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COLOMBO  
SCHOOL  
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MANAGEMENT

SPONSORED BY:

**JOINT COCONUT ASSOCIATION**

Coconut Growers Association of Sri Lanka

Ceylon Desiccated Coconut  
Manufacturers Association

Exporter Association of Coconut  
Based Substrates

Fibre Millers Association

Oil Millers Association

Fibre Exporters Association

Virgin Coconut Oil Exporters Association

**WAY FORWARD  
STRATEGY FOR THE**

**COCONUT INDUSTRY  
OF SRI LANKA**

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## EXECUTIVE SUMMARY

On the invitation of the Joint Coconut Association which is comprised of 8 organisations representing Coconut Growers Association of Sri Lanka, Ceylon Desiccated Coconut Manufacturers Association, Exporter Association of Coconut Based Substrates, Fibre Millers Association, Oil Millers Association, Fibre Exporters Association and Virgin Coconut Oil Exporters Association, an initiative was taken by the Colombo School of Business and Management (CSBM) to propose a “Way Forward Strategy for the Coconut Industry of Sri Lanka”. CSBM conducted an industry-wide discussion in the form of structured and moderated focus group discussions spread across 5-6 months period that connected with all stakeholders in the industry. This included industry players and associations, the ministry, ministerial organisations and departments both directly and indirectly impacting the industry, key decision-makers and experts in the field covering over 120 contributors in the focus group discussions. These information, issues, constraints and recommendations proposed were then compiled, analyzed and articulated in developing the way forward strategy for the coconut industry of Sri Lanka. The uniqueness of this document is that it is developed by the coconut fraternity for the fraternity to advance the industry with a formidable focus on the implementation of the proposed work plan.

The Way Forward Strategy Plan comprises of an in-depth analysis into the industry presented in a simplistic manner and mapped against 8 strategic Goals/Objectives to be achieved. These goals represent 8 strategic focus areas for the industry and they include,

Focus on product and market diversification

Maximizing the productivity of existing plantations

Consistently improve the quality of market, production and business feasibility information to enable stakeholders to effectively plan for sector diversification, productivity improvement and development

Increase collection and supply of coconut in the country

Develop finance mechanisms to enable strategy implementation and investment by all stakeholders

Develop a coconut processing industry for value-added and diversification of coconut products

Improve support services to respond to sector needs

Establish a coconut strategy implementation and coordination body to establish appropriate administrative and regulatory frameworks to manage the coconut sector.

Each of these goals are then broken down into strategies and detailed actions with measure and KPIs to ensure the implementation and achievement of the goals. Overall 78 such action points and initiatives are proposed throughout the document. These action points are formulated through an industry and governmental discussion thus the feasibility, agreeability and corporation is assured.

The key highlight of the strategic framework is the establishment of a Joint Coconut Industry Chamber (JCIC) which will serve as a joint industry secretariat to facilitate the industry-wide corporation with the consultation and support from the governmental establishments. Thus, this represents a coordinated central point for the industry.

The above goals, strategic focus areas and action points are targeted at an overall vision for the industry which is spelled out as “To develop a modernised Coconut industry that contributes significantly to the national income, unity and economic development driving prosperity of the people in Sri Lanka”. In achieving the vision, the strategic framework is proposed for a five-year period spanning from 2020-2024. Within this time frame the planned 78 action points are to be achieved by the industry with the leadership of the Ministry and the JCIC proposed. This will ensure the way forward for the coconut industry of Sri Lanka.

## 1. VISION

*“To develop a modernised Coconut industry that contributes significantly to the national income, unity and economic development driving prosperity of the people in Sri Lanka”*

## 2. COCONUT INDUSTRY IN SRI LANKA

Today, there are over 1.1 million acres of coconut lands in Sri Lanka. Out of these, 20% are over 2.5 acres of coconut estates and the balance 80% is small states and home gardens which is less than 2.5 acres. It is estimated that this small estates and home gardens are belonging to over 700,000 families. Sri Lanka generally produces 2800-3000 million coconuts annually. Our average yield per palm per year is below 50 coconuts, which is very low compared to other coconut growing countries in the region. It is indicated that over 20 DC mills are closed out of 52 DC mills claiming coconut shortage.

Sri Lanka per capita consumption is 110 coconuts per person. Monthly requirement of coconut is 150 million for domestic consumption and 100 million for the industry. The annual demand for consumption is 1800 million coconuts and production by the industry is 1200 million coconuts.

The coconut sector comprises of 2 sub sectors:

### **Kernel and Non-Kernel Products**

- Major Kernel Products: Coconut Oil, Virgin Coconut Oil, Desiccated Coconut, Copra, Fresh Nuts, King Coconut, Coconut Poonac, Oil Cake, Coconut Cream, Coconut Milk, Coconut Milk Powder, Defatted Coconut, Coconut Water, Coconut based Arrack (Liter), Vinegar (Liter), Coconut Fatty Acid, Coconut Butter, Coconut Flour.
- Non-Kernel Products: Substrates Products (Coir Fibre Pith /Dust, Husk Chips, Geo Textiles, Moulded coir products for use in Horticulture), Fibre Products (Mattress Fibre, Bristle Fibre, Twisted Fibre), Shell Products (Coconut Shell Charcoal, Coconut Shell Pieces & Shell Flour, Coconut Shell Activated Carbon), Finished Products (Fibre) (Coir Yarn, Coir Twine, Tawashi Brushes (Pcs), Coir Brooms & Brushes (Pcs) (Other than tawashi), Rubberized Coir pads & Mattress for Bedding (Pcs), Coir Mats & Rugs (M2 ), Coir Mattings (M2)), Other Products (Coconut Ekels, Coconut Wood).

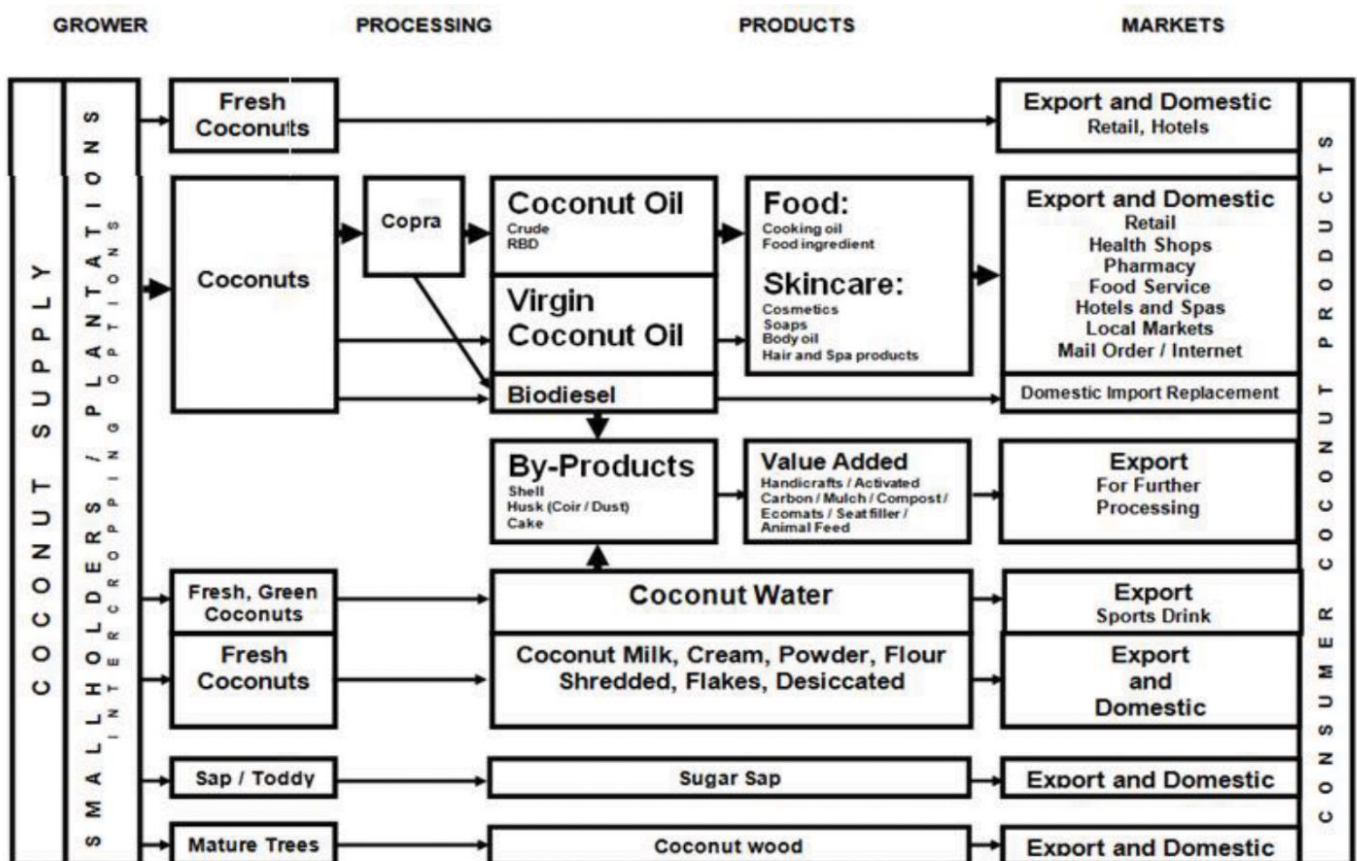
Current annual export earnings from coconut-based products are about USD 600 million. About 55% of this is generated from Kernel products whilst the balance 45% is from non-Kernel.



