

ANNUAL REPORT 2018

MAHAWELI AUTHORITY

OF SRI LANKA

Content	Page
Our Vision / Mission	i
Historical Background	ii-vi
Profile of the Board of Directors during the year 2018	vii
Senior Management	viii
Review of the Director General - 2018	ix
Brief Report of the Board of Directors	x
Report of the Audit Committee - 2018	xi
Assets and Liabilities in the Preceding 7 years	xii
Board of Directors of the Companies Established under MASL – 2018	xiii
Part I	
Chapter 1 - Administrative Report	
Establishment, Constitution and Functions of MASL	(01-07)
Functions of the Mahaweli Authority of Sri Lanka	03
General Administrative Structure of MASL	04
Structure of Mahaweli Systems and Administration	05
Head Quarters Operations Unit	13
Planning and Operations Unit	14
Internal Audit Division	14
Chapter 2 - Technical Services Division	(15-24)
Functions	15
Project Planning and Implementation	15-18
River Basin Management Office	19
Head Works Operation & Maintenance Division	21-24
Water Management Secretariat	25-29
Land Use Planning Division	30-35
Environment and Forest Conservation Division	35-40

Chapter 3	- Development Division	(41-66)
	Lands Division	41-44
	Agriculture Development Division	45-52
	Fisheries and Dairy Development Division	53-57
	Institutional Development Division	58-59
	Business Development Division	60-66
Chapter 4	- Human Resources and Financial Management Division	(67-78)
	Human Resources Management Division	67-70
	Legal Division	71
	Finance Division	72-73
	Mahaweli Security Corps	73-75
	Mahaweli Center	75-77
	Transport Division	78
Chapter 5 -	Part I Companies Established under the Mahaweli Authority of Sri Lanka	79
	Part II Annual Accounts	80-91
	Part III -Auditor General's Report	92-102
	Part IV - Director General's Comments on Auditor General's Report	103-118
	Part V - Overall Performance of MASL	119-135



VISION

The best organization in Sri Lanka, in excellence use of land & water for the innovative agriculture, renewable energy, conserving environment and raising the living standard of citizens.

MISSION

We strive lead the use of land & water for the innovative agriculture productivity based on the latest technology the supplementing the generation of renewable energy, best environment and tourism for the enrichment of the Sri Lankan community and their living standards.

Historical Background

Mahaweli Development Program remains the largest physical and human resources program ever implemented in Sri Lanka. This program basically focusing on the rural development of the dry zone was designed in 1968 by the then government with the technical support of UNDP/FAO and played a key role in harnessing the natural water resources of the central hills towards the agricultural and settlement development activities of the dry zone.

In the pursuit of solutions to the problems which were the by-products of rapid population increase of Sri Lanka, it was required to focus on accelerating production. Compared to the 1940's figure the population of Sri Lanka doubled by the year 1969 and reached 11.8 million. The country had an annual population increase of 3.1 %. In the backdrop of the increase of population that was taking place at that time, it was assumed that by 1980 the country would require 1.8 million tons of rice for consumption. However, only 0.7million tons of rice was produced in the country at that time. Further, the demand for electricity for both industrial development and domestic consumption was estimated at 2000Gwh. However, annual generation of electricity remained at 470Gwh in 1969 and hydro power plants contributed 388 Gwh and the balance was generated by thermal power. The annual import of rice during 1960 – 67 period was 466,000 metric tons and as a result each year an out flow of Rs 200 million was recorded. In addition to that, an annual expenditure of Rs 130 million was incurred for the import of supplementary food crops. These expenditures reflected an exceptionally high value.

During that period it was found that population was concentrating within the wet zone of the country by recording a density of 465 persons per square km. The density of population in the dry zone was approximately 80 persons per square km. While the dry zone covered 66% of the total land area of the country, 70% of the population was concentrated in the wet zone. Accordingly, a low density of population was observed across the large extent of the dry zone. Compared to the other rivers of the country, the Mahaweli Ganga which has its origin in the central hills of the wet zone and reach the sea flowing through the dry zone after having collected rain water inflows of an area which is equaling to the 1/6th of the total land extent of the country, considered a perennial river. In this context, it was apparent that the future needs of the country could be fulfilled by diverting Mahaweli waters to the dry zone so as to develop agricultural production in that zone while contributing to the hydro power generating plants in the upper Mahaweli areas. A United States Mission, under the request of the government of Sri Lanka, initialed a Feasibility Study in 1956, to explore the possibility of land development in the dry zone. Simultaneously, Hunting Survey Corporation of Canada, in collaboration with Sri Lanka's Departments of Irrigation and Survey carried out a study of Mahaweli River at the request of the then government. Two independent reports were submitted by these organizations in 1961 covering their respective studies, and the relevant studies were presented to the Parliament in 1962 for approval.

This proposal was not approved by the Parliament, since the local experts were of the view that diversion of part of Mahaweli waters, without carrying out a comprehensive study on the water resources of the entire Mahaweli basin, would result in negative impacts. Subsequently, a request was forwarded to the United Nations in 1962 in order to obtain independent recommendations in selecting projects for development on priority basis, after having carried

out a comprehensive study on the entire lands and water resources covering all rivers, including the Mahaweli Ganga. Subsequent to that request an FAO team was sent to Sri Lanka by the United Nations Development Program. In addition, a team of experts from Sri Lanka and other supporting staff were appointed to assist the FAO team.

After four years of extensive study the relevant research report was published in 1968 in 3 volumes comprising 14 separate reports. Thus the Mahaweli Development Plan was approved by the Parliament in 1968.

The areas located within the North Central Province and the Eastern Province, which would receive benefits from this program were divided into 13 Systems and named in alphabetical order from A to M. The projects which were considered as economically viable and provide larger benefits with less investments, were taken up for implementation during the first phase.

Mahaweli Master Plan

The main objective of the Mahaweli Master Plan was providing of approximately 6900 million cubic meters of waters from the Mahaweli water resources for the purposes of generation of electricity and irrigation. The second objective was construction of 15 reservoirs and utilizing 11 of such reservoirs for generation of electricity.

According to the Mahaweli Master Plan submitted by United Nations Development Program (UNDP) and Food and Agriculture Organization (FAO) it was proposed to provide irrigation waters for both Yala and Maha seasons for 364, 372 hectares of land situated within the Mahaweli basin and other river basins of the dry zone. Out of this total land extent, 264, 777 hectares were new lands to be opened up for agriculture; cultivation in the remaining 110, 404 hectares has been carried out only for one season. It has also been pointed out that 2037GWh of electricity could be generated by utilizing the potential of the planned reservoirs and canals. As per the Mahaweli Master Plan, it has been proposed to carry out the development activities within a 30 year period. Considering the convenience of utilization of funds and implementation, particularly the need for development benefits, the activities of this program were divided into three phases:

I. First Phase

It was proposed to implement the first phase during the 1969-1980 period. It was planned to provide irrigation waters during this phase for 74, 494 hectares of new lands and 58, 300 hectares of old lands and generate 820GWh electricity annually. The activities of this stage were divided into 3 projects:

- Polgolla Diversion (1969-1973)
- Victoria/Minipe Diversion (1973-1977)
- Moragahakanda Multipurpose Unit

II. Second Phase

Under this phase irrigation facilities would be provided to 93, 117 hectares of land in the Mahaweli and Maduruoya basins. Further, the headworks related to Maduruoya reservoir, Thaldene Multi-purpose Complex and Kandakadu anicut would be carried out. Out of the land extent of 93, 117 earmarked for provision of irrigation facilities, 8502 hectares of land have already been under cultivation. The main activities of this phase included: Construction of a hydro power plant with the installed capacity of 15Mw at Thaldene, to construct a tunnel from Rathkinda reservoir to the Maduruoya reservoir in order to feed it with water, construction of a mini hydro power plant along with Maduruoya reservoir with installed capacity of 4.9 Mwh.

III. Third Phase

Under this phase 105, 668 hectares of new lands in the North Central Province would be developed. The implementation of the Final Plan to generate hydro power would result in the construction of hydro power plants with the installed capacity of 293MWh. Through such plants 1169 gwh power would be generated annually. The development of the left bank canal of the old Minipe Tank, construction of the 164 km North Central Canal, construction of reservoirs such as Rotalawala, Umaoya, Rantambe, Kotmale, and Kaluganga were included under this phase.

However, Mahaweli Master Plan is being implemented in three development phases by according priority to the present needs.

Implementation of the Mahaweli Master Plan (First Development Phase)

Polgolla and Bowatanna Project as the first project of the Mahaweli Master Plan, was commenced in 1970 and its construction activities were completed by 1976. The completion of this project enabled the supply of irrigation water for existing 16,000 hectares of lands and 23,000 hectares of new lands and generation of electricity with an installed capacity of 40MWh. Under this project, 23,000 farmer families were settled at the Kalawewa basin within the Mahaweli H System by 1977. As of now, all activities related to settlements at system H under Mahaweli Program have been completed and the total number of families settled there remains as 39,500.

