. The production of freshwater fisheries, eggs and milk in the Mahaweli Systems remained 8,861 metric tons, 42 million and 19.9 litres, respectively.

The established capacity of Mahaweli power plants is 671 Mw and they contribute 50% to the National hydro power generation.

1.0 Development Activities during the 2012

1.1 Overall Financial Progress

The total Capital invested in the Mahaweli Development Project during the year 2012 was Rs.2,050 milion.

Financial Progress as at December 2012

Project Category	Budget Allocation	Amount released from the Treasury (upto December 2012)	Expenditure (upto end December 2012)
New Projects	190	78.50	77.92
Mahaweli Projects	568	487.00	493.77
Administration and Maintenance	1,292	863.15	914.48
Total	2,050	1,428.65	1,486.17

1.2 Foreign Funded Projects

1.2.1 Moragahakande / Kaluganga Project

The basic objective of the Moragahakande/Kaluganga Project - the largest project included in the Mahaweli Master Plan – is to ensure irrigation water supplies to the Dry Zone. Under this project a Hydro Power Plant with a capacity of 20 Mw will be constructed and construction of Moragahakande and Kaluganga Reservoirs with capacities of 521 million cubic meters and 144 million cubic meters, respectively will be undertaken in order to provide portable and industrial water to the Anuradhapura, Polonnaruwa, Matale and Trincomalee districts. Irrigation water is to be supplied to 81,500 hectares of land from these reservoirs. The estimated total expenditure for this project is US\$ 557 million (Rs. 64,358 million). This project was commenced in 2007 and up to 2012 December a total amount of Rs.17,200.59 million was spent in this regard.

Total funds allocated for this Project for the year 2012 was Rs. 5,248 million and out of that amount Rs.3,511.1 million and Rs. 1,736.9 million were allocated for Kaluganga and Moragahakande projects, respectively. When the allocations were amended in September 2012 an amount of Rs.12,694.36 million and Rs.720.26 million were allocated for Moragahakande and Kaluganga projects, respectively. By the end of December 2012 Rs.11,908.28 million and Rs.642.31 million were spent for Moragahakande and Kaluganga projects, respectively. In respect of 2013 an amount of Rs.12,392 million has been allocated for this programme.

The total amount of Rs. 2,280 million which was spent in respect of the Moragahakande Project upto end of 2011 was provided from local funds. Various steps have been initiated in order to obtain foreign funds for this project. Accordingly, an Agreement was concluded with the Chinese Development Bank for the planning and construction of the Moragahakande Reservoir.



Signing of Agreement between Sino Hydro Corporation, China & MASL for initial construction work of the Moragah-kanda Reservoir

Designing and construction of the Moragahakande Reservoir at a cost of US\$ 252.3 million was entrusted to the Sino Hydro Corporation, China on 7 June 2012.

Tenders are being called for the Consultancy and selection of Contractor for the initial construction work of the Kaluganga Reservoir.

MORAGAHAKANDA

The basic functions related to surveying of lands, construction of buildings, construction of access roads, resettlement and conservation of environment in respect of the Moragahakanda Project are being undertaken at present, and construction of 3 dams and one saddle dam have been completed.

(a) Surveying

Initial surveying work related to the reservoir have been completed.

(b) Construction of Access Roads

Construction of Koombiangala Ela – Moragahakanda Road (13.5 km) completed 100%. Progress of the construction of bridges and culverts was 100%.

(c) Project Buildings

Construction of all buildings required for the Project have been completed. Water connection to such buildings has also been provided.

Construction of Kawudulla Unit Service Centre and Project Quarters completed 70%. Construction work related to the Moragahakanda, Kandalama Project Quarters and Wellawela Water Supply Scheme, Thorapitiya and Moragahakanda Office building is in progress. Construction of the Town Centre and the Service Centre progressed up to 65%.

(d) Re-settlement

Preparation of a plan to resettle the families which lost their properties due to the construction of Moragahakanda-Kaluganga project has been completed. Due to the construction of the proposed Moragahakanda and Kaluganga Reservoirs, 1581 families and 797 families are to be resettled, respectively.

Arrangements have been made to resettle 1270 families evicted from Moragahakande area in the left bank of Kaluganga and the remaining families in the left bank of Kawudulla. It has also been arranged with their consent to resettle 797 families evicted under the proposed Kaluganga reservoir, in the right bank of Kaluganga.