### 3. IMPORTANCE OF THE COCONUT INDUSTRY TO SRI LANKA

- Coconut industry provides us with a valuable foreign exchange.
- One of the essential products for the livelihood of the people.
- Providing access to employment sources.
- Supply raw materials to various industries.
- Can be used to uplift the economy of the country.
- This is an industry which is enmeshed with local culture and society.
- Second most important food in Sri Lanka “Deveni Batha”.
- Coconut cultivation is a good alternative for the loss of forest cover.

### 4. COCONUT VALUE CHAIN OF SRI LANKA



## 5. FACTORS THAT HINDER THE DEVELOPMENT OF THE COCONUT INDUSTRY IN SRI LANKA

There are four main constraint areas across the value chain which impact negatively to the development of coconut industry in Sri Lanka

1. Grower's constraints
2. Trader's constraints
3. Processor's and Supplier's' constraints
4. Exporter's and Export Agents' constraints

### 1. Grower's constraints

There is a drop in the interest of the growers to expand and minimum motivation for new growers and investors to get in to the industry. There are multiple reasons for that.

- Lack of sufficient, good quality raw materials for processing and value addition.
- lack of proper collection mechanism of domestic raw materials
- Availability of equipment has a major setback on most potential producers located in remote parts of the country.
- Most of the grower's, especially small and medium size players operate with poor plantation management practices and they do not have a commercial approach towards managing coconut lands.
- There is minimum investment in new technologies, modernization and research and development (R & D). Hence the industry lacks the technological advancements.
- Irrigation and water systems are not adequately developed and there is minimum concentration on plant habitation.
- Yield had been negatively impacted by pest and disease from time to time and there is no proper concentration or a plan for a long-term solution.
- Minimum knowledge among the growers about the disaster recovery and prevention.
- There are no proper methods applied focusing on improving the fertility level of the soil.
- Urbanization has increased the land fragmentation trend. Due to that number and the size of the coconut cultivation lands are decreasing.
- Lack of technological advancements, bad plantation management along with poor economies of scale has increased the cost of production which in turn will make our products not competitive in price sensitive markets and there is minimum commercial driven research with the objective of improving this.
- The productivity of the coconut lands will continue to reduce which will have a direct impact on the national yield of coconut. And these unproductive lands will get easily acquired by the real estate developers which will reduce the acreage under plantation further.

- Growers are unaware of markets, quality improving techniques and processing technology which in turn hinder the diversification of products.
- Coconut growers believe that there is no transparent market or a pricing mechanism for their products and their main buyers are an uncoordinated network of traders who do not provide enough cash advances, price information or coordination for collection times. And the price is controlled by cartels comprised of DC millers, palm oil importers and refinery owners.
- Growers have limited access to capital for them to start bulking operations and buy from other growers.
- There is a long payback time for the return on investment in the coconut farming industry. Hence it is very difficult to attract new investors to the industry.
- There is minimum price incentive or perceived economic rewards for growers to become further committed to buyers or to deliver better quality.
- There is a substantial increment in cost of production especially in the areas of labor and fertilizer.
- Unpredictable and rapid changes in the weather and climate conditions in the country has caused lots of issues and impacted the productivity of the coconut cultivation negatively. Due to this there is a huge variation and unpredictable inconsistency in the coconut supply.
- Diminishing supply of labour. (example: Coconut Pluckers)

## **2. Trader constraints**

Traders provide transport and transact funds between exporters and producers or farmers. Traders are facing the following constraints.

- Traders lack of affordable credit facilities to source advance funds for purchasing. This has caused liquidity issues.
- Industry lacks the proper stocking and warehousing. This is affecting the quality of production.
- The market place is highly fluid, and it is a commodity type facility, market place. That has set a high volatility which has made traders very vulnerable.
- There is mistrust between growers and traders/agents in the industry.
- As coconut has a market impact on the life of the public of the country, the price of coconut has become a social issue and there is a huge political pressure and interference on the coconut prices which distract the market mechanism and prices.

## **3. Processor's and supplier's constraints**

Processor's and supplier's constraints related to coconuts.

- There is no proper policy, structure or a governing mechanism for the coconut processing industry. Because of this traditional small and medium-term processor are getting negative impact and wiped out from the industry due to some of the actions taken by big players.



- Nonexistence of proper quality grading system.
- Due to above two factors doors are open for low quality and noncompliance foreign investors and new processors to come into the market which has negatively impacted on the quality of the final product of Sri Lanka.
- Operational cost is too elevated mainly due to high transportation and labour costs.
- High wastage and low productivity due to use of outdated technology and machinery
- Processors have no market information or knowledge on appropriate new technology for downstream value addition and product development.
- There is lack of trust between processors, buyers and growers and many of the transactions are done on a spot basis affecting processor margins and sourcing practices.
- There are minimum incentives to promote value addition by the government.
- There is an increase of palm oil imports due to lenient tariff policy.
- Size and scale and the condition of the present production facilities.

#### 4. Exporter and Export Agent constraints

The greatest challenge is to get the volume for export from the fragmented smallholders whose production is scattered throughout the country.

- The quality levels and standards of Sri Lankan products are increasingly becoming an issue. Competing countries like India and Vietnam will get advantage due to the poor quality and high prices of our products.

## 6. SWOT

Understanding coconut industry's external and internal environment is important in charting its path going forward. Whereas the external and competitive environments have implications on the industry, in the form of opportunities and threats, the internal environment helps to interpret coconut industry's strengths and weaknesses.

### *Internal environment*

#### **Strengths**

Index	Description	Plantation	Kernel	Non-Kernel
1	Strong historical connection of the coconut industry with the local culture and economy.	✓	✓	✓
2	Being an industry for many years.	✓	✓	✓
3	Suitable climate and soil condition for coconut industry in Sri Lanka.	✓	✓	✓
4	Plantation crop which is in the largest extent of land in Sri Lanka.	✓	✓	✓

5	There are 1,000,000 acres of coconuts cultivated island wide in Sri Lanka.	✓	✓	✓
6	Currently generate 2450 – 3000 million nuts of coconut per year	✓	✓	✓
7	Year - round supply and demand	✓	✓	✓
8	Comparative low maintenance cost	✓		
9	Providing a uniform crop throughout the life cycle of the plant.	✓	✓	✓
10	The ability of the industry to simplify the operation and make it accessible for large numbers of people.		✓	✓
11	Availability of traditional / Indigenous industrialists.		✓	✓
12	Sub sectors of the industry has been involving over a long period of time and hence industry know how is readily available.			✓
13	Formally establishing 3 institutions Coconut Research Institute, Coconut Cultivation Board and Coconut Development Authority under the 1972 Coconut Development Act.	✓	✓	✓
14	Good genetic materials locally available.	✓		
15	Naturally inherent flavor and quality of Sri Lankan coconut products.		✓	
16	Unique fiber extraction method in Sri Lankan coconut coir sector.			✓
17	Application of Organic and fair– trade concept of production. (kernel and non - kernel)		✓	✓
18	There is a well-established coconut milk, desiccated coconut, fresh coconut oil, coir and related product manufacturing network.		✓	✓
19	Possibility of consuming all the parts of the coconut tree.	✓	✓	✓
20	One of the main food sources of the entire country, hence it is an indispensable crop.	✓	✓	
21	Provision of raw materials for a variety of industries.	✓		
22	A constant demand in Sri Lanka as well as high demand for Sri Lankan coconut in the international market.	✓	✓	✓

## Weakness

Index	Description	Plantation	Kernel	Non-Kernel
1	Focus on exporting primary goods and raw materials.		✓	✓
2	Inadequate infrastructure facilities in manufacturing and logistic process.		✓	✓
3	Difficulty in managing working capital and raising funds specially for small and medium size players.		✓	✓
4	Underdeveloped support service structure in the value chain.	✓	✓	✓
5	Unavailability of quality information in the industry.	✓	✓	✓
6	Ageing of the plants, which impact negatively on the yield.	✓	✓	✓
7	Lack of knowledge about technology across the value chain.	✓	✓	✓
8	Minimum use of technology across value chain.	✓	✓	✓
9	Unavailability of workforce.	✓	✓	✓
10	High wastage in the production process.	✓	✓	✓
11	The regulatory mechanism is not consistent, transparent, fair and regulated.	✓	✓	✓
12	Most of the coconut lands are not properly managed and maintained.	✓		
13	Scarcity of raw materials, which hinder the accessibility of raw materials to the growers.	✓		
14	Lack of incentives to promote replanting.	✓		
15	Lack of incentives to diversify into value added coconut products.		✓	✓
16	Low educational level of growers.	✓		
17	Highly uncommercial approach in the industry (specially plantation)	✓		✓
18	In some sub sectors of the industry, more than 80% run as proprietorships which make it very difficult to expand and reinvest which is the root cause for the lower economies of scale resulting in lower productivity.			✓
19	No focus on sustainable and modern ways to enhance the industry status.		✓	✓