By 1977 the economy of Sri Lanka was facing several issues. The increase of the import expenditures of agricultural commodities including rice remained the main issue. Of the total requirement of rice only 69% was produced within the country and 31% of the supplies was dependent on imports. In addition to that, several other essential agricultural commodities, as well, were also being imported into the country.

By 1977 the generation of electricity by the Ceylon Electricity Board was 408Mwh and it was not adequate to fulfill the demand for electricity existing in the country at that time. Electricity breakdowns has become a routine issue and No. of days of power cuts per year has been increased to 70 by that time.

The rate of unemployment rose to 17%. Reducing unemployment became an essential aspect and immediate solutions were required for such issues. As a step to address these issues in an urgent manner, the then government decided on 12th October 1977 to accelerate the implementation of the Mahaweli Master Plan.

Accelerated Mahaweli Program (Second Development Phase)

The 1977 government decided to implement a few selected projects from the Mahaweli Master Plan and complete them within a short period of six years. An exclusive ministry was also established in order to implement those projects. Accordingly, steps were taken to commence and implement Kotmale, Victoria, Randenigala and Maduruoya reservoir projects. Later, Rantambe Project as well, was included into this program. Hydro power is being generated at all these reservoirs, other than Maduruoya, and the same water is being used for irrigation purposes. Accordingly, development of Mahaweli Systems C & B along with settling of farmer families also included into the Accelerated Program. Number of families settled at System B and System C remained at 30,645 and 45,488, respectively.

Financial assistance was provided for these projects by Great Britain, Canada, Sweden and Germany, respectively. Downstream development activities were funded by World Bank, EEC, Japan and Kuwait. Mahaweli Authority of Sri Lanka was established in 1979 in order to launch these projects. Mahaweli Engineering and Construction Agency and Mahaweli Economic Agency were established for engineering and design functions and resettlement activities, respectively. For the purpose of management of the large reservoirs constructed under the Accelerated Mahaweli Program, Head works Operation & Administration Division was established in 1986.

The Accelerated Mahaweli Development Projects were completed by 1990 and through such projects a massive investment has been made in the sectors of generation of power and agriculture. In this context, the government was rather reluctant to make further investments in the agriculture sector and therefore the Moragahakanda Reservoir project which has been included in the Mahaweli Master Plan, was to be kept at abeyance. However, this project which remained confined only to plans relatively for a long period, is being implemented at present. This would result in expanding the benefits of Mahaweli Development Program, further.

Present Role and the Future Plans of the Mahaweli Development Scheme (Development Phase III)

The third Development Phase could be described as the phase of spreading the Mahaweli Development Program across the country. The Morangahakanda and Kaluganga Reservoir Project was implemented with the objective of supplying water to 1200 small and medium scale tanks scattered in the North, North Central, East, North Western and Central provinces. Uninterrupted water supply could be ensured throughout the year to the paddy lands of Elahera area, major reservoirs of Polonnaruwa and the Trincomalee districts. Thus it is envisaged to improve agriculture by supplying water to 81,000 hectares of new lands. The key objectives of this exercise include contributing to achievement of self-sufficiency in the country and adding of 25 Mw electricity to the national grid by generating power at the hydro- power plant. In addition to establishing required settlements for displaced communities of this Project, as of now, the construction of new Laggala town equipped with all infra – structure facilities has been completed successfully. This project is scheduled to be completed by August 2019 and

handed over to the Mahaweli Authority of Sri Lanka. That event would mark another successful milestone in the massive Mahaweli Development Program.

The Uma Oya Multi-Purpose Development Project was initiated with the objective of further expanding the functions of the Mahaweli Authority. Under this Project two reservoirs would be constructed in the Welimada area in order to store the waters of the Uma Oya river basin. From these reservoirs, water would be diverted to the Kirindioya basin, for the first time, through a 15.6 km long tunnel. Asia's largest underground power station scheduled to be constructed under this project, with its annual capacity of 120 Mw would contribute to the national power supply. This project is being successfully implemented with the basic objectives of contributing to the national electricity generation, enhancement of the productivity of the agriculture sector of the remote Uva Province and addressing portable water requirements of the people. Along with the completion of this Project in 2019, it would be absorbed in to the dynamic water management structure of the Mahaweli Authority of Sri Lanka. At present two projects are being implemented by the Mahaweli Authority of Sri Lanka in order to clean the major reservoirs and other reservoirs of the Authority and to conserve catchment areas and river basins, respectively.

The Mahaweli Authority of Sri Lanka is in the process of exploring new income sources by generating massive income, through implementation of environment friendly power generation initiatives under the renewable energy program. Under this program floating solar power systems are to be installed in the Mahaweli reservoirs along with the development of mini-hydro power plants. This would contribute towards meeting the national energy requirements and generation of high income.

Meanwhile, all basic objectives of the third phase development of MASL are likely to be achieved by implementing massive development programs, which include Maduruoya Right Bank Development Project and several other projects covering Walawe, Rambakkanoya Mahaweli System 'B' and System 'H'. In this process, the Authority is gradually moving towards a phase which would make maximum contributions to the national economy through sectors such as agriculture, irrigation, dairy resources, energy and conservation of environment.

**Board of Directors
During the year 2018**

Serial No.	Name & Designation	Period
01	Mr. S.M. Gotabhaya Jayarathna Director General Mahaweli Authority of Sri Lanka	January to March 2018
02	Mr. R.A.R. Rupasinghe Director General (Acting) Mahaweli Authority of Sri Lanka	March 2018
03	Mr. Sarath Chandrasiri Vithana Director General Mahaweli Authority of Sri Lanka	March to October 2018
04	Dr. (Mr.) D.M.S. Dissanayake Director General Mahaweli Authority of Sri Lanka	From October 2018
07	Mr. H. Hemal Kasthuriarachchi Director General Ministry of Finance	March to December 2018
05	Eng. (Mr.) S. Mohana Raja Director General Department of Irrigation	January to December 2018
09	Eng. (Mrs.) C. H. Devendra Additional Secretary Ministry of Mahaweli Development and Environment	January to December 2018
06	Mr. M.D.J.C. Murage Assistant Director Ministry of Finance	January 2017 to February 2018
10	Mr. Thilak Bandara Mahalekam- Member	January to December 2018

SENIOR MANAGEMENT- 2018

No.	Designation	Name
01	Director General	Mr. S.M. Gotabhaya Jayarathna January- March 2018
		Mr. R.A.R. Rupasinghe -(Acting) March 2018
		Mr. Sarath Chandrasiri Vithana March- October 2018
		Dr.(Mr.) D.M.S. Dissanayake October 2018
02	Additional Director General	Mr. M.H.G. Bandara August 2018
03	Deputy Director General (Administration & Finance)	Mrs. K.C.S. Fernando -(Acting)
04	Deputy Director General (Technical Services)	Eng. (Mr.) K.G. Perera
05	Deputy Director General (Development)	-
06	Director (Personnel & Administration)	Mrs. K.C.S. Fernando January- March 2018
		Mr. M.H.G. Bandara -(Acting) August 2018
07	Project Director (Dam Safety and Water Resources Planning Project)	Eng. (Mr.) D.C.S. Elakanda
08	Project Director (Moragahakanda- Kalugaga Development Project)	Eng. (Mr.) D.B. Wijerathna From 01.03.2018
09	Project Director (Mahaweli Consolidated Project)	Eng. (Mr.) M.P.M. Perera Up to 04.06.2018
		Eng.(Mr.) K.G.S. Padmakumara From June 2018
10	Project Director (Uma Oya Multi-Purpose Development Project)	Dr. (Mr.) N.S.K.N. De Silva (Engineer)
11	Director (Finance)	Mr. T.D. Priyantha
12	Director (Internal Audit)	Mrs. K.A.M.C.M. Peris (Acting)
13	Director (Mahaweli Center)	Mr. Aruna Prabhath Lekamge (On Contract Basis)
14	Director (Agriculture)	Mr. R.M. Nevil Rajapaksha
15	Director (Fisheries & Diary Resources)	Mr. R.M. Nevil Rajapaksha (Cover up)
16	Director (Lands)	Mr. D.A.A.U. Gunasekera up to 08-02-2018 (On Secondary basis)
17	Director (Institutional Development)	Mr. M.L.D.C. Abewardena -(Cover up)