Required settlement planning has been completed in respect of resettlement. Accordingly, six new settlements have been identified at Wellawela and initial work in regard to basic facilities such as roads, public buildings, water supply and electricity has already been commenced. A 10% progress has been recorded in acquisition of lands and payment of compensation.

Settlement planning has been completed in Kawudulla area and relevant construction work is undertaken by the Irrigation Department.

(e) Construction of Main Dam

The contract for the planning and construction of the Main Dam Hydro Power Plant and the remaining Saddle Dam was awarded to Sino Hydro Corporation, a Chinese Company, in June 2012 and the cutting of soil was ceremoniously inaugurated on 14 August 2012.



Inauguration Ceremony to cut soil for the Moragahakanda initial construction work

(f) Conservation of Environment

Environmental and forest conservation activities in the catchment areas, Awareness Programmes with regard to bio-diversity and conservation of both banks of the river are underway.

KALUGANGA PROJECT

The estimated cost of the Kaluganga Project is US\$ 283.97 million and out of that amount US\$ 99 million has been received as foreign aid. This comprises US\$ 16 million from OPEC, US\$ 37 million from a Kuwait fund and US\$ 46 million from a Saudi Fund.

(a) Surveying

Initial surveying work has been completed.

(b) Construction of Access Roads

Progress recorded in the construction of access roads is 80%.

(c) Activities related to Resettlement

Because of the construction of the Kaluganga Reservoir, 797 families are to be resettled and it has been planned to resettle them in the right bank area of the Kaluganga itself. The required settlement plans have been completed in this regard.

Activities related to acquisition of land and payment of compensation have been commenced. Construction work of the proposed buildings, such as Village Centres, Town Centres and Public Buildings is underway. Construction of irrigation facilities required for the settlers has also been commenced and 100% progress has been achieved in the construction of 9 small tanks.

(d) Construction of the Main Dam

Tenders have been called for the selection of Contractors for the construction of the Main Dam and Saddle Dam and it is expected to complete the selection process by the end of 2012. Approval from the Aid Groups is anticipated in this regard.

(e) Conservation of Environment

Conservation of the catchment areas coming under the proposed Kaluganga Reservoir, construction of small tanks, upliftment of the living conditions of the settlers living in the catchment areas, conservation of wild life, conservation of archeological sites and conservation of forests will be undertaken by the Environment Division

1.2.2 Dam Safety and Water Resources Management Project (DSWRP)

The objective of this Project is improving efficiency and water resources planning by ensuring sustainable development of national irrigation systems. This objective is being achieved through three components of the project: (a) Dam safety and improving the operational efficiency of the Dams (b) Modernisation and updating of the existing water and climatic information system; (c) Extending of technical support for the Multi-sectoral Water Resources Planning process. Under the Multi-sectoral Water Resources Planning the following activities are undertaken :

Planning for the use of national water resources, updating Mahaweli Master Plan and preparation of a Development Plan for Mundeniyaru Basin.

Total cost for the entire Project is Rs. 8,187 million (US \$ 75.8 million) and out of that amount Rs. 7,585.64 million (US \$ 70.23 million) is being provided by the International Development Fund of the World Bank and the balance will be contributed by the Government of Sri Lanka. Out of the total funds allocated for this Project, up to now Rs. 4,075.42 million has been used and that indicates 49.6% utilization. A physical progress of 53% has been achieved up to end of December 2012. Progress of this project is taking place under 3 main components

1. Dam Safety and Operational Efficiency

This component comprises 75% of the project provisions. Work related to the preparation of conceptual plans, detailed plans, completion of Quotations for 32 Dams, 30 Contracts and Consultancy services under 29 packages has been completed. Up to now 3 Dams have been fully rehabilitated. Progress of the rehabilitation contracts of 27 Dams remains at various stages.