20	Lack of coordination and unity among the key stakeholders in the industry.	✓	✓	✓
21	Unethical trade practices of some of the local companies against each other in global markets harming the reputation of local industry in general.		✓	✓
22	No proper branding, trade and marketing strategy.		✓	✓
23	Not following Ethical and environment practices.		✓	✓

### **External environment**

#### **Opportunity**

Index	Description	Plantation	Kernel	Non- Kernel
1	Promoting home garden method as a mechanism to encourage future plantation expansion.	✓		
2	Availability of lands in addition to the traditional coconut triangle which can be utilized to increase the acreage of coconut land.	✓		
3	Accelerating the promotion of coconut cultivation in the Northern and the Eastern provinces.	✓		
4	Possibility of improving existing mono-cropped coconut lands to inter-crop farming.	✓		
5	Availability of untapped raw materials and raw material sources.			✓
6	Possibility of using every single part of the coconut tree for different industries.	✓	✓	✓
7	Possibility of motivating and promoting the private sector to move into the industry due to ease of starting and maintenance.	✓		
8	High demand coconut production of Sri Lanka in the global market.		✓	✓
9	Growing consumer trends towards ecofriendly, chemical free natural products contributing to the food security of the people.		✓	✓
10	The nutritional and positive health impacts of coconut related edible products.	✓		
11	Ability to link with tourism sector to tap local market for artisanal coconut products.			✓

12	Possibility of producing very high value-added products especially in the fiber sector.			✓
13	High demand for Coconut based substrates globally as most of the competing substrate products are facing environmental restrictions.			✓
14	Possibility of using waste parts such as coconut water to attract export revenues by encouraging the value addition, right scale of operations and good practices.			✓
15	Being an alternative to synthetic materials.			✓
16	High demand for coir substrates as a cultivation medium.			✓
17	Broadening of the overseas market for coconut milk-based products.		✓	
18	Possibility of expanding the overseas market especially for coir-based products.			✓
19	Huge potential in the domestic coconut oil industry.		✓	
20	Unique taste of Sri Lankan D.C can create high demand in future.		✓	
21	Growth opportunities in the western markets.		✓	✓
22	Huge growth potential in the emerging substrate markets like China and Russia.			✓
23	Possibility to have trade agreements with the developed nations.		✓	✓
24	Carbon sequestration	✓	✓	✓
25	Possibility to secure foreign grants to re-invigorate the plantation sector.	✓		

### Threats

Index	Description	Plantation	Kernel	Non- Kernel
1	Ageing of the trees.	✓	✓	✓
2	Increase in the impact from pest and diseases.	✓	✓	✓
3	Land fragmentation.	✓	✓	✓
4	Longer time taken for actual harvesting.	✓		
5	Increase in cost of production.	✓	✓	✓
6	Water use and conservation issues.	✓	✓	✓
7	Increase in use of coconut trees for timber purposes.	✓		
8	Frequent changes in government policy.	✓	✓	✓

9	Impacts of climate change and natural disasters.	✓	✓	✓
10	Changes in consumption pattern and demand of the consumers.		✓	
11	Global warming- unpredictable and irregular rainfall patterns.	✓	✓	✓
12	Rising quality standards of markets and competing countries.		✓	✓
13	Negative health beliefs about the use of coconut oil.		✓	
14	Emergence of substitute products.		✓	✓
15	Competition from countries like India, Indonesia, Philippines, etc.	✓	✓	✓
16	Availability of low cost / price coconut products from other countries.		✓	✓
17	International price fluctuations.		✓	

## 7. OBJECTIVES

This strategy is a comprehensive response to addressing the critical factors that impact on the development of the Sri Lankan coconut industry. It seeks to reduce the gap in the performance of stakeholders, implementing partners, private sector, support Institutions, and Government institutions based on the market opportunities.

The strategy is proposing a holistic approach that will lead to a successful implementation across the entire coconut value chain.

These changes will require sustained commitment from all the stakeholders for significant results.

Long-term objective of this strategy is to maximize coconut product revenue through production and commercialization of a portfolio of products.

## 8. GOALS AND STRATEGIES

There are 8 main strategic focus areas.

1. Focus on product and market diversification
2. Maximizing the productivity of existing plantations
3. Consistently improve the quality of market, production and business feasibility information to enable stakeholders to effectively plan for sector diversification, productivity improvement and development
4. Increase collection and supply of coconut in the country
5. Develop finance mechanisms to enable strategy implementation and investment by all stakeholders



6. Develop a coconut processing industry for value added and diversification of coconut products
7. Improve support services to respond to sector needs
8. Establish a coconut strategy implementation and coordination body to establish appropriate administrative and regulatory frameworks to manage the coconut sector.

## **GOAL 1: FOCUS ON PRODUCT AND MARKET DIVERSIFICATION**

### Product diversification

Development of new products for new and existing markets will be the future of coconut industry. Rather than overly depending on existing products, the opportunities for more value additions and development of totally new products should be continuously researched with the support of universities and marketing professionals.

It is high time to enhance the productivity of the coconut tree through venturing into new and improved, hybrid, pests and drought resistant varieties of plants. To do this it is very vital to have adequate and right investment on research and development.

Most of the coconut growers in Sri Lanka produced only one type of copra, so that growers' income is largely determined by the amount of sales of copra obtained every three months. Product diversification efforts through integrated coconut processing is intended to increase growers' revenue sources besides copra oil products such as shells, fibers, coconut water and coconut wood.

Product diversification strategy needs to be based on process innovation, high value products, promoting "Sri Lanka Coconut" as an ethical and sustainable option if we are to compete with other countries in the long term.

Sri Lanka traditionally is a primary coconut exporter. Hence the revenue and profit margin we get as a country is minimum and restricted. It is important to promote and diversify into the value-added area and promote export of secondary products by focusing on value added processes and products. Which will increase the export revenue. This can focus on areas such as:

- Virgin coconut oil
- Coconut water industries
- Coconut milk/ flavored milk for drinking
- Coconut paste
- Coconut related jewelry industries.

One important factor in promoting value added products is to increase the usage of unutilized parts of the coconut. It is very important to educate and train growers and other stakeholders about the importance and monetary value of all the parts of the coconut.

Majority of Sri Lanka’s coconut production goes to domestic consumption. That is an opportunity loss when we consider the loss of export revenue. There is a huge waste in domestic consumption and consumption pattern. Hence it is important to educate the public about the right use of coconut and minimizing the wastage in domestic consumption. In addition, it is possible to increase consumer confidence about the alternatives available in the local market by introducing affordable products and ensuring high quality and safety through proper controls.

Market diversification

Alternative global market opportunities must be constantly searched for the existing products to make sure over dependency of certain markets which could use their buying powers to manipulate terms and conditions. This could bring a balanced market opportunity and better revenues for existing coconut related products.

As a country we are continuing to export coconut to our traditional customer countries. It is high time to look for alternative markets to sell our products. We should focus on products like fiber and Coir in addition to the traditional coconut and desiccated coconut and, it is important to research new market avenues and marketing approaches which are new and updated rather than relying only on long term relationship and diplomatic connections.

One of the best ways to attract new customers is to participate at global Agro fairs and exhibitions. If possible, Sri Lanka should organize an International Agro Exhibition in Sri Lanka and invite all customer countries.

As a country we have branded ‘Ceylon tea’ quite well. But the effort we have given to brand ‘Ceylon Coconut’ is not adequate. Given the unique aroma and quality of our coconut, this is not a difficult task.

The KPIs to be considered for this goal includes the following.