No.	Designation	Name
18	Director (Business Development)	Mr. W.K.P.C. Perera (Up to 30-08-2018)
19	Director (Engineering Designs and Planning)	Eng. (Mrs.) T.M. Athapaththu
20	Director (Downstream Development)	Eng. (Mr.) P.G. Gunapala
21	Director (HOA & Maintenance)	Eng. (Mr.) S.R.K.Aruppola
22	Director (River Basin Management)	Eng. (Ms.) Chandra Senerath
23	Director (Land use Planning)	Mrs. J.M.I.H. Jayawardena (Cover up)
24	Director (Forestry & Environment)	Mr. A.M.K.B. Aththanayake
25	Director (Water Management Secretariat)	Eng. (Ms.) G.K.T. Samarathunga
26	Director (Planning & Operations)	Mr. B.L.B. Senarathna (Cover up)
27	Director (Head Quarters Operations)	Mrs. D.K.V. Wijayaweera 2018 January to September 2018
28	Director (MSO)	Major. (Mr.) L.A.P. Jayawardena
29	Director (Legal)	Mrs. R.L. Rajapaksha
30	Director (Research Development & Special Projects)	Mrs. D.K.V. Wijayaweera From September 2018
31	Residential Project Manager (System B)	Mr. S.T. Thushara Danthanarayana (Acting)
32	Residential Project Manager (System C)	Mr. K.A.V. Wimal Kumara (Acting)
33	Residential Project Manager (System D)	Mr. J. Prasanna Jayathilaka (Cover up)
34	Residential Project Manager (System L)	Mr. H.K.P. Jayanada - Till 2018 March
35	Residential Project Manager (System G)	Mr. A.G.T. Hemantha (Cover up)
36	Residential Project Manager (System H)	Mr. I.M.U. K. Kumara 29.04.2016- 04.06.2018 –(Acting) From 05.06.2018 (Permanent)
37	Residential Project Manager (Victoria)	Mr.I.M.U.K.Kumara Up to 01.06.2018
		Mr.A.M.A.P.G. Gunawardhana From 05.06.2018
38	Residential Project Manager (Huruluwewa)	Mr. E.H. Jayarathna (Performance of Duties)
39	Residential Project Manager (Rambakanoya)	Eng. (Mr.) A.M.A.P.G. Gunawardhana Up to June 2018
		Mr.H.M. Wijerathna From June 2018
40	Residential Project Manager (Walawa)	Mr. A.L. Osman De Silva (Acting)

Review of the Director General for the Year 2018

The Mahaweli Authority of Sri Lanka was established under the Act No. 23 of 1979 in order to implement the Multi – Purpose Mahaweli Development Program. More than one million persons live in the Mahaweli areas, which remain scattered in almost one third of the total land extent of Sri Lanka. The initial objectives of the Mahaweli Development Program included bringing prosperity to the country by enhancing productivity in the sectors such as agriculture, fisheries, power and dairy products along with flood control and employment generation in the dry zone area.

It has been planned to get the intervention of the relevant institutions in order to identify entrepreneurs to undertake ventures in agriculture, Agri- enterprises, water management, animal production and generation of renewable energy, so as to enhance the productivity of the Mahaweli areas. It is expected to work with the Ministries in-charge of the subject and other government Departments. It is also expected to enhance the productivity of the Mahaweli products utilising the results of the ongoing research activities, covering all these fields. The research projects implemented with the expectation of improving the productivity of the sectors such as agriculture in the Mahaweli Systems, include successful studies being carried out at Liyiniyagama, Kotmale Tissue Culture Centre. Arrangements have been made to implement Agri enterprises development projects and technological innovations, as an incentive for youth to engage in agriculture.

The Irrigation System that covers vast areas of the country under the Mahaweli Program makes a substantial contribution to the irrigation water, drinking water, as well as to electricity generation. However, with the objective of ensuring uninterrupted water supply to the areas - particularly to the areas that face severe drought conditions and resultant water shortages - the engineers attached to the Mahaweli Authority of Sri Lanka have already commenced initial investigations so as to explore the possibility of enhancing the water capacity of Mahaweli River by diverting waters from Upper streams of Kehelgamuoya (Kelani Ganga). Further, required initial plans and studies have already been launched in order to increase the capacity of the Kotmale Reservoir.

At present a massive project is being implemented by the Environment and Forestry Division of the Authority in order to clean reservoirs, conserve catchment areas and river basins. Accordingly, Mahaweli Authority of Sri Lanka is implementing a massive program covering almost all the provinces of the country, except the Western Province.

I appreciate the encouragement given to us under the philosophy, guidance and advice of Hon. Chamal Rajapakse, the Minister of Mahaweli, Agriculture, Irrigation, Rural Development, Internal Trade, Food Security and Consumer Welfare. I also take this opportunity to extend my gratitude to all employees of the Mahaweli Authority of Sri Lanka and the entire project staff who endeavour to successfully achieve the above targets under the direction of Minister of State for Mahaweli Development and Secretaries of the Ministry and the State Ministry.



Eng. B A S S Perera
Director General
Mahaweli Authority of Sri Lanka

Brief Note of the Board of Directors

The Report of the Board of Directors of the Mahaweli Authority of Sri Lanka with the Audited Financial Statements of the Organization as at 31st December 2018 is submitted herewith.

Review of the Year

The Review submitted by the Director General contains a detailed description of the operations of the Organization during the year ended on 31st December 2018.

Also, proper steps have been taken to ensure that the assets of the Organization 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.

As the Board we wish to express our great appreciation to all Staff Members of MASL for the enormous commitment shown by them in fulfilling the tasks entrusted to them.



Mr. H. Hemal Kasthuriarachchi

Director General

Ministry of Finance



Eng. (Mr.) S. Mohanaraja

Director General

Department of Irrigation



Mr. M.D.J.C. Murage - Member

Assistant Director

Department of Trade and Investment Policy



Eng. (Mrs.) Devendra - Member

Secretary

Ministry of Mahaweli Development and Environment



Mr. Thilak Bandara Mahalekam- Member

Review of the Audit Committee- 2018

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- 2018:

- | | |
|--------------------------------|--|
| • Mr. Hemal Kasthuriarachchi | - Chairman of the Committee-
Representative of the Treasury |
| • Mr. Thilak Bandara Mahalekam | - Member |
| • Eng. (Mrs. C.M. Devendra) | - Member |

Presence at Committee Meetings:

- Director (Finance)
- Director (Internal Audit)
- A Government Audit Officer representing the Auditor General
- Other relevant Officers who are summoned when necessary

Functions of the Committee:

- ❖ Monitoring and reviewing of the internal control systems, recognition and approval of Annual Audit Plans, when necessary.
- ❖ Review of the Auditor General's Reports and Internal Audit Reports, perusal of issues and take corrective actions to address the deficiencies.
- ❖ Issuing of Instructions to regulate the internal control of the Authority by paying special attention to the matters raised by the Auditor General in terms of Section 14 (2) (C) of the Finance Act No. 38 of 1971.
- ❖ Quarterly review and comparison of the Performance Reports of the Authority.

Internal Audit Division:

The Internal Audit Division of the Authority has been established with the objectives of conducting financial audit, system analysis, and performance analysis and also to conduct special investigations in order to ensure special efficient performance. The Internal Audit of the Authority was carried out by the Internal Audit Division according to the Internal Audit Plan, under the guidance of the Audit Committee during the year 2018. Further, this Division took steps to conduct a System Audit to eliminate inefficient procedures, improve internal controls, and minimize possible instances of fraud and errors.

Progress achieved during the year 2018

- 17 Audit Reports were issued during the year under the Internal Audit Plan.
- 18 Investigations were conducted and the investigation reports were issued.
- 03 Audit and management Committee meetings were held.
- Review the answers to the Audit Queries and instruct on the implementation of the recommendations.

Recommendations:

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

	2018	2017	2016	2015	2014	2013	2012
	RS.'000	RS.' 000	RS.' 000	RS.'000	RS.' 000	RS.' 000	RS.'000
Assets							
Non Current Assets							
Property, Plant & Equipment	4,675,657	4,116,187	4,195,724	4,294,893	4,259,208	4,549,301	3,733,498
Work in progress	84,947	78,552	41,301	74,286	62,506	48,362	12,821
Investments	171,313	187,531	178,556	152,577	175,359	166,731	135,392
Total Non-Current Assets	4,931,917	4,382,270	4,415,581	4,521,756	4,497,073	4,764,394	3,881,711
Capital Assets	167,027	134,578	101,940				
Write-offs	-	859	859				
Current Assets							
Inventories	180,342	184,815	168,173	157,428	180,900	174,028	161,801
Trade Assets	26,312	15,875	22,630				
Receivables (Trade & Other)	2,032,715	2,084,069	1,730,015	1,307,077	1,274,329	1,150,958	898,804
Prepayments	4,767	3,896	8,754	5,172		38	1,548
Bank Guarantees	6,292	6,164	4,153	1,372	837	905	2,210
Cash & Cash equivalents	312,702	343,312	312,750	429,588	190,391	140,950	121,802
Total Current Assets	2,563,130	2,638,131	2,246,475	1,900,637	1,646,457	1,466,879	1,186,165
Total Assets	7,662,074	7,155,838	6,764,855	6,422,393	6,143,530	6,231,273	5,067,876
Liabilities							
Current Liabilities							
Payables	651,986	879,967	376,737	341,286	491,622	528,482	478,223
Leases- Alliance Fin. Co	-	2,153	3,080				
Accrued Expenses	102,067	175,733	122,286	46,159	207,705	87,145	61,525
Total Current Liabilities	754,053	1,057,853	502,103	387,445	699,327	615,627	539,748
Non-Current Liabilities							
Provisions for Gratuity	1,379,494	1,388,101	1,489,288	1,551,379	1,311,876	1,157,688	1,077,205
Bank Loans			2,455				
Deferred Taxes	612	612	612	612	612	612	612
Leases	219	271	2,653	11,247	14,329	6,243	9,269
Total Non-Current Liabilities	1,380,325	1,388,984	1,495,008	1,563,238	1,326,817	1,164,543	1,087,086
Total Liabilities	2,134,378	2,446,837	1,997,111	1,950,683	2,026,144	1,780,170	1,626,834
Total Net Assets	5,527,696	4,709,001	4,767,744	4,471,710	4,117,386	4,451,103	3,441,042
Net Assets							
Accumulated Fund	24,649,830	24,407,260	24,066,161	23,702,950	23,383,849	23,224,435	23,116,473
B/F Balance of Income & Expenditure	(24,040,551)	(23,755,208)	52,121	53,992	67,466	53,560	53,560
Revenue Reserve	50,865	4,006,082	4,019,027	4,021,721	3,837,266	3,851,627	3,061,097
Revaluation Profit	4,867,551	50,865	(23,369,566)	(23,276,474)	(23,171,205)	(22,678,520)	(22,787,889)
Total Net Assets/Equity	5,527,696	4,708,999	4,767,743	4,502,189	4,117,376	4,451,102	3,443,241