Dam	Physical Progress (%)
Parakrama Samudraya	96
Kantale	77
Inginimitiya	92
Thabbowa	65
Usgalasiyambalangamuwa	70
Ridiyagama	65
Nachchaduwa	55
Tissawewa	21
Minneriya	54
Huruluwewa	50
Giritale	70
Nuwarawewa	27
Kawudulla	72
Vendarasan	මෙම වරදටරී
Rajanganaya	In Progress
Dambulu Oya	100
Kandalama	100
Bowatenne	93
Chandrika Wewa	84
Dambulu Oya and Kandalama (Electro Mechanical works)	90
Kalawewa	45
Maduru Oya	26
Polgolla	5
Randenigala	10
Rantambe	5
Polgolla	5
මොදළුපිකැ	10
Norton	50
Laxapana	50
Canyon	50
Kalatuwawa	100

Large number of machinery, equipment, tools and vehicles were distributed for 80 dams including 32 major dams to be used for the identified rehabilitation work in order to ensure basic facilities for maintenance and operation of such dams. This Project has contributed to the essential immediate repair work such as construction of standard access roads, installation of electricity facilities and other safeguards in respect of 48 dams including 32 major dams.

In respect of preparation of work plans to ensure the long term sustainability of the dams selected for the Project, so far 8 such plans have been completed. In addition to that the following tasks were also completed under this Project: Compilation of Handbooks for the maintenance and operation of 25 dams, preparation of detailed inspection reports in respect of 24 dams and analysis and evaluation of essential data in respect of 5 dams. Further, a computer based maintenance management system is being developed for the selected dams. The downstream communities and properties are to be directly affected during the rehabilitation period of the 7 high risk and sensitive dams out of the 32 dams selected for rehabilitation. A social security management programme was implemented during the Yala Season of 2012, under the livelihood relief plan, in order to minimize the impact on the downstream community.

Rehabilitation work was completed at Dambuluoya, Kandalama and Pimburaththewa reservoirs under the MASL and the progress recorded in respect of the other reservoirs is given below: Bowatenna 93%, Kalawewa 45%, Chandrikawewa 84%, Maduruoya 26%, Polgolla 5%, Randenigala 10%, Rantambe 5%, Kotmale 10%.

2. Hydro-Meteorological Information System

Due to the complex nature of the subject, the Project suffered from delays to take decisions on technical modality to be adopted on mobilisation of supply and installation contractor. Action is being taken to offer contracts after the constitution of the Cabinet Appointed Evaluation and Procurement Committees.

A pilot groundwater monitoring network has been established in 7 pilot areas, identified on the basis of groundwater use, management and quality issues, covering 30 DS Divisions islandwide. This network would focus on matters such as evaluation of the water available for use, correct use, future demand and sustainable management.

Multi Sectoral Water Resources Planning

The purpose of this component is to prepare integrated and comprehensive water use plans for Mundeni Aru basin and National Level Mahaweli systems. The basic components of the Multi Sectoral Water Resources Planning include strategic plan framework, knowledge base, modeling/decision support system, stakeholder consultation, environmental strategies and related evaluations and capacity development. Development of maps, knowledge base and strategic

framework were completed under the knowledge based development process. Under the decision support system 20% progress was achieved in future process analysis and modeling and baseline modeling.

First round stakeholder consultation in 25 districts was completed. Integrated and comprehensive water resources plan for Mundeni Aro basin and the updated Mahaweli Water Resources Development Plan were also completed. In respect of environmental and social assessments 96% progress was recorded.

1.3 Mahaweli Projects

1.3.1 Mahaweli Integrated Project

The objective of this Project is the economic development of the rural communities living along the left bank of Maduruoya through the enhancement of agro economy by securing irrigated water. The objective of this Project include : Rehabilitation of the irrigation network constructed during the period 1981 – 1986 in the Maduruoya left bank, water management, regulation and promotion of the selected water supply services launched under the Rural Self-help Project, extending support to the Farmers’ Organisations to facilitate agricultural development and to implement environment conservation programmes.

The works undertaken under the Irrigation Systems Rehabilitation included 52 km of main canals, 65 km of branch canals, 459 km of distributory canals, 1138 km of field canals, 54 km of transport canals, 80 km of operational and maintenance routes and rehabilitation of small tanks. Total estimated cost was Rs. 2,800 million and the Project is scheduled to be completed within six years. Given the nature of the Project, it is intended to extend the project period by two years.

This Project was launched in 2007 and the accumulated expenditure incurred upto December 2012 was Rs. 1,924 million. An amount of Rs. 500 million was allocated for the year 2012 and out of that amount Rs. 50 million was spent as at end of December 2012. Updating of work in respect of 65 km of main canals, 129 km of distributory canals and 310 km of field canals has been completed. This Project has also provided opportunities to the Mahaweli farmers to have additional income sources so as to uplift their living conditions. This was done by providing 421 calves, establishing 37 grass lands and constructing 619 cattle sheds. Rehabilitation and

improvement work carried out in respect of 48.9 km of distributory canals and 161.3 km of field canals during this year.