	<b>Measures /KPIs</b>
<b>1.1</b>	<p>Introduce new, updated and yielding coconut varieties through concentrated research and development projects focusing on Hybrid, Draught resistance and minimum space utilizing varieties with the following focus objectives;</p> <ul style="list-style-type: none"> <li>• Increasing the number of new trees per hectare and introduce different varieties <ul style="list-style-type: none"> <li>○ Hybrid varieties</li> <li>○ Draught resistance varieties</li> <li>○ Less space utilizing varieties</li> </ul> </li> <li>• Increase the crop per plant by introducing different varieties <ul style="list-style-type: none"> <li>○ Hybrid varieties</li> <li>○ Draught resistance varieties</li> <li>○ Less space utilizing varieties</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Increase planting of high yielding trees <ul style="list-style-type: none"> <li>○ Hybrid varieties</li> <li>○ Draught resistance varieties</li> <li>○ Less space utilizing varieties</li> </ul> </li> </ul>
<b>1.2</b>	Develop directory/register of coconut value added products in Sri Lanka with following information (Product, Area, Producer, Quantity, Export quantity, Revenue)
<b>1.3</b>	Detail research / study about the possibility of improving the value addition and value-added products in the industry by specially focusing on the other competitive countries and products available in the global market.
<b>1.4</b>	Understand the gaps in Sri Lankan coconut industry based on above two studies proposed in 1.2 and 1.3
<b>1.5</b>	Propose a strategic plan to bridge the gap highlighted in the gap analysis (1.4) with a clear short term (Less than 1 year), medium term (1 -3 years) and long term (3 – 5 years) plans with clear timelines, responsibilities and accountabilities.
<b>1.6</b>	Research and introduce a way of using the unused part of the coconut and the tree. Organize a competition among researchers, growers and other related parties for new ideas and suggestions to promote this.
<b>1.7</b>	Island wide training and awareness campaign of using unutilized parts of the coconut and the tree with a proper calendar covering the entire country.
<b>1.8</b>	Develop a progressive and incremental plan to increase the collection of Raw Husk to 2 billion with clear timelines, responsibilities and accountabilities.
<b>1.9</b>	Carry out awareness campaigns to promote the use of alternative products to coconut in the domestic market.
<b>1.10</b>	Introduce quality standards / Guidelines with a certificate for alternative products in the domestic market.
<b>1.11</b>	Introduce an importation plan for Kernel products covering following areas. <ul style="list-style-type: none"> <li>• Tariffs to protect domestic growers</li> <li>• Possibility of restricting and controlling the import quantity which should be determined by the proposed coconut secretariat based on the domestic supply</li> <li>• Introduce minimum quality standard and mandatory quality certificate for imported product</li> <li>• Should have a plan to make kernel product imports zero and increase of domestic production, with clear timelines, responsibilities and accountabilities.</li> </ul>
<b>1.12</b>	Developing a detail branding plan to promote the brand ‘Ceylon Coconut’ globally.
<b>1.13</b>	Establish / Revamp the marketing research body with following objectives <ul style="list-style-type: none"> <li>• Develop a data base of existing global markets to which we sell our products with the following information by product category <ul style="list-style-type: none"> <li>○ Total market types of all coconut and coconut related product by category despite whether Sri Lanka sells in that market and</li> </ul> </li> </ul>

	<p>product category or not</p> <ul style="list-style-type: none"> <li>○ Sri Lankan market penetration on each of the market and product category (As a percentage of the total market)</li> </ul>
<b>1.14</b>	Understand the gaps in the Sri Lankan coconut industry in terms of market penetration and market potential based on the above study (1.13)
<b>1.15</b>	<p>Proposed a strategic plan to bridge the gap highlighted in the gap analysis (1.14) with a clear short term (Less than 1 year), medium term (1 -3 years) and long term (3 – 5 years) plans with clear timelines, responsibilities and accountabilities covering the following strategies.</p> <ul style="list-style-type: none"> <li>● Market penetration - (How to expand current product categories in current markets)</li> <li>● Market development strategy – (How to promote current product categories in to new markets)</li> <li>● Product development – (How to promote new product categories in current markets)</li> <li>● Diversification – (How to introduce new product categories in to new markets)</li> </ul>
<b>1.16</b>	<p>Develop a domestic awareness / marketing plan / campaign to promote</p> <ul style="list-style-type: none"> <li>● Awareness on the value of coconut husk / Shell</li> <li>● Clearing the wrong perception about coconut milk and coconut oil</li> </ul>
<b>1.17</b>	Introduce a mechanism to facilitate a phytosanitary certificate for export products
<b>1.18</b>	Organize international exhibitions in Sri Lanka for the coconut industries with the intention of showcasing the potential global business partnerships in Sri Lanka and overseas
<b>1.19</b>	Have a proper calendar to attend international agro marketing exhibitions with clear targets.

## **GOAL 2: MAXIMIZING THE PRODUCTIVITY OF EXISTING PLANTATIONS**

It is necessary to carry out steps to optimize the use and management of the area resource with the objective of increasing coconut productivity and improving income and welfare of the growers.

The development of growers' resource by prioritizing organization development and culture through concentration on work ethic of productive growers including the improvement of technical preservation, post-harvest treatment and continual product processing.

The land rehabilitation includes following two strategies.

- a) Enhance the productivity of land and plants
- b) Process improvements

## **a. Enhance the productivity of land and plants**

There are 3 focus areas under this strategy

- i. Improve yield of coconut crops
- ii. Sustainable land development and management
- iii. Infrastructure development

### Improve yield of coconut crops

As mentioned in the 'strategic objectives' above it is very important to research into hybrid, pests and drought resistant types of coconut varieties and varieties that occupy lesser ground space.

One of the main issues in the industry is the impact of pests and diseases. (Ex: Mite, Black Beetle and Red Weevil). There is no national program of training and educating growers on controlling diseases and pests.

### Sustainable land development and plantation management

One of the biggest threats in the industry is blocking of coconut lands for residential purpose. No proper attention or control mechanism available to manage this.

Biggest opportunity to increase the coconut production is promoting industrial coconut planting in the Northern and Eastern Provinces. Need to give special attention to promote the industry in these areas.

Effort given to encourage planting coconut trees in residential plots is not adequate. By doing that can reduce the domestic demand as families will be self-sufficient in terms of coconut supply.

In general, our growers only focus on planting coconut. It is possible to promote and educate growers about replanting, infilling, under planting and inter plotting till coconut harvesting reaches to its maximum. By doing that it will be possible to attract and retain more growers to the industry.

One of the biggest reasons for lower productivity is not giving proper attention to soil nutrition and improving soil quality. It is necessary to encourage growers to use required dosages of fertilizers and proper irrigation methods so that land productivity will increase to be in par with competing countries.

There is a shortage of professional coconut planters. It is very important to have professional planters managing at least medium and large scale coconut estates.

### Infrastructure development

Development in the areas like irrigation, and rainwater harvesting is not up to the mark. It is very important to have a focus attention in those areas especially due to significant fluctuations in the weather conditions and long drought periods in some of the coconut planting areas.

Support for the development and management of coconut cultivation through government officers is not adequate and not covering the entire island. That is one of the reasons to not have an adequate awareness and knowledge about new technologies, high yielding varieties and new infrastructure methods among the growers.

## **b. Process improvements**

There are five focus areas under this

- i. Focus on technology and research and development
- ii. Regulatory framework and involvement of authorities
- iii. Raw material and input management
- iv. Development of value added and related industries
- v. Improving awareness

### Focus on technology, research and development

One of the main concerns in the industry is labour availability. It is possible to reduce the manpower involvement through automation and change of the technology. There is no effort and concentration given to automate or technically upgrade the machineries in the country. The new technical enhancement and automation should be localized and affordable.

### Regulatory framework and involvement of authorities

Rules and the regulatory framework that exist in the country are not strong enough to protect and promote the industry.

The biggest threat to the industry is fragmentation of land and cutting the coconut trees for domestic use. It is understandable that there is a demand for land and coconut wood due to acceleration of urbanization, but it is necessary to have strict and proper regulations, controls and management in a manner that would not impact the industry.

One of the areas which can be easily promoted is encouraging coconut plantation as a home garden plant and make families aware about being self-sufficient in terms of coconut consumption. That will minimize the domestic coconut demand, which will ultimately increase the available supply of coconut for export.

More than 80% of the industry represented by the small growers, it is necessary to come up with a subsidiary and an incentive scheme to protect this sector. If not, it will have serious negative impacts on the coconut supply.

Government intervention is required in terms of import and export tax and tariffs and price controls. Government and the ministry should focus on promoting and attracting foreign



investors to the industry. That will have a positive impact on the capacity of the industry and it will have a positive impact on bringing in new technologies, machineries and knowledge to the country.

Special attention should be given to protect and promote Coir industry and a special attention should be given to secure the supply and quality of Coconut husks.

Raw material and input management

No manufacturing industry is successful without uninterrupted and quality raw materials. Raw material supply in the country is not adequate and not properly connected to the other functions and parts of the value chain.

Exporting primary products is one of the biggest reasons for the scarcity of the raw materials in the industry.

Development of value added and related industries

Continuous exportation of traditional primary products would only increase the quantity of export but to increase the export revenue it is important to focus and promote value addition across all sectors in the industry.

Lack of awareness and knowledge about the value adding process and product in the industry is one of the main reasons for this and also technology and machinery supporting value addition is not existent in the industry.

Government should conduct concentrated multiple programs focusing on improving value addition in the industry.

Improving awareness

Information availability is one of the crucial aspects contributing to the development of any industry. It is necessary to make information available with the objective of enhancing the awareness and educating all the stakeholders in the industry including consumers.

The KPIs to be considered for this goal includes the following.