**Board of Directors of the Companies Established under the Mahaweli Authority of
Sri Lanka- 2018**

Serial No.	Name of the Company	Chairman	Board	Address of the Head Office
01.	Mahaweli Livestock & Agro Enterprises (Pvt) Ltd		1. Mr. Edward De Mel (Director) 2. Mr. Osman De Silva (Director) 3. Mr. Parakrama Abewardena	No. 260/20, Baseline Road, Colombo- 09
02.	Mahaweli Consultancy Bureau (Pvt) Ltd	Dr. Harsha Samaraweera	1. Mr. K.L.S. Sahabandu 2. Eng. (Mr.) L.R.H.Perera	No.11, Jawatta Road, Colombo- 05
03.	Natural Resources management Services	Eng. (Mr.) A.A.V. Dias	1. Eng. (Mr.) B.W.N.W. Senevirathne Banda 2. Mr. N. M.K.B. Attanayake 3. Mr. L.M. Dharmasiri 4. Mr. M.G. Aberathna (Company Secretary)	Dam Site, Polgolla, Kandy

Administrative Report

Part I

CHAPTER ONE

ESTABLISHMENT AND COMPOSITION 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 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 systems 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 and securing the sustainability of that development.
- 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 that progress.
- 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.

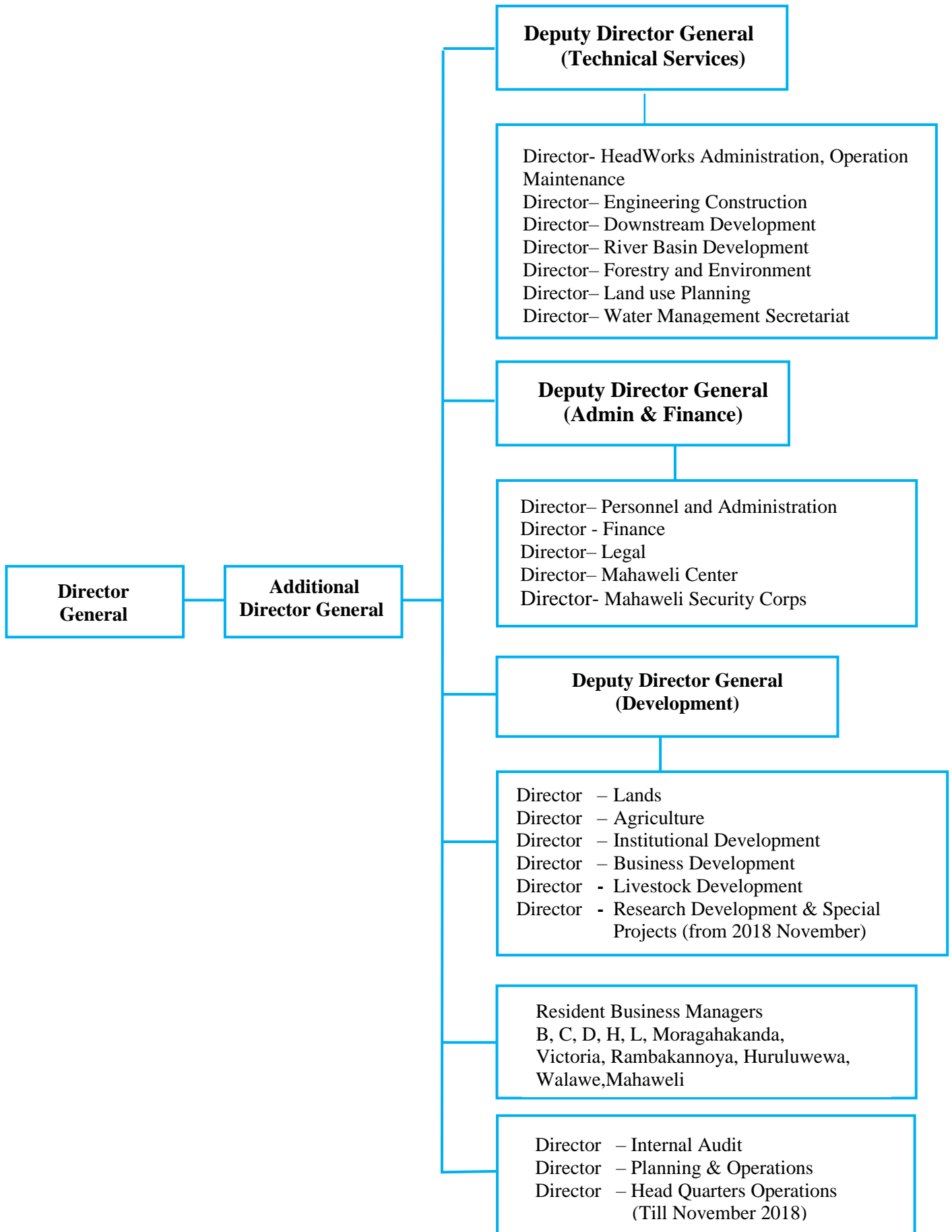
Functions of the Mahaweli Authority of Sri Lanka

The administration of the Projects 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 a time frame.
- Identifying of areas and conducting Initial Environmental Studies in order to expand the extent of irrigated lands in the Right Bank of the System 'B' and System 'L'.
- Promoting agricultural supporting services, promoting agriculture and income generating programs and ensuring the food security of the country.
- 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.
- Empowering livestock sector under the theme of "Mahaweli Animal productions for a Prosperous Nation" to improve the livelihoods of the Mahaweli settler communities.
- Initiating investment projects for employment creation in sectors other than traditional agriculture for the economic development and employment of second and third generations of Mahaweli settlers, who possess only limited land resources.
- Capacity development of Officers and employees at all levels and taking steps to introduce an e-human resources management system by computerizing all personnel related information.
- Distribution of water from the major reservoirs for settlement schemes, hydro-power generation, domestic hydro-power and domestic water supply through the process of Season Planning by conducting discussions with the line agencies.
- Initiating steps to facilitate for crop diversification, socio-economic development and employment creation in B, C, H, L, D, Moragahakanda, Huruluwewa, Walawe, Victoria and newly declared Rabbakkanoya 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.

Administrative Structure of the MASL



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 Rambakkanoya Systems have been set up as Special Areas.