1.3.2 Reverine Bamboo Project

The objective of this Project is prevention of soil erosion in the Mahaweli basin areas as well as providing additional income sources to the low income families through cultivation of Bamboo. Total cost incurred for this Project upto the end of December 2012 was R. 93.23 million. An amount of Rs. 30 million was allocated for the year 2012 and Rs. 14.77 million was spent as at end of December out of the total allocation. During the year 302,957 bamboo plants were maintained and new production stood at 198,620 plants; 227,753 plants were issued during the year.

1.3.3 Special Dairy Development Project – Mahaweli System C

The objective of this Project launched in 2007 was to increase dairy production in the System ‘C’ and to increase the income levels of 500 dairy farmers. The total estimated cost of the Project was Rs. 120 million. The revised allocation made for the year 2012 was Rs. 10 million and the cumulative expenditure incurred upto end of December was Rs. 74.28 million.

Under this Project 5 Training Programmes were conducted during the year 2012. 96 calves distributed among the farmer families and support extended to construct 96 cattle sheds. It is expected to produce 17 million litres of milk annually in the project areas. The daily average milk production recorded is 5471 litres.

1.4 Maintenance and Administration of the Irrigation Systems

This component include water management covering 100,000 ha. of developed irrigated land, maintenance and operation activities with regard to 8 large reservoirs and 400 small scale reservoirs and maintenance and rehabilitation of 800 km road network. In addition to these activities, post-settlement development work in respect of approximately 100,000 Mahaweli settler farmers, land administration in 10 Mahaweli Systems, enhancing of agricultural

productivity and activities related dairy farming, vocational guidance for the second and third generations of the settlers and environment conservation programmes are also underway. A revised allocation of Rs. 1,292 million was made during this year for this Project and total expenditure incurred upto end of December was Rs. 914.479 million. An allocation of Rs. 1,120 million is made for the year 2013.

1.4.1 Progress in the Mahaweli Systems

An amount of Rs. 1,292 million was allocated for land administration, agricultural and post-settlement activities in Udawalawe, Huruluwewa, Victoria, Kotmale, B, C, D, G, H, L and Rambakkan oya Mahaweli Systems. The present functions of the MASL include settlement development activities in respect of 168,151 families settled in the Mahaweli areas, distribution of new lands and management of irrigation zones.

1.4.1.1 Maintenance of Irrigation Systems

Rs. 493 million was allocated for the year 2012 for the purpose of removing sediments from the irrigation canal network and efficient distribution of irrigation water in the Mahaweli Systems. The expenditure incurred in this regard as at end of December was Rs. 547.67 million. Since the maintenance work of the canal network is delegated to 799 Farmer Organisations, MASL has been able to minimize the maintenance cost borne by it in this regard.

1.4.1.2 Development of Womens' Affairs

Serious attention is paid towards obtaining the contribution of women in order to achieve the targets of Mahaweli agro-economy. Under this, guidance is provided to promote savings by empowering small groups and operating loan cycle programmes. During the year 39 new groups were registered.

1.4.1.3

The main components of the post-settlement development include entrepreneurship capacity development, strengthening of institutions, empowerment of women and upliftment of the living conditions of the Mahaweli settlers through socio-cultural development and sports activities.

Various programmes and workshops are being organized by the Human Resources and Institutional Development Division of the MASL in order to strengthen human resources development and institutions.

During this year 126 vocational training programmes and 63 settler training programmes were conducted by this Division. In addition to that, total number of 562 programmes were conducted focussing on community development, sanitation, education and health. 1904 Shramadana campaigns were organized during the year and activities to the value of Rs. 22.32 million were implemented under such campaigns.

1.4.1.4 Land Grants

Under the Land Development Ordinance 134,373 plots of land and 97,166 farmsteads were distributed during the year 2011. By end of Decemebr 2012 number of homesteads and irrigated land plots distributed among the farmers were 1882 and 1331 respectively. Number of Grants issued was 6105.

During the year 2012, 75 plots of land were distributed under Crown Land Ordinance and as of now total plots of land thus distributed remain 21,814. The expected annual total lease rentals was Rs. 435.529 million and out of that amount Rs. 108.056 million ws collected as at end of December 2012.

The total number of land Grants scheduled to be issued was 233,508 and out of that 128,390 Grants have been issued as at end of February 2013. It is scheduled to issue 14,997 Permits during the year 2012 and so far 6105 Permits have been issued. Total number of land issues referred to the Presidential Secreatariat was 923 in which 325 were related to new application for land and 195 issues were related land disputes. Action has been taken to provide solutions to 462 such issues.

1.5 Agricultural Development

1.5.1 Agricultural Production Promotion Programme

Programmes have been initiated under the Agricultural Production Promotion Programme of the MASL to ensure national food security, minimize agricultural imports, cultivation of more productive crops and promote livestock production. Programmes to persuade farmers to engage

in the cultivation of other field crops include production of hybrid seed paddy production, popularizing the use of organic fertilizers, establishment of farms and nurseries and developing 15,000 home gardens under the ‘Divi Neguma’ National Programme. Work has already been commenced in respect of 10,308 home gardens.

1.5.2 Agricultural Crop Production

The total extent of land cultivated in the Mahaweli areas during the 2011/2012 Maha Season was 92,572 hectares and the production recorded during that season was 515,246 metric tons. During the Maha Season average paddy production per hectare was 6.21 mt and the highest production per ha (6.649 mt) was recorded from System G. Other field crops were cultivated in 21,523 hectares and the production recorded was 163,293.8 metric tons. The extent of land cultivated during the Yala season of 2012 has decreased to 66,194 ha. due to the drought situation. The total production estimated for the Yala season from the Mahaweli Systems was 400,203.8 metric tons. However, due to the drought situation, the production was 312,312.2 mt.

1.5.3 Dairy Cow Development Programme

Steps are being taken by the Livestock Development Division of MASL to promote dairy production with a view to introducing additional income sources in the Mahaweli areas and enhancing the nutritious status of Mahaweli settlers. The Livestock Management Division of the MASL has directly contributed to the milk production in all Mahaweli areas.

This Division conducted 76 Training Programmes during this year and contributed to dairy development by supplying 86 upgraded cows, constructing 121 cattle sheds, vaccinating 12,577 animals and artificial insemination of 5,212 cows. Accordingly, 502 cows were distributed among the farmers and assistance extended to construct 698 cattle sheds.

1.5.4 Enhancing the production of Inland Fisheries and Ornamental Fish Production

The inland fisheries sector plays a key role in enhancing the nutrition and economy of the Mahaweli settlers. The number of fingerlings distributed in the Mahaweli Systems in 2012 was 2,203 m. The estimated inland fish production upto December 2012 was 7,430 mt. Various

programmes are being implemented within the Mahaweli Systems to expand ornamental fish production in order to generate new income sources for the government and promote entrepreneurship.

1.5.5 Environment and Forestry Conservation

Under this initiative, 65 Tree Planting Programmes and 60 Environmental Study Programmes were conducted for soil conservation and development of forestry. An amount of Rs.15 m was invested for the year 2012 and the total expenditure upto the end of December this year was Rs. 8.167 m.

1.6 Mahaweli Farms

It is planned to establish 30 Farms under the Agriculture Division of MASL in order to enhance productivity in the developed lands, supply seeds and plants for the Mahaweli lands and create more employment opportunities. As of now, cultivation activities in 18 Farms are underway and initial cultivation plans are being prepared in respect of 12 Farms. Activities implemented in this regard include introduction of new farming techniques to the Mahaweli settlers, coordination of animal husbandry related activities and introduction of cropping systems in order to increase the productivity of water.

1.7 Environment-friendly Tourism Industry

Park beautification and planning activities in respect of the Mahaweli reservoirs and forest reservations are underway so as to improve environment-friendly tourism in the Mahaweli areas. A boat service is already operated in the reservoirs to promote tourism related activities in the waterways.

1.8 Mini Hydro-power Projects

It is proposed to construct 18 Mini hydro-power projects in the Mahaweli areas with an expected generation capacity of 59.3 Mw electricity. Clearance has been granted to Environment Impact Assessment Reports in respect of 13 projects and 3 projects have already commenced their commercial operations. In respect of other 10 projects construction work is under progress now.

1.9 Private Sector Investments in the Mahaweli Lands

Developed Mahaweli lands are being offered for the agro projects with higher productivity potential, with a view to promoting private sector investment in the Mahaweli development.

Lands were offered for 60 Investment Projects in 2012 for commercial / agro enterprises.

1.10 Sediments Removal

A project was implemented by the government to remove sediments in the major reservoirs and tanks of dry zone, as one of the steps intended to address the water shortage created by the drought prevailed in 2012. Accordingly, this work was successfully completed in 3 major reservoirs and 53 small tanks in the Mahaweli Systems.2012

2.0 Development priorities for the year 2013

2.1 Rambakkanoya Integrated Project

Construction activities of the Rambakkanoya reservoir are being carried out by the Irrigation Department. The Rambakkanoya Reservoir Project is located within the Mahaoya DS Division and aims at improving the living standards of 3550 families, through irrigation and infrastructure development. It is already being implemented by MASL.

The construction work of the Rambakkanoya Reservoir is being undertaken by the Irrigation Department and scheduled to be completed by the year 2012. Functions related to the settlements and downstream development are entrusted to MASL.

The required settlement planning has been completed in order to settle families in this area. Accordingly, preliminary surveying work was commenced in 4 villages and arrangements were being made to select settlers. 56 selected families were settled in 2012 and required arrangements to settle the remaining families are scheduled to be made.

2.2 Development of Kivuloya Reservoir

The Kivuloya Reservoir Project is located within the districts of Anuradhapura, Vavuniya, Mullaitivu and Trincomalee. The objective of this project is utilizing the hitherto unutilized water of the Maoya basin for agriculture and domestic use. Initially, the water resources of the

basin would be handled independently and subsequently it will be linked to the proposed North-Central Canal.

(a) The downstream development project include construction of a reservoir with the capacity of 55 million cm at Sampathnuwara across Kivuloya, the main tributary of Maoya, construction of a canal network to supply water to 1700 ha. of new lands, providing adequate water to 5 rural tanks and providing services to 700 ha. of lands and settlement of 2000 new families. The estimated expenditure of the Project is Rs, 6000 million and the duration is 4 years.

2.3 Settlement Programme at Mahaweli 'L' System

The approximate extent of System 'L', which is located within the Anuradhapura, Vavuniya, Trincomalee and Mullaithivu districts is 62,000 hectares. Based on water flows, this System is divided into 9 zones and activities related to the Zones 4 and 5 were commenced in 1981. Along with the provision of required infra-structure facilities 3,100 families were settled in these two Zones. The remaining development activities were hindered due to the then prevailing unsettled situation in those areas. This resulted in the displacement of large number of persons who were already settled in those Zones. Number of tanks, irrigation systems and public buildings constructed earlier were also damaged. Plans have been made to resettle 6,900 displaced families in the system 'L' during the 2012 – 2013 period. It is proposed to settle 2,900 families in 2012 and 4,000 families in 2013. Estimated total cost is Rs. 2,753 million. The required common amenities and the post-settlement activities are scheduled to be carried out by the MASL.

2.4 Ridimaliyadda Integrated Development Project

A Five-year Investment Plan has been submitted by the Mahaweli authority of Sri Lanka in order to develop the Ridimaliyadda DS Division, which is reported to be the most poorest Division in Sri Lanka. This Plan aims at developing socio-economic infra-structure facilities to facilitate opening up of lucrative sustainable income avenues so as to enhance home economies. Production of commercial crops, livestock development and entrepreneur development remain as the focus areas of this programme.

2.5 Development of Maduru Oya Right Bank

It is planned to develop the Maduru Oya Right Bank which is located within the Batticaloa district. Construction activities related to the first 7 km main canal and the N.D.K. Reservoir were completed in 1986. The planned downstream development work could not be carried out due to the then prevailing security situation. The updating of the Feasibility Study and preparations of Detailed Plans are scheduled to be completed in 2013. The Environment Impact Assessment process has been initiated.

2.6 Proposed North Central Main Canal

The preparation of plans in order to develop the Right Bank of Maduru Oya and Weli Oya area under System 'L' has already been commenced by the Ministry of Irrigation and Water Resources Management. The future development plans will be prepared on the basis of priorities identified in this process.

Financial Allocation - 2013

Project Category	Amount Requested for the year 2013 (Rs.)
Mahaweli Projects	830
Administrative Capital	1,120
Total Capital	1,950