	<b>Measure /KPI</b>
<b>2.1</b>	Conduct a proper research to Develop directory / Register of harmful pest and diseases for coconut with following information (Area, Harmful pest type, Harmful diseases type, total number of trees by region, Number of trees impacted, Hectares by region, Hectares impacted by region)
<b>2.2</b>	Detail research / study about solutions, methods and mechanisms practiced by other countries to overcome issues identified in 2.1
<b>2.3</b>	Understand the gaps in Sri Lankan coconut industry based on above two studies proposed in 2.1 and 2.2

<b>2.4</b>	Propose a strategic plan to bridge the gap highlighted in the gap analysis (2.3) with a clear short term (Less than 1 year), medium term (1 -3 years) and long term (3 – 5 years) plans with clear timelines, responsibilities and accountabilities.
<b>2.5</b>	Come up with a proposal to tighten the rules and regulation on a large-scale blocking of coconut lands for residential purposes. This should cover with a Land Use Policy and Land Exchange Policy.
<b>2.6</b>	Rollout an awareness campaign with an incentive to encourage residential coconut growing with a proper timeline and target number of trees by region
<b>2.7</b>	Campaign to promote coconut growing in Northern and Eastern provinces with clear timelines, responsibilities and accountabilities and target number of trees by region.
<b>2.8</b>	Come up with a plan for replanting, infilling, under planting and inter plotting till coconut harvesting is reached with clear timelines, responsibilities and accountabilities and target number of Hectare by region.
<b>2.9</b>	Come up with a detail plan for releasing unutilized government lands to private sector on lease with an annual release target with special attention to the industry stakeholders
<b>2.10</b>	Introduce a standard milestone plan and SOP for private sector growers who receive lands from the government on lease and monitor the progress against that.
<b>2.11</b>	<p>Conduct grower training and awareness programs on</p> <ul style="list-style-type: none"> <li>• Protection of soil nutrients</li> <li>• Increasing soil quality</li> <li>• Fertilizers usage and management</li> <li>• Irrigation methods</li> <li>• Rainwater harvesting and storage systems</li> <li>• Minimising waste of input / raw material and final product</li> </ul> <p>With a proper training calander covering the entire Island with a clear timeline, responsibilities and accountabilities and target by region.</p>
<b>2.12</b>	Partner with a National Vocational Training Institutie and come up with a plantation management diploma and a degreee with an NVQ level certification. Develop a plan with a target number of qualified professional planters certificating at different level through this program. Introduce these programs in National Vocational Institutes in every district
<b>2.13</b>	Have one coconut development officer per pre agreed number of hectares in the island. Come up with a plan with a clear timeline, responsibilities and accountabilities and target by region.
<b>2.14</b>	Introduce a low interest loan scheme for investment on private irrigation systems, rainwater harvesting and storage systems.
<b>2.15</b>	<p>Establish an innovation and autonotation center directly under the purview of Hon. Minster focusing on following areas</p> <ul style="list-style-type: none"> <li>• Technical improvement of the plantation methods and process</li> <li>• Machine autonotation and upgrading</li> <li>• Irrigation methods</li> </ul> <p>This unit should devise a plan with clear timelines, responsibilities and accountabilities, target by area and with the projected improvement numbers.</p>

<b>2.16</b>	Introduce government supported low interest loan scheme for small growers. Introduce a standard milestone plan and SOP for small growers who receive loan and monitor the progress against that.
<b>2.17</b>	Introduce an efficient and effective export control, regulatory and tax policy promoting exportation of right quality product at right prices.
<b>2.18</b>	Introduce a flexible import duty policy which would enable fluctuations of import quantity according to the variation in domestic supply
<b>2.19</b>	Introduce a Formula for Pricing <ul style="list-style-type: none"> <li>• Minimum purchase price from growers</li> <li>• Maximum domestic consumer market price</li> </ul>
<b>2.20</b>	Foreign investment should be encouraged where necessary while protecting and strengthening the traditional local industry and the local entrepreneurs. Joint Coconut Industry Chamber (JCIC) concurrence should be sought for foreign and local investments. However, the majority shareholding should be local.
<b>2.21</b>	Introduce a proper policy ensuring an easy way to get coconut husks into the coir industry with clear timelines, responsibilities and accountabilities and target
<b>2.22</b>	Establish coconut grower's associations in every local council area with a common and standard constitution, objectives and procedure. This society should be backed by the ministry in terms of funding and other supports. Monthly meetings should conduct with the participation of the coconut development officer of the area.
<b>2.23</b>	Plan to reach 3,600 million coconuts by 2020 and maintain 2.5% annual growth thereafter with a proper milestone plan.
<b>2.24</b>	Introduce an effective tax policy to control raw material imports.
<b>2.25</b>	Introduce tax and a duty policy to deter and discourage exporting raw materials.
<b>2.26</b>	Introduce a tax relief / Exemption for exporting value added products
<b>2.27</b>	Introduce tax reliefs/ Exemption and provide low interest loans for investment on product differentiation and value addition. Introduce a standard milestone plan and SOP for investors who receive tax benefits and loans and monitor the progress against that.
<b>2.28</b>	Improve the awareness about how to maximize the domestic consumption focusing on following areas. <ul style="list-style-type: none"> <li>• Maximize utilization of coconut and coconut oil</li> <li>• Minimizing the waste and ways of reusing</li> <li>• Awareness about the alternative products and ways and possibilities of using those.</li> </ul>
<b>2.29</b>	Increase the yield per tree to 100 coconuts in 5 years with a proper plan
<b>2.30</b>	Increase export earnings from coconut-based products to USD 1 billion by 2022. Devise a proper milestone plan along with National Export Strategy.

### **GOAL 3: CONSISTENTLY IMPROVE THE QUALITY OF MARKET, PRODUCTION AND BUSINESS FEASIBILITY INFORMATION TO ENABLE STAKEHOLDERS TO EFFECTIVELY PLAN FOR SECTOR DIVERSIFICATION, PRODUCTIVITY IMPROVEMENT AND DEVELOPMENT**

Lack of information is one of the biggest constraints in developing a proper strategy and making decisions.

In the industry quality information is not available and there is no proper information dissemination from market and marketing agents to producers and from producers to traders, processors and end market and consumers.

Due to this the entire value chain is hampered by an inability to plan meaningfully at both operational and strategic timescales.

There are two main areas under this strategy;

- a) Market intelligence
- b) Improve information dissemination

#### Market intelligence

In the immediate term, improved market and production information is key for increasing sector revenue, while in the longer term it provides the basis for sector planning and option development.

As a part of this strategy it is necessary to set up an efficient market intelligence service and link potential buyers with producers and processors. This will provide information on existing or potential markets and this information should help in the decision on what products to produce, what quantity to produce and who will produce them.

#### Improve information dissemination

It is critical to have timely and accurate information available to enable sector wide coordination and stakeholder cooperation in support of the strategy.

This will ensure strategy awareness and sector potential which will lead into increased investment by private sectors.

When quality and timely information is available it would enable stakeholders to effectively plan for sector diversification and development.

As the first step it is necessary to conduct an Island wide survey. Primary survey should focus on gathering following information.

- a. Coconut productivity - Productivity decrease / Increase (tons/ha) from 2015 to 2019.
- b. Formal education - Education level of the growers. Passed Grade 5, Passed OL or Passed AL. (Number and %)
- c. Experience of the growers - Experience less than 5 years, 5 – 15 Years, 15-25 years and over 25 years (Number and %)

- d. Number of family members - 1 person, 2 people, 3 people 4 people or more than 4 (Number and %)
- e. Number of trees per hectare
- f. Coconut production per year per grower - Average production of fruit/ha/year.
- g. Copra production per year - Average production of kg/ha/year
- h. Fixed cost per hectare - Fixed costs in this study consist of the cost of equipment and land taxes. Fixed cost as a Percentage of total cost
- i. Variable cost per hectare - Variable costs consist of, labour costs, maintenance costs, fertilizer cost, etc. Variable cost as a percentage of total cost
- j. Export income by sector
- k. Amount and growth of value addition

The KPIs to be considered for this goal includes the following.

<b>Measures / KPIs</b>	
<b>3.1</b>	<p>Conduct an Island wide research to gather following information</p> <ul style="list-style-type: none"> <li>• Coconut productivity - tons/ha</li> <li>• Age of Growers</li> <li>• Formal education of growers</li> <li>• Experience of the growers</li> <li>• Number of family members in grower's family</li> <li>• Number of trees per hectare</li> <li>• Coconut production per year per grower</li> <li>• Copra production per year - (kg/ha/year).</li> <li>• Fixed cost per hectare</li> <li>• Variable cost per hectare</li> <li>• Export income by category</li> <li>• Amount and growth of value-added products</li> </ul>
<b>3.2</b>	Annually update above data
<b>3.3</b>	Update local coconut development officers about above data and current information on monthly basis. And give them tabs where they can use it to share the information with the growers and other stakeholders.
<b>3.4</b>	Launch a web site with all above available data. Update the web site with current data in a frequent manner.
<b>3.5</b>	Launch an App which is accessible to all stakeholders with above information and current information.
<b>3.6</b>	Introduce a monthly e-newsletter and circulate it among the fraternity.
<b>3.7</b>	Conduct monthly cross functional meeting representing all stakeholders with the presence of the Hon. Minister. Give everybody a standard time to present their states, issues and assistance they need from the others. Introduce a standard format and time for that.