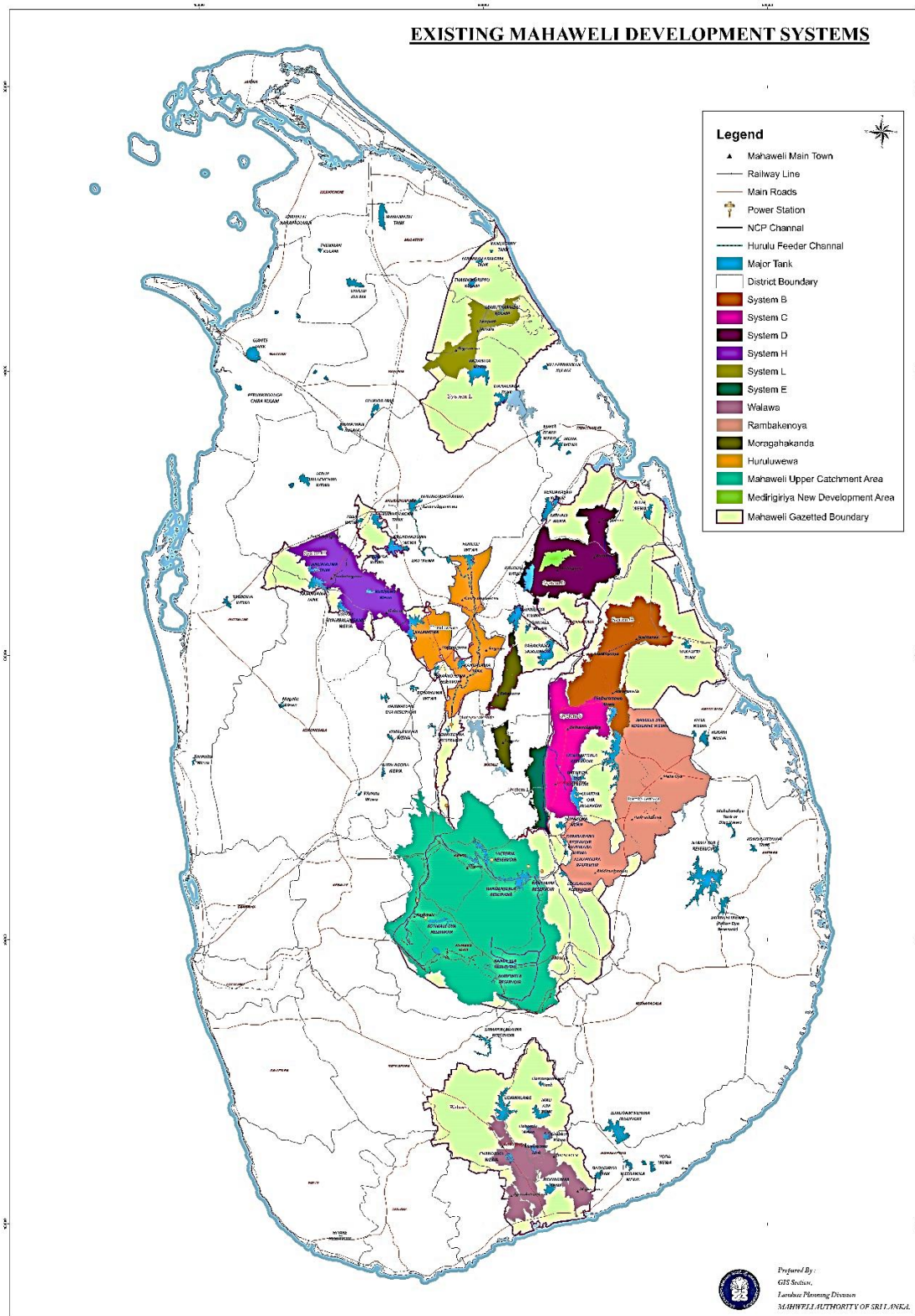
The development and management functions of the Mahaweli Systems and the Special Areas have been delegated to the Resident Project Managers. The Resident Project Managers are required to report directly to the Director General and Additional Director General. They are supported by Directors appointed 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 Directors 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, agricultural and development functions. The 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 allottees of land 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, in addition to the original settlers, are handled by the Zonal Offices.

The following activities are also being carried out under the zonal Administration Offices: Irrigation water management, maintenance and improvement of irrigation Systems under institutional development, production of seeds, farm development, training and demonstrations 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 programs.

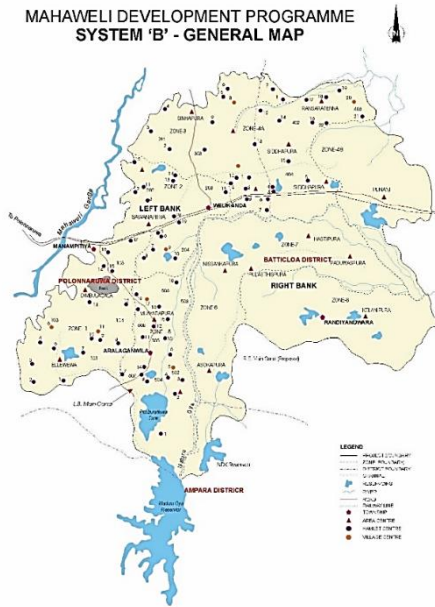
Map of Mahaweli Systems



System B

Introduction of the System

Mahaweli System B with a total land extent of 75,441.5 hectares is spread across the downstream area of the Maduruoya Reservoir. This System can be considered the largest project implemented within Districts of Polanaruwa and Baticaloa. For the purpose of Irrigation Management, the project area has been divided into 8 Blocks. Under irrigation management includes the 54km main canal, 23.16km Piburathawa main canal, 67.8km branch canals 459.03 km distributary canals and 2135.9km field canal.



System C

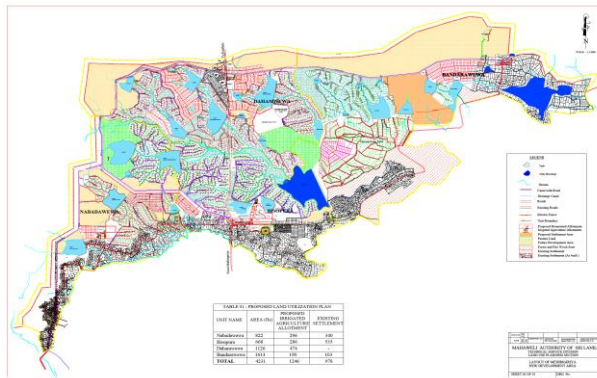
Introduction of the System

System C comes under the Mahaweli Right Bank Area in the Central Eastern part of Sri Lanka and it is located in Polanaruwa, Badulla and Ampara administrative districts. Total land extent of this System is 30,760 hectares and as of now cultivation has been carried out in 22,406 hectares. Main livelihood activities of this System include cultivation of supplementary food crops and dairy production. Irrigation water is supplied to this System through Ulhitiya and Rathkinda main reservoirs. This System comprises of 7 Blocks and 31 Units.



System D

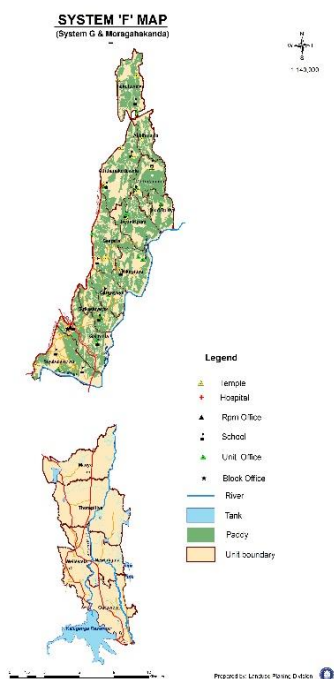
Introduction of the System



System D was established in 2004 in the Madirigiya area as per the Extraordinary Gazette Notification of the Democratic Socialist Republic of Sri Lanka. This System comprises of two Blocks, namely Bisopura and Suriyapura. Bisopura Block comprises of 4 units. This System spreads up to Kanthale area of the Trincomalee District to the north Seruwala area to the east, and Lankapura, Higurakgoda areas of the Polonaruwa District to the south and east.

System G

Introduction of the System



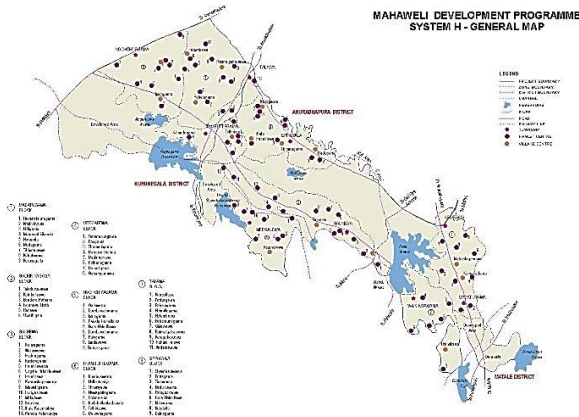
Mahaweli System G is a land area which claims a proud heritage of an ancient hydraulic civilization fed by Alahara Yoda ala Canal.

This area which was abandoned due to absence of human settlements was resettled in 1947 by the then Prime Minister, Honourable D.S Senanayake and new settlers were brought here during that period. Since then new settlements were established. This area has been managed as a Block Manager Division under Mahaweli System B since 2001. Subsequently in 2004 administrative activities were again brought under Mahaweli System G.

Along with the commencement of construction activities of Moragahakanda Kaluganga Reservoir during the early part of 2012, resettlement activities were commenced in order to resettle families that will be evacuated from this area. Two Block Manager Offices, namely, Guruwela and Wallewela were established and farmer families were settled in these two blocks in the year 2013. Administrative activities are being carried out under 4 Divisions namely, Bakamuna, Athanakadawala, Guruwela and Wellewela by four Block Managers.

System H

Introduction of the System

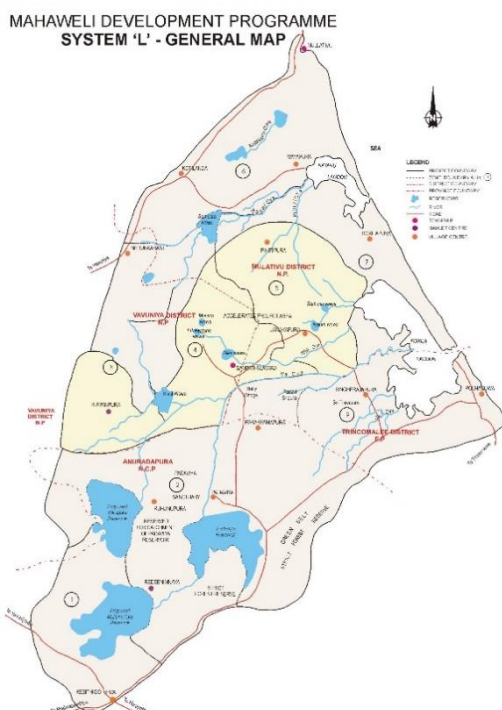


The initial stage of the Mahaweli Development Program was commenced along with the diversion of Mahaweli River at Polgolla. As of now, this development process has been expanded to include several Systems from System A to H. A further development took place along with the implementation of Walawe Special area, Rambakanoya and System L projects. Under this program, System H which is fed by the waters of Kalawewa is considered as the 1st Mahaweli Irrigation System. Under System H, 57,000 acres of land were cleared and settlements were established in the Kalawawe area.

The first settler was settled here in 1976 and as of now this System completes its 42nd year. It borders the Anuradhapura – Puttalam highway to the west, Right Bank Canal to the north, Balanuwawe, Usgala, Siyambalangamuwa and Rajangana canal bank to the south. In addition to that the ancient settlements of Kagama Katiyawa and Usgala Siyambalangamuwa, have also included into the System H.

System L

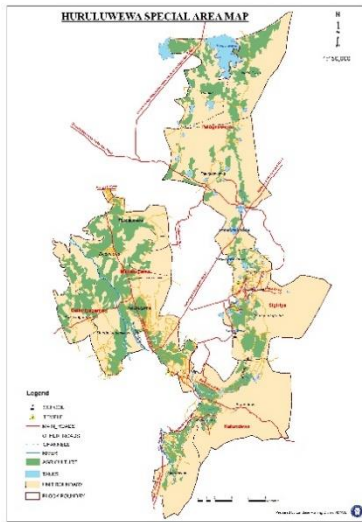
Introduction of the System



Settlements were commenced in this area in 1984 by Land Commissioners Department. This was declared a Mahaweli System by Gazette Notification Number 562 of 1988. System L to the north contains a land area of 163,000 hectares. It borders Mulaitivu, Vavunia highway to the north, Mulaitivu coastal area to the east, Pulmotai Kabithigollawa highway to the south and Sinhaya Ulpathahinna Trigonometric Centre and Mahaheti yawahinna up to Puliyamkulam - Vavuniya highway to the east.

Huruluwewa System

Introduction of the System

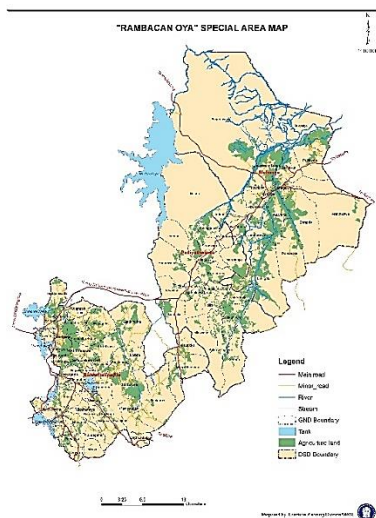


The management of Huruluwewa waters was assigned to the Mahaweli Authority of Sri Lanka by the Gazette Notification No. 984/5 dated 16th July 1997. Huruluwewa Resident Project Management Office was established in Palwehara, Dambulla on 09.05.1998.

Accordingly, 49 Grama Niladari Divisions that come under Kekirawa, Thalagala and Galenbindunuwewe Divisional Secretary Divisions of Anuradhapura District, 32 GN Divisions that come under Dambulla and Naulla DS Divisions of Matale Districts and Galkiriyagama, Madatugama, Palugaswewa, Kalundawe and Sigiriya Divisions have been included into this System.

Rambakkanoya System

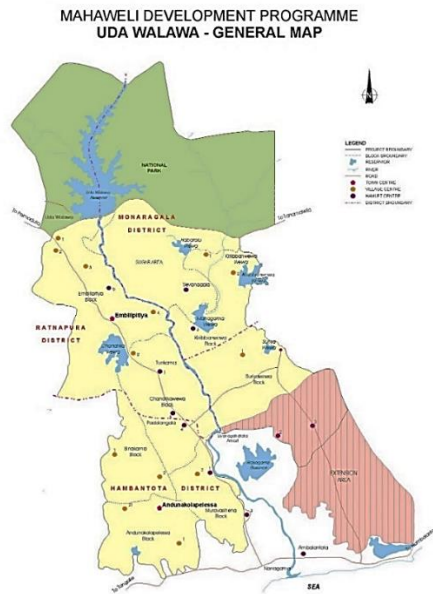
Introduction of the System



Rambakkanoya System was declared as a Mahaweli System by the Gazette Extra ordinary No. 1130 (13) dated 07.05.2000 of the Democratic Socialist Republic of Sri Lanka, under section 3 / 1 of the Mahaweli Authority Act No. 23 of 1979. Accordingly, it was declared that the sustainable development of this area would be carried out by the Mahaweli Authority of Sri Lanka by utilising, water and other natural resources available in the Mahaoya and Padiyathalawa Divisional Secretary Divisions, from 01. 09. 2010. This development program has been formulated with the objective of alleviation of poverty prevailing in these areas and also to enhance the contribution made to the national production. It is being implemented as a Development Program involving Irrigation Department and the line institutions. Accordingly, irrigation land development activities and administrative activities of the Rambakkanoya Reservoir Project are being carried out by the Mahaweli Authority of Sri Lanka.

Walawe System

Introduction of the System



Walawe Multi-purpose Program was commenced by River Valleys Development Board on 12th July 1963. Construction of Udawalawe Reservoir along with establishment of settlements and farmland development were carried out by the River Valleys Development Board up to 1981. Walawe Special Area was declared by the Hon. Gamini Dissanayake, Minister of Land Development and Mahaweli Development by Gazette Notification No.137 dated 16th April 1981, as per powers vested on him by section 3(1) of the Mahweli Authority of Sri Lanka Act No. 23 of 1979. Accordingly, the administrative activities of the Walawe System are being carried out by the Mahweli Authority of Sri Lanka since 01.01.1982.

apid growth has been taken place in this system, during the last 34 year period, in which the ministrative activities of this System were carried out by the Mahaweli Authority of Sri ka.

Victoria System

Introduction of the System

The Victoria System is located in the scenic Dumbara Valley in between Kandy and Nuweraeliya administrative districts of the central hills of Sri Lanka. This area is being nourished by the waters of the world heritage knuckles mountain range.

The Victoria Project has been extended up to the areas acquired by the Mapakada Engineers Office, the areas of Randenigala, Rantambe and Victoria reservoirs, Polgolla reservoir and both sides of Suduganga and Bowathanne and tank bund of Ibankatuwa area.

Upper Mahaweli Zone extends from Kothmale to Rantambe area and lower Mahaweli Zone extends from Rantambe to Mahaweli River, natural streams found in East, North and North central provinces and other valleys of this area.

Financial Progress as at 31.12.2018 –Systems

S/No	System	Amount allocated for the year 2018 (Rs.Million)	Amount spent as at 31.12.2018 (Rs. Million)	Financial Progress (%)
1	B	189.03	189.03	100%
2	C	206.51	203.81	99%
3	D	73.12	72.85	100%
5	H	165.57	178.86	108%
6	L	2.79	2.79	100%
4	Moragahakanda	74.08	73.12	99%
7	Udawalawe	200.56	189.81	95%
8	Huruluwewa	88.67	79.66	90%
9	Victoria	67.30	65.30	97%
10	Rambakkanoya	22.17	21.98	99%
Total		1089.80	1077.20	99%

DIVISIONS DIRECTLY MANAGED BY THE DIRECTOR

GENERAL

01. Head Quarters Operations Division
02. Planning & Operations Division
03. Internal Audit Division

01. Head Quarters Operations Division

Functions

- Conducting the Board Meetings of the MASL and carrying out all related functions.
- Coordination, 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; Co-ordinating 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 Organizations with regard to the functions of the MASL.
- Submission of Cabinet Memoranda and Drafts and follow-up activities related to the Cabinet approvals.
- Making arrangements to provide covering approval of the Director General and the Procurement approval for the procurements made within the Mahaweli Authority of Sri Lanka with the approval of the Regional Procurement Committees. Making arrangements to provide procurement approval and covering approval for activities to be carried out with the approval of National Procurement Committee.
- Coordination and documentation of the Executive Management/ Audit Management Committee meetings and informing the decisions of such meetings.
- Coordination related to conducting of Business Operations Committees with regard to the special projects.
- This Division has been ceased to operate from October 2018

02. Planning and Operations Division

Functions

- 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 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 and updating of the Official Website, providing IT support System.
- Coordination of Studies with regard to the impact areas.

03. Internal Audit Division

Functions

- The Internal Audit scope has been formulated according to the Sri Lanka Auditing Standards, Public Enterprises Policy Circulars for Good Governance, Financial Regulations of the Democratic Socialist Republic of Sri Lanka, Internal Audit policies issued by the Ministry of Finance, Policy Planning, regulations and management decisions.
- Perusal, audit and reporting on the operational functions of the organization in a management perspective, in addition to accounting perspective.
- Evaluating the extent of progress reported in the relevant Projects and Programs, along with the given time frame, on a continuous basis. Conducting on site investigations to find out the issues that lead to delays in the implementation of work on time.
- Evaluation and review of management systems and controls used to monitor the operational functions.

CHAPTER TWO

2.1 Technical Services Division

2.1.1 Downstream Development Activities

The main functions of this Division include: Operation and maintenance of the Irrigation Systems in the Mahaweli area, Maintenance and management of the building premises, repairs and related constructions of the road network, preparing estimates, quality control of the constructions and review of progress.

Allocations made by the General Treasury in the year 2018 for each Division and the expenditures incurred are given below.

Under the Projects:

Serial No.	Project	Funds allocated for the Technical Services Division in 2018 (Rs. million)	Finacial Progress in 2018 (Rs. million)	Financial Progress (%)
1	Redimaliyadde Developement Project	50.15	50.48	100%
2	Rambakkanoya Developement Project	93.02	98.35	100%
3	Welioya Intergrated Developement Project	174.02	174.48	100%
4	Intergrated Developement Project – System B	278.00	278.00	100%
5	Maduruoya Right Bank Developement Project – System B	59.15	59.82	100%
6	Project to Re-habilitate Small and Medium Scale Irrigation Systems	150.00	142.49	95%
	SubTotal	804.34	803.62	99.91

Under the Institutional Capital :

Serial No.	System/ Division	Financial allocations made to the Technical Services Division in 2018(Rs.million)	Finacial Progress in 2018 (Rs. million)	Financial Progress (%)
1	B	116.0	115.92	100%
2	C	136.39	136.42	100%
3	D	37.90	37.27	98%
4	G	47.89	47.32	98.8%
5	H	96.50	96.36	100%
6	L	2.17	2.17	100%
7	Walawe	116.21	116.90	100%
8	Huruluwewa	70.19	69.66	99%
9	Rambakkan Oya	10.10	10.10	100%
10	Victoria	50.17	50.96	100%
11	Head Office (T/S)	55.0	18.02	33%
12	Mechanical Workshop Thambuththegama	5.0	4.36	87%
13	River Basin Management Division	2.5	2.50	100%
14	Major Dams & Reservoir Operartions Division	230.0	229.2	100%
Sub Total 2		976.0	937.2	
Grand Total (2 +1 Sub Total)		1780.36	1740.78	

2.1.2 Progress Report of Small Scale Hydro Power Generation Projects under construction

Small scale Hydro Power Plants are being operated utilizing the waters of the Mahaweli Ganga and of its tributaries. The power generated by such plants is being supplied to the National Grid of the Ceylon Electricity Board. Based on the number of units of electricity supplied each month by such plants, a payment is made by the Ceylon Electricity Board to the investors of such Mini Hydro Power Plants. Out of that payment, a percentage is being paid to the Mahaweli Authority of Sri Lanka by the investors for utilizing Mahaweli Waters.

As of now, construction work of 11 Mini Hydro Power Plants has been completed and 33.5 mw of electricity is being contributed to the National Grid from such plants. Accordingly, Mahaweli Authority of Sri Lanka is also entitled to certain percentage of such payments in respect of the Mahaweli waters utilized for generation of power.

In addition, 10 Mini Hydro Power Plants are being constructed with the approval of the Mahaweli Authority of Sri Lanka.

It has been reported that 46 Mini Hydro Power Plants have been constructed without the approval of the Mahaweli Authority of Sri Lanka. Few more such plants are under construction.

Serial No.	Project Name	Name of the Investor	Capacity / MW	Progress
1	Ukuwela	Onyx Hydro Power Company (Pvt) Ltd.	2.2	The process of obtaining Generation Licence from Sri Lanka Public Utilities Commission.
2	Ankanda	Escas Ankanda Power (Pvt) Ltd.	6.5	The construction works have almost completed.
3	Diggala	Escas Diggala Power (Pvt) Ltd.	4.4	The construction work is being carried out.
4	Kiula	Escas Kiula Power (Pvt) Ltd.	2.8	A new Environment Impact Assessment is required to be conducted because of a change in the Plan.
5	Nayakkubura	Ralic Hydro Power Generation (Pvt) Ltd. / N.G.P. Panditharathna	0.5	Since two investors are interested in this Project, the matter has been referred to the Attorney General Department, in order to sort out this issue.
6	Chandrikawewa	Mahaweli Consultancy Bureau (Pvt) Ltd.	0.63	Environment Impact Assessment completed.
7	Kubaloluwa I	Noorwood Hydro Power (Pvt) Ltd.	2.4	Since these two Projects are located in the close proximity to Sudu Ganga it is difficult to implement them simultaneously.
8	Kubaloluwa II	Kumballoluwa Hydro Power (Pvt) Ltd.	1	Plans have been made to carry out a survey in order to study the feasibility of these two projects.

9	Maduruoya offtake of LBL3	Nippon Knit (Pvt) Ltd.	0.15	Environment Impact Assessment is being carried out.
10	Moragolla Mini Hydro Power Project	Zhejiang Young Energy Co. (pvt) Ltd.	2.1	Environment Impact Assessment is being carried out.

2.1.3 Engineering Designs and Planning Division

Engineering designs and plans of the developed, implementing and proposed projects of the Mahaweli Authority of Sri Lanka are being carried out by the Engineering Design and Planning Division.

The following functions are being carried out by this Division:

- Updating of the Mahaweli Water Resources Plan.
- Analysis of the proposals and plans for mini hydro projects submitted by state and private sector entrepreneurs.
- Preparation of designs, plans and analysis of the ongoing water resources and other infrastructure development projects, which are being implemented.
- Preparation of engineering estimates and bills of quantity for procurement process with regard to designs and plans.
- Providing training to the new engineers on Engineering Design and Planning as per the standards recognized by the Sri Lanka Institute of Engineers.

2.1.4 Engineering Designs and Plans Executed

Buildings

1. Two story building for the Out - patients Division of Ambana Hospital, under Moragahakanda Kaluganga Project.
2. Building for the Laggala Cultural Hall, under the Moragahakanda Kaluganga Project.
3. Building for the Weekly Pola in Ambana town under Moragahakanda Kaluganga Project.
4. Building for the Fish market at Ambana town, under Moragahakanda Kaluganga Project.
5. Bus Terminal building at Bisopura town under Moragahakanda Kaluganga Project.
6. Building for the Fish Market at Bisopura town under Moragahakanda Kaluganga Project.

7. Building for the weekly Pola of Bisopura town under Moragahakanda Kaluganga Project.
8. Plan for Olympic Lamp at the Medirigiya Stadium under Moragahakanda Kaluganga Project.
9. Post Office building at Ambana town under Moragahakanda Kaluganga Project.
10. Two story building for Koombian ella School under Moragahakanda Kaluganga Project.
11. The tank and other plan for Rambakannoya Training Centre.
12. A Common Plan for Hela Bojun Hala Restaurants in the Mahaweli Systems

2.1.5 Irrigation

1. Inlet Structure (LC₂) of the main canal of the Right Bank of Moragahakanda Kaluganga Project.
2. Sluice construction No. 02 (LC₃) of the main canal of the Right Bank of Moragahakanda Kaluganga Project.
3. Plan of main canal No. 02 (LC₄) of the Right Bank of Moragahakanda Kaluganga Project.
4. Bridge along with labrinin sluice construction at main canal No. 02 (LC₄) of the Right Bank of Moragahakanda Kaluganga Project – Under pass construction.
5. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 1+544 – Under pass construction.
6. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 2+133 – Under pass construction.
7. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 3+282– Under pass construction.
8. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 4+953 – Under pass construction.
9. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 1+243 – Under pass construction.
10. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 2+490 – Under pass construction.
11. Outlet construction – Moragahakanda Kaluganga Project – Right Bank main canal No. 02 (LC₄) Outlet construction.
12. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 3+608 - Construction of the Terminal Control Unit.
13. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 km 1+750 - Construction of the Control Unit, Diversion Unit with canal sluice construction.
14. Moragahakanda Kaluganga Project – Right Bank main canal No. 02 mm 900 and 1200 Inlet construction general plan.
15. Moragahakanda Kaluganga Project – Right Bank main canal No. 01 - Plan for the concrete cover.
16. Plan for the tank and all other constructions in respect of Muwanwaththa Hena Tank in the Madirigiya System.
17. System C – Plan for the renovation of the lower part of sluice gate of the Maldeniya Tank.

18. Analysis of the Feasibility Study Report with regard to improvement of Madirigiya Irrigation Project.
19. Analysis of the reports and plans submitted for the rehabilitation of Walawe Right Bank.

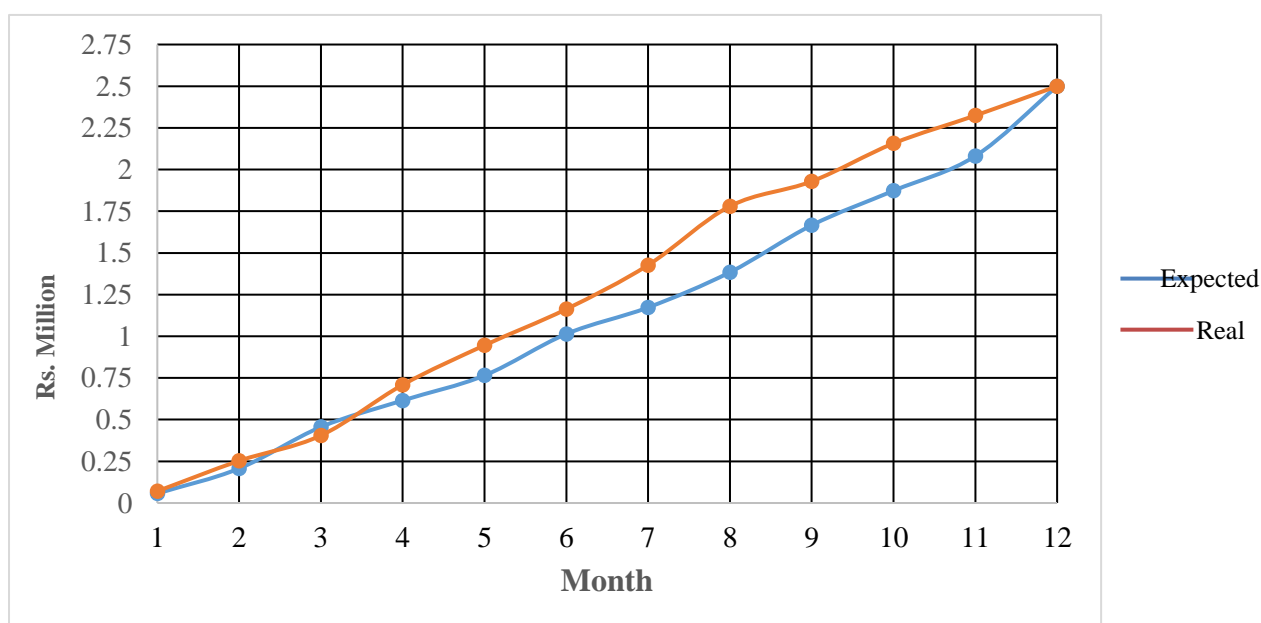
2.2 River Basin Management Office

River Basin Management Office is located at the Madatugama Mahaweli premises and it functions under the Director - River Basin Management. The basic responsibility of this Office include, undertaking functions related to Environment and Natural Resources Management according to the concept of river basin management and testing the quality of the construction and maintenance activities carried out by the Mahaweli Authority of Sri Lanka. Accordingly, the water quality of the Mahaweli River and other relevant river basins related to Mahaweli System, is being tested by the Water Quality Laboratory maintained under this Office. Data of such tests are being used to conduct studies on the water quality and its seasonal variations.

2.2.1 Financial Progress

S/N	Description	Allocation (Rs million)	Progress (Rs million)
01	Capital Expenditure	2.500	2.500
02	Recurrent Expenditure	18.833	21.502

Targets and Progress achieved in 2018



2.2.2 Contribution made to the National Economy and Society

Although the River Basin Management Office does not generate substantial financial earnings, it indirectly contributes to the national economy and social development. Functioning of the Water Quality Laboratory has enabled quick identification of the fluctuations taking place in the quality of water. By conducting long-term studies on these fluctuations, the pollutants collected in the environment could be determined. Proper identification of such pollutants facilitates appropriate actions to address the situation and it can be considered an environmental investment made for the posterity.

This Office contributes to protect the purity of water resources by creating an attitudinal change among the community and particularly among the school children. This is being done through creating awareness on the need to maintain the quality of water and importance of protecting the purity of water sources, so as to create a healthy society. Particularly these awareness programs are being conducted mostly at rural areas and the areas where large number of people suffering from kidney related diseases. Therefore, it contributes to enhance the health condition of the people living in those areas.

Conducting quality control inspections helps to identify constructions which have not adhered to the required standards, so that action could be taken immediately, in order to address such shortcomings. It helps to maintain the life span of the constructions, as planned, and minimizes the need to affect repairs in between. Therefore, the benefits of such constructions are being provided to the community continuously and the expenditures to be incurred to the repairs are being minimized. It has a positive impact on the production economy of the country.

2.3 Headworks Administration, Operation and Maintenance Division

2.3.1 Main Functions delegated to this Division

- **Administration:**
Administering the reservoirs and the reservation areas by implementing regulations in order to protect the water body in the dams and reservoirs, 100m buffer zones and reserves attached to such zones.
- **Implementation:**
Operating the sluice gates of reservoirs and inter basin canals levels, as per the decisions made by the Water Management Secretariat, on regular basis; and operating the sluice gates in order to minimize floods at the upper and lower basins of the reservoirs.
- **Maintenance:**
Maintenance and improvement of all reservoirs, dams of such reservoirs, gates, periphery areas and the associated structures of the reservoirs, according to the international standards (ICOLD).

2.3.2 Reservoirs managed by Major Dams and Reservoir Operations Division

Reservoir	Components that are being maintained
Kothmale	Dam, sluice gates, all gates and reservoir terminal areas
Pollgolla Diversion	Dam, sluice gates, all gates and tunnel
Bowathanne	Dam, sluice gates, all gates and reservoir terminal areas
Dambuluoya	Dam, sluice gates, all gates and reservoir terminal areas
Kandalama	Dam, sluice gates, all gates and reservoir terminal areas
Kalawewe	Dam, sluice gates, all gates and reservoir terminal areas
Victoria	Dam, sluice gates, all gates and reservoir terminal areas
Randenigala	Dam, sluice gates, all gates and reservoir terminal areas
Rantambe	Dam, sluice gates, all gates and reservoir terminal areas
Minipe Anicat	Sluice gates, all gates, inter - valley canal, Badulu oya water bridge, tunnel and other constructions
Logallaoya, Hapolaoya and Dihabanoya	Dam, sluice gates, all gates and reservoir terminal areas
Ulhitiya – Rathkinda	Dam, sluice gates, all gates and reservoir terminal areas
Maduruoya	Dam, sluice gates, all gates and reservoir terminal areas
Udawalawe	Dam, sluice gates, all gates and reservoir terminal areas
Chandrikawewa	Dam, sluice gates, all gates and reservoir terminal areas
Moragahakanda	Dam, sluice gates, all gates and reservoir terminal areas

2.3.3 Environment Conservation Activities in the vicinities of Reservoirs

S. No.	Description	Physical Progress	Financial Progress
01	Dengue Eradication Shramadana Programs for Digana, Neelagama Office premises	5	47,244.00
02	Shramadana Programs to remove plastic and polythene from the reserves of Victoria and Polgolla reservoirs	3	34,605.00
03	Monthly programs to remove plastic and polythene from Victoria reservoir reserves	12	180,000.00
04	Planting of Bamboo plants at the reservoir reserve	Plants 1000	70,000.00
S. No.	Description	Physical Progress	Financial Progress
05	Planting of forestry plants at the reserve of the reservoirs	Plants 2260	100,250.00
06	Home gardening Office premises	Plants 410	75,350.00
07	Field inspection with regard to industry and environment pollution institutions and places	50	20,000.00
08	Programs that actively contributed to Dengue Committees, Environmental Committees and Coordination Committees	40	20,000.00
Total			547,449.00

Targets and Progress achieved during the year 2018 (Financial and Physical Progress) Construction and Technical Division

S. No.	Description		Physical Progress		Financial Progress	
			Target	Progress		Target
01	Construction and improvement of Office and House Buildings		Number of Buildings 20	Number of Buildings 20	37.630	29.939
02	Maintenance and operation of water supply programs (Kothmale, Bowathanne, Maduruoya, Randenigala, Udawalawe)		Programs 05	Programs 05	8.460	10.694
04	Maintenance and minor repairs to official quaters and camps (including camps attached to in the Engineer – in charge Offices)		60	56	47.184	54.500
05	Maintenance of Reservoirs and Dams (dam areas) Clearence of secondary forest growth		Ha. 400	Ha. 400	93.042	94.156
06	Dam safety activities, Repairs of gates		Gates 64	Gates 64	66.955	73.081
07	Rehabilitation of Infrastructure Facilities of Major Reservoirs	Construction of side wall to protect Suduganga Bank	Length 40m	Length 40m	3.00	2.683
		Loggaloya Tail Canal Rehabilitation	Length 40m	Length 25m	4.00	2.683
		Rehabilitation of Toe Drain of Ulhitiya dam	Length 48m	Length 46m	1.00	0.974
		Rehabilitation of Inter - Valley Canals TBC	Length 90m	Length 86m	0.5	0.468
08	Factories, Machinery and Equipment		17	15	10.268	8.551
09	Repairs of Vehicles		80	76	18.731	18.580
10	Supply of Office Equipment and Workshop Equipment		76	48	14.230	6.168
	Total				305.00	302.47

Remarkable Progress achