

News Release

Hayleys & USAID in partnership to revitalise farming in East and Uva

-- Groundbreaking pilot project to help neglected farmers switch to modern commercial agriculture in Ampara and Moneragala --

Colombo, Thursday, March 27, 2008: Sri Lanka's Hayleys Group will partner The United States Agency for International Development (USAID) in a ground-breaking pilot project to revive and advance the potential for linking farmers in two poorer districts to commercial agriculture, the two organizations announced this week.

The six-month pilot project commencing April 1st will benefit 120 farmer families in the districts of Ampara and Moneragala through the introduction of the latest knowledge, techniques, and inputs for the cultivation of three cash crops of high revenue potential, gherkins, pineapples and jalapeno peppers on 50 acres of land that have either lain fallow or been previously used for subsistence farming.

The objective of the project is to motivate farmers in these areas, some of which have been affected by conflict, to embrace modern agricultural practices and to empower them to substantially improve their incomes from agriculture by switching to cash crops that are in demand.

USAID/Sri Lanka's Director, Rebecca Cohn, said the Hayleys Group had been selected to implement the project on the basis of the company's expertise in the cultivation, harvesting, packaging and marketing of such crops, its successful outgrower programs and the company's historic and enduring affinity with agriculture. During her opening remarks at the signing of the Grant Agreement Director Cohn said: "Our partnership with Hayleys, that we are creating today, will help build a value chain that will bring sustainable economic growth to those in serious need in the Eastern and Uva provinces." She went on to add, "(This) is how people move up the path from poverty to prosperity."

The Hayleys agri business companies HJS Condiments Ltd and Sunfrost Limited account for 34 per cent of the country's exports of fruits and vegetables. The Hayleys Group is the sole exporter of gherkins from Sri Lanka and the second largest in Asia, processing more than 8,000 tons a year. It accounts for 50 per cent of the market for bottled pickles in Japan and is a major supplier to renowned international brands such as McDonalds, Burger King, Unilever and Heinz.

Today, 85 percent of resource flows from the United States to the developing world are private. These changes in flows reflect the emergence of the private for-profit sector and the non-governmental sector as significant participants in the development process. "Our approach responds to this changed environment," Ms. Cohn said during remarks. "It extends USAID's reach and effectiveness in meeting development objectives by combining its strengths with the resources and capabilities of other prominent actors such as Hayleys/Sunfrost."

Rizvi Zaheed, the Hayleys Group Director who heads its Agriculture & Agri Business cluster said Sunfrost and Hayleys would provide extensive inputs ranging from soil testing and farmer training on technical, growing and commercial aspects to seeds, suckers, fertilisers and agro chemicals, expertise on modern cultivation, harvesting, packaging and transportation methods and assistance to find markets through out-grower arrangements. These inputs would be provided on credit to the selected farmer families, and USAID would provide matching support for these and other infrastructure needs of the project.

"This is one of the most exciting projects in the agriculture sector as it seeks to bring modern agriculture and successful practices employed in Hayleys' agribusinesses to a long neglected area of our country," Mr. Zaheed said. "The success of the pilot project could be the catalyst for an agricultural renaissance in the Eastern and Uva provinces through a conversion to modern practices and concepts." He said Hayleys would provide extension services to support this transition and help set up farmer organisations, outgrower programmes, infrastructure, and collecting centres in these districts to ensure sustainability of the results achieved through the pilot project.

The successful outcomes from this pilot project are expected to be speedily replicated on a commercial scale and could be a model for others interested in the agricultural development of the Eastern region and other poorer areas of the country, Mr. Zaheed added.

A formal agreement between USAID and Sunfrost for the implementation of the project was ratified on March 26 at the office of the latter in the Biyagama Free Trade Zone.

Among the activities covered by the mandate of the project are the identification of farmer families, selection of land plots on scientific basis, soil testing for pH and micronutrients, workshops and training programmes for farmers, involvement of government and NGO representatives in the two districts, regular visits by experts from Hayleys to the project sites for technical assistance, extension services, monitoring and evaluation and assessments of and reporting on increased farmer productivity and incomes and best practices implemented. One area of focus will be the introduction of efficient post-harvest processes to minimise post-harvest losses.

The farmers selected to participate in the pilot project belong to the three ethnic communities predominant in the two districts, Sinhalese, Tamils, and Muslims, Mr. Zaheed said.

Rated a Business-to-Business (B2B) Superbrand among Sri Lanka's diversified conglomerates, the Blue chip Hayleys Group which celebrates its 130th year in Sri Lanka this year, is strongly focussed on domestic value addition in industry, agriculture and transportation. Today, the Group employs more than 35,000 people and accounts for 2.7 per cent of Sri Lanka's export income and 2.2 per cent of the country's GDP.

Since 1956, USAID/Sri Lanka and the Government of Sri Lanka have enjoyed a partnership in development that has exceeded \$1.9 billion in foreign assistance for development programming, stabilization, relief to internally displaced persons, housing guaranty, and disaster relief assistance. In 2008, USAID/Sri Lanka is managing three concurrent programs with the following objectives: completion of the Post-Ceasefire Agreement strategy (approximately \$56 million), completion of the tsunami reconstruction program (\$134.5 million), and start-up of the Development in Conflict program (approximately \$25 million).

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