## **GOAL 4: INCREASE COLLECTION AND SUPPLY OF COCONUT IN THE COUNTRY**

There are 6 strategies

- a. Establish farmer and producer associations
- b. Grower training
- c. Innovative pricing to boost collection income
- d. Organize the growers and the industry in a structured manner
- e. Make information available to farmers
- f. Introducing more productive/sustainable consumption habits to the local consumers to minimize waste in domestic coconut consumption.

### Establish farmer and producer associations

Participative decision making and two-way communication is very important when it comes to development and improvement of the industry. There is minimum involvement in making decisions and little attention given to the ground level stakeholders in defining the way forward strategies of the industry.

On the other hand, sharing experiences both good and bad, is very useful in making the development plans. There is no platform to share the experiences among the fraternity.

### Grower training

It is very important to provide practical and technical training to the growers. The training should focus on improving producer skills and competence for increased productivity, minimize wastage and improving quality.

### Innovative pricing to boost collection income

The current pricing mechanism is not transparent and influenced by the intermediaries. Establishing an effective and transparent bulking and production process with participation of all stakeholders, especially growers are very important.

### Organize the growers and the industry in a structured manner

It is a must to organize growers based on production model and market demand to expand or revitalize their current plantation output. Through this the grower will be able to better utilize existing land and maximize their production and it will be possible to resolve the supplier constraints as well.

When growers organize and manage properly it is possible to create a strong pressure and lobby groups to make positive changes and impacts to the industry by influencing the government and decision makers.

There must be a mechanism to connect associations of different sub sectors in the industry in an orderly manner. This would unite the industry and will create a proper coordination across the value chain.

The definition of farmers/ Growers needs to be re looked at. If the people who grow



coconut are only considered a commercial operation, then there won't be attention given to home garden growers. This will ignore this sector thus no attention will be given in devising a strategy to develop this segment.

Make information available to the growers

Should invest on and implement a supply side research and information program to improve the accuracy and coverage of information of the production base. This will enable growers to better plan their production particularly to meet market demands and move into diversification and value-added products.

It is necessary to have a fund (created and maintained by public-private partnerships to manage industry specifics, R&D projects and marketing campaigns.

Introducing more productive/sustainable consumption habits to the local consumers to minimize the waste in domestic coconut consumption.

Waste in domestic consumption due to the lack of awareness hinders the potential volume of export and negatively impacts the export income generated from the coconut industry.

The KPIs to be considered for this goal includes the following.

Measures / KPIs	
<b>4.1</b>	Formulation of a Joint Coconut Industry Chamber (JCIC) representing the following associations. <ol style="list-style-type: none"> <li>1. Coconut Growers Association of Sri Lanka</li> <li>2. Ceylon Desiccated Coconut Manufacturers Association</li> <li>3. Exporter Association of Coconut Based Substrates</li> <li>4. Fibre Millers Associations</li> <li>5. Oil Millers Associations</li> <li>6. Fibre Exporters Association</li> <li>7. Virgin Coconut Oil Exporters Association</li> </ol>
<b>4.2</b>	Organize best practices and experience sharing sessions between the coconut development associations with an annual calendar covering the entire island.
<b>4.3</b>	Establish a model center to showcase new technology, machines, processes, fertilizers, irrigation system, etc. under the research, innovation and automation arm of the ministry. Should have one model center for every province and every district. Exhibit of this model center should be validated and updated once a quarter.

4.4	Organize competitions among the local coconut development associations to encourage innovate new technology, methods and process. Possible to organize competitions such as <ul style="list-style-type: none"> <li>• Best process innovation</li> <li>• Best method innovation</li> <li>• Best machine automation</li> <li>• Best Kaizen</li> </ul>
4.5	Introduce a government-controlled mechanism for purchasing raw material / Input. It is possible to apply the similar mechanism practice by the government to purchase paddy by the government. And manage the price inflation and supply of the raw material through the government intervention.

## **GOAL 5: DEVELOP FINANCIAL MECHANISMS TO ENABLE STRATEGY IMPLEMENTATION AND INVESTMENT BY ALL STAKEHOLDERS**

Objective of this is recognition of the crippling effects of long-term underinvestment in the sector and minimize the risks from under-resourcing. This objective aims to secure and mobilize adequate financial resources for the immediate and short-term implementation of the strategy as well as institute new mechanisms to permit appropriate financial resource needed to catalyze the ongoing development of a diversified industry

There are 4 focus areas under this.

- a. Undertake financial and supply assessments
- b. Develop appropriate prices and adopt finance mechanisms targeting farmers through commercially driven associations
- c. Develop mechanism for provision of finance for working capital and processing equipment
- d. Controlling the invisible profit generated by intermediaries in the value chain

### Undertake financial and supply assessments

It is important to introduce a stable investment culture in the coconut industry among all sectors based on long-term policy decisions by the different government agencies. Government and Financial Institutions will have full knowledge of the financial needs across the value chain. It is possible to get the adequate assistance from those institutions. This will lead to improved financial supply in the industry.

### Develop appropriate prices and adopt financial mechanisms targeting growers through commercially driven associations

This will enable growers /associations to have more access to finances enabling them to expand their operations. This will ensure a stable farm gate price to the growers without being subjected to rip off by the middlemen.

Through this it will be possible to strengthen the investment potential of small growers and holders and will be able to provide institutional and financial facilities for coconut-based exporters

Develop mechanism for provision of finance for working capital and processing equipment

One of the main issues in the industry is the availability of working capital. It is necessary to set up a mechanism to come up with a short-term working capital financial assistance scheme to ensure that processors and growers have the access to finance for sourcing, marketing and product development.

Inefficient working capital management is one of the biggest reasons for processors and growers to quit the industry. Hence it is necessary to provide financial support, but it is more important to make processors and growers aware and educate about proper working capital management.

Controlling the invisible profit generated by intermediaries in the value chain

In every step and function of the value chain there are intermediaries and in most of the instances the system is controlled by those intermediaries not by the direct stakeholders of the industry like growers , millers, etc. Major part of the profit is being shared by these intermediaries as they have the influence over the price through demand and supply management across the value chain.

The KPIs to be considered for this goal includes the following.

	<b>MEASURES/KPIs</b>	
<b>5.1</b>	Introduce a pricing formula covering all the sub categories and stakeholders in the industry. (Ex: minimum Farm- Gate price per coconut and for De-husked coconut). This should cover the raw material as well. The pricing formula should be governed and decided by the ministry.	
<b>5.2</b>	Introduce a maximum price control mechanism for coconut and De-Husked coconut. Controlled price should be enforced by the ministry as and when it requires.	
<b>5.3</b>	Introduce and encourage subsidiary system for fertilizer. Special attention must be given to small growers.	

5.4	Introduce a low interest loan scheme for all sub sectors and stakeholders in the industry for new investments. Introduce a standard milestone plan and SOP for investors who receive the loan and monitor the progress against that.	
5.5	Conduct training on importance of working capital management covering all stakeholders in the entire Island. Come up with a proper training calender covering the entire island with clear timelines, responsibilities and accountabilities and targets by region.	

## **GOAL 6: DEVELOP A COCONUT PROCESSING INDUSTRY FOCUSING ON VALUE ADDITION AND DIVERSIFICATION OF COCONUT PRODUCTS**

It is important to promote and motivate stakeholders at various levels of the value chain to use the most appropriate technology in terms of efficiency, costs and skill requirements. Through this it will be possible to expand the processing stage of the coconut industry.

There are four strategies under this.

- a. Develop appropriate product processing industry for value added and diversification of coconut products
- b. Introduce continuous processing to the millers
- c. Improve quality testing and standards
- d. Introduce an effective import tariff system to manage and optimize palm oil and other substances

### Develop appropriate product processing industry for value added and diversification of coconut product

One of the biggest constraints in developing the industry is the availability of proper machinery. It is necessary to minimize restrictions and taxes on machinery imports to increase the imports and availability of proper machinery with right standards and technology.

### Introduce continuous processing to the millers

The DC Manufacturers should change their production from batch processing to continuous production to ensure efficient utilization of resources and raw materials.

### Improve quality testing and standards

Expected quality standards and requirement for exports are continuing to increase. Sri Lankan products should meet the standards required by the global consumers and markets. It is necessary to introduce a quality and standard system which should monitor and upgrade on a regular basis.

Special attention should be given to following areas in developing a quality standard and a structure in the industry.

- Coir sector should be improved to a higher level of quality of standards as it is far below the expected level
- Implementation of the drying floor project with the objective of improving quality of fiber and quality of coco peat simultaneously
- Coconut oil industry should be regularized to maintain the quality
- Regulation of the manufacturing process.
- Educate and promote the importance of obtaining international certificates such as MP, ISO, etc.
- Introduce a quality standard and process standardization for export products.

Introduce an effective import tariff system to manage importation of palm oil and other substances

Existing policy, controls and traffic on the importing of the palm oil and other substances are inadequate, not flexible and not protecting the domestic industry. Hence it is necessary to re look at the existing mechanism.

The KPIs to be considered for this goal includes the following.

	<b>Measure / KPI</b>
<b>6.1</b>	Reduce tariff for machinery imports and introduce a tax refund mechanism for machinery investment to promote new machinery imports.
<b>6.2</b>	Conduct training on availability, use and importance of using right machinery covering all the stakeholders in the entire Island. Come up with a proper training calendar covering the entire Island with a clear timelines, responsibilities and accountabilities and target by region.
<b>6.3</b>	Conduct training programs on continuous production in the entire region with the objective of promoting continuous production. Come up with a proper training calendar covering the entire island with clear timelines, responsibilities and accountabilities and target by region.
<b>6.4</b>	Introduce a drying floor project with the objective of improving quality of fiber and quality of coco peat
<b>6.5</b>	Make mandatory requirements to exporters to have GMP, ISO certificates
<b>6.6</b>	Issue national quality standard certificate for all the exporters and renew it periodically. Should not allow for exporting without the certificate.
<b>6.7</b>	Introduce mandatory bottling, obtaining SLS Certification on an annual basis and labeling for retail sale of coconut oil along with a ban on the present practices of sale of bulk and loose coconut oil from unhygienic containers.

## **GOAL 7: IMPROVE SUPPORT SERVICES TO RESPOND TO SECTOR NEEDS**

This objective focuses on the key aspects of the operating environment and support service structure of the coconut value chain factors at all points. There are 2 focus areas under this.

- a. Align policy and regulatory framework to support the actions of the private sector in the industry developing the industry, diversifying and driving improved quality with the support of the government.
- b. Improve infrastructure

### Align policy and regulatory framework to support the actions of the private sector in the industry, diversifying and driving improved quality with the support of the government.

There is no proper understanding or a clarification about the roles of industrialist and the government in the industry, this should be defined to be in line with contemporary business realities and update continually by reshaping the task and general environments of the industry. Current government role, which is more in the form of a regulator, is questionable. Government should play more of a facilitator and a resource provider role rather than a regulator.

Absence of a coordinated effort among the government bodies and institutes are pulling back the growth and development of the industry. Sometimes industry stakeholders get different and contradicting directions from different government institutions. It is very important to have a common and a shared vision and a goal for all the government institutions.

National coconut policy should not be an individually driven or driven by an individual. It should be a policy which should not change for the agreed time period despite the change of people, the minister, the chairman and other decision makers. People who make decisions about the industry should have the industry experience and knowledge. This should start from the senior positions in the ministry and government institutions.

The relationship between the public sector/the government institutes and the private sector stakeholders in the industry is not healthy. Without a proper public-private coordination and a partnership this industry will not move forward.

Ministry and government should seriously evaluate the current regulatory framework, tax and policies to incentivize and promote the industry.

### Improve infrastructure

No industry is successful if it is not supported by a proper infrastructure facility. Special attention should be given to small and medium players as they do not have adequate capital to invest in their own infrastructure facilities such as storage and transportation.

Knowledge about development, importance and optimum utilization of available infrastructure facilities is not adequate. There is no effort to educate the stakeholders about the available infrastructure and ways of improving their own infrastructure facilities.

The KPIs to be considered for this goal includes the following.

	Measures / KPIs
7.1	Establish a coconut development governing body with the participation of all three government organizations and proposed national coconut council with the leadership of the Hon. Minister. And this body should meet once a month to review and preview the progress.
7.2	Conduct training on development and optimum use of infrastructure facilities across the value chain. Come up with a proper training calander covering the entire Island with clear timelines, responsibilities and accountabilities and target by region.
7.3	Conduct awareness campaign about the available infrastructure facilities across the country. Come up with a proper plan covering the entire Island with clear timelines, responsibilities and accountabilities and target by region.
7.4	Provide low interest loan facilities with a grace period for investment on infrastructure development. Introduce a standard milestone plan and SOP for investors who receive the loan and monitor the progress against that.

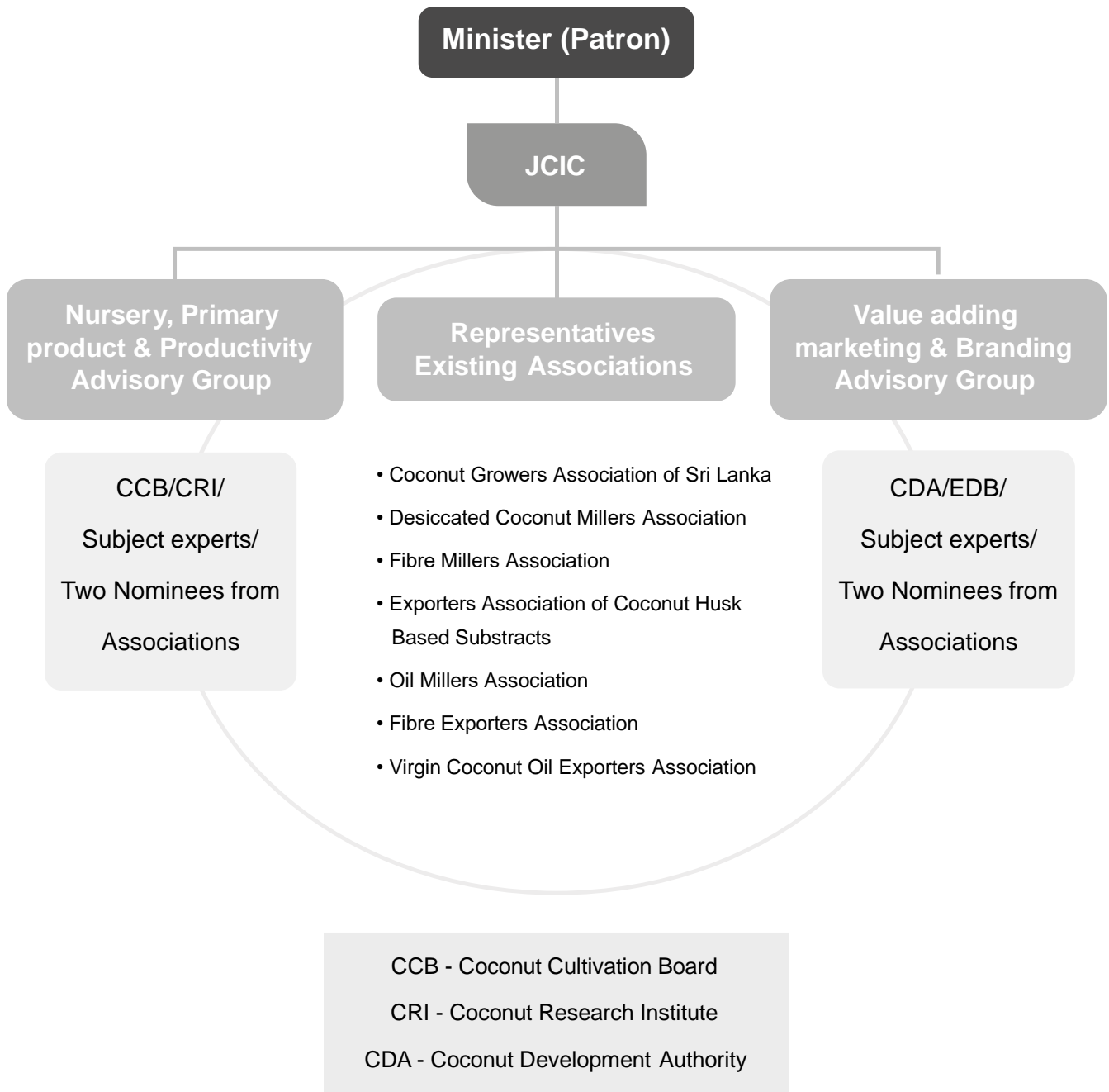
**GOAL 8: ESTABLISH A COCONUT STRATEGY IMPLEMENTATION AND COORDINATION BODY TO ESTABLISH APPROPRIATE ADMINISTRATIVE AND REGULATORY FRAMEWORKS TO MANAGE THE COCONUT SECTOR.**

This Apex body should comprise of key ministry officials, academics and representatives of coconut associations with the objective of formulating policies and strategies for the coconut industry. Ministry/ government should play the facilitator role rather than mere administrator role, through this apex body.

The KPIs to be considered for this goal includes the following.

	Measure / KPI
8.1	Establish a Joint Coconut Industry Chamber

**JOINT COCONUT INDUSTRY CHAMBER (JCIC)**





## **JCIC:**

### **Principles/Values:**

- a. Transparency –All decisions and behavior be openly known and able to withstand public scrutiny.
- b. Good faith dealings –Decisions are made and can be defended as being done in good faith expectation that they are for the advancement of the coconut industry.
- c. Enhancement of JCIC standing and reputation –Actions and decisions always work to enhance the good name and reputation of the chamber.

### **Vision**

To have a modernized Coconut industry that can contribute significantly to national peace, unity and economic development for prosperity of the people of Sri Lanka.

### **Mission**

- To provide leadership, strategic oversight and management for the modernization and diversification processes in the Sri Lankan coconut industry.
- To champion the coconut industry with the Sri Lankan government and to potential industry partners.
- To support effective sector governance by modelling responsible and effective behaviors of stakeholders.

### **Objectives**

1. Oversee of the effective execution of the Strategy and Strategy Implementation Plan.
2. Continuous strengthening of the JCIC in support of its mission.
3. Amendment, revisions and modification of the strategy considering industry development and external factors.
4. Maintenance of strategic responsiveness to key stakeholders

### **Functions of the JCIC**

- a) Responsible for the planning, development and monitoring of the coconut sector in line with the planned activities outlined in this strategy
- b) Liaise with the stakeholders in the nursery, primary production advisory group to ensure that the needs and aspirations of coconut growers in rural areas are attended to;
- c) Prepare and coordinate annual coconut development plans in line with the approved planned activities and available funding for implementation
- d) Prepare annual budgets for submission to the ministry during government budgetary preparation every year; Develop fee schedules and seek ministerial approval for purposes of collection of fees for services rendered to members and non-members to collect funds for the ongoing development of the organization
- e) In collaboration with the ministry and other relevant line agencies and NGOs, collect and disseminate important data and information relating to coconut development on an annual basis
- f) Prepare programs, annual plans, annual reports, development projects and other related materials for presentation and approval by the Ministry

- g) Organize, fund and arrange respective meetings of the advisory groups and JCIC on an annual basis
- h) Liaise with NGOs and donors for technical and financial assistance for coconut development in Sri Lanka regarding funding and training
- i) Create developmental networking amongst coconut nursery growers, plantation owners and developers and coconut processors, value adders and coconut product exporters with the view to facilitating increased production and marketing in the coconut sector
- j) Liaise with regional and international coconut organizations for technical and financial assistance regarding coconut development
- k) Facilitate representatives to attend regional and international meetings on coconut development
- l) Prepare and provide timely reports to respective authorities as and when may be requested from time to time

### **JCIC composition**

There are two main positions in the chamber.

1. Secretary General
2. Office manager

### **Secretary General**

#### Position purpose

Playing a coordinating role in the strategy projects, activities and programs through the facilitation of reporting, overseeing implementation and channeling information to the JCIC for appropriate and effective decision making.

#### Reporting

The Secretary General will report monthly or more often as required by circumstances to the JCIC and the Hon. Minister

#### Tasks

1. Institution of monitoring and reporting plans for all projects, programs and activities of the Strategy, including financial and performance aspects.
2. Preparation of internal reporting and other key information flows amongst Strategy components.
3. Weekly briefings (written always and verbal if required) to the JCIC
4. Validation of minutes kept by the office manager.
5. Preparation of quarterly reports for validation and endorsement of JCIC.
6. Oversight and weekly task planning of the office manager.
7. Maintenance of the consultants' roster, oversight of all technical inputs and monitoring for *satisfactory capacity building* outcomes.
8. Preparation of documentation supporting execution of the Implementation Plan

## **Office Manager**

### Position purpose

Maintenance of an efficient and professional JCIC office in support of overall Chamber effectiveness.

### Reporting

The office manager will prepare a weekly operational report to the Secretary General.

### Tasks

1. Manning of the JCIC office, including maintenance of daily communications via email, phone and reception of visitors
2. Maintenance of meeting minutes and circulation of agendas of JCIC.
3. Maintenance of regular information updates (bulletins, updates etc.) to stakeholders via email or print.
4. Liaison and logistical arrangements in support of JCIC and Coordinator activities, including travel, per diem, meeting catering, venue and other similar arrangements.

### **Functions of nursery, primary production and productivity advisory group**

- a) Responsible for the planning, development and monitoring of the strategies assigned to the advisory group in line with the planned activities outlined in this strategy monitor the progress of the achievement of the strategic objectives proposed in the document.
- b) Provide technical and advisory support to the JCIC regarding productivity improvement.
- c) Provide technical and advisory support to the JCIC regarding coconut nursery developmental planning.
- d) Provide technical and advisory support services to coconut nursery business entities and coconut growers and producers on the request of JCIC.
- e) Provide support and technical assistance to JCIC regarding collection of information and data about coconut production.
- f) Meet at least two times annually for planning and reporting purposes.
- g) Provide quarterly reports to JCIC on the status of the planned coconut nursery programs focusing on the annual target specified in the coconut strategy.
- h) Advise relevant officers through JCIC on measures to take in protecting coconuts from pest and diseases;
- i) Undertake research and report on findings to JCIC for purposes of improving the usefulness of JCIC to the members.

### **Functions of the value adding marketing and branding advisory group**

- a) Provide technical and advisory support to JCIC regarding the types of coconut products having comparative advantage in the market.
- b) Provide technical and advisory support services to JCIC on the range of machines and tools for producing the various coconut products to respond to demand in local and export markets.
- c) Provide advice to the secretariat for purposes of negotiating for technical and technological assistance with potential development partners.

- d) Provide market advice to growers through JCIC on market opportunities for various coconut products.
- e) Provide advice on what kinds of investment opportunities exist within the coconut sector to enhance the promotional activities.
- f) Provide advices on updated and effective marketing and branding tools and mechanisms to the stakeholders.
- g) Provide technical assistance to JCIC regarding collection of market information and data.
- h) Meet at least two times annually for planning and reporting purposes.

### **Functions of the Provincial Coconut Development Associations**

- a) Liaise on behalf of the JCIC with members of the provincial coconut development associations on matters relating to the development of the sector.
- b) Take responsibility for ensuring that the interests of members of the JCIC are being adhered to in a timely manner.
- c) Encourage all stakeholders to become members of the JCIC.
- d) Manage funds belonging to provincial level coconut development associations.
- e) Collect and compile data and information relating to coconut development in the provinces on a regular basis.
- f) Facilitate annual general meetings of regional grower's, producer's and trader's associations.
- g) Liaise closely with the JCIC regarding developments in the sector.
- h) Facilitate the collection of membership fees from JCIC members and liaise with the JCIC for safe keeping.
- i) Perform an annual stock take of coconut replanting and liaise with the JCIC for record keeping.
- j) Undertake any other responsibility as may be directed by JCIC from time to time
- k) Meet at least once a quarter for planning and reporting purposes.

## **9. FACTORS AFFECTING SUCCESSFUL IMPLEMENTATION OF THE COCONUT DEVELOPMENT STRATEGY**

The success of this coconut development strategy relies heavily on its effective implementation and regular monitoring and periodic evaluation.

There are multiple factors which will have an influence on the successful implementation.

1. Establishment of the JCIC, financial resourcing of JCIC and recruitment of the officers to JCIC.
2. Capacity building exercises for JCIC staff to ensure that follow up on implementation is effectively and efficiently undertaken. Special training on non-conventional issues/demand in agricultural development must be organized.
3. Regular monitoring of the implementation and effectiveness of the coconut strategy will be undertaken via JCIC. Additionally, a dedicated effort to revise and strengthen strategy indicators must be made with great urgency.

4. JCIC must be strengthened through legislative intervention and by providing ongoing public awareness about the contents of this strategy
5. Dialogue and awareness among coconut sector stakeholders at all levels of society should be maintained on a regular basis to capture, both formal and informal, feedback on the strategy implementation progress
6. A mid-term review of the coconut strategy should be completed. This review will facilitate production of reports which will then be useful for engaging potential donors in the event of any additional developments relating to the implementation of the strategy.

The final evaluation of the outcome of this coconut strategy will be undertaken at the end of 2024.

## 10. CONCLUSION

By creating this strategic plan for the development of the coconut industry, Hon. Minister and the Ministry of Plantation and Export Agriculture has shown its recognition for a sustainable development in coconut industry in Sri Lanka. The challenge will be to keep the momentum and to ensure continuous improvement. Continual review and revision of strategic planning documents, including the mission and vision statements, and strategic objectives is a vital component of the strategic planning process. Policy makers, leaders, management and planners need to continue the dialogue begun with stakeholders, to ensure that their needs and concerns are being addressed.

In addition, as new programs and initiatives are implemented in response to this initial planning process, new weaknesses and threats will develop. This is especially true in current turbulent environment, which evolves and changes at a rapid pace.

This plan aims to be comprehensive, addressing both practical needs at the national level, and policy and planning needs at an Island -wide level. As a result, there is an extensive list of 78 initiatives proposed in this document. It is essential that the leadership commitment exhibited to date continue, and that managers and staff be provided with the support and guidance necessary to bring this plan to fruition. And it is necessary to have a proper time and action plan for each of the key Performance measures and KPI with clear responsibility and accountability.

This plan should be viewed as the first step in a long-term process. The development of a formal system to allow for systematic, periodic review of the plan and the collection of stakeholder feedback is necessary to ensure continued effective and responsible management of industry's programs. Such an ongoing commitment will provide industry with the necessary dedication to stay abreast of this growing area.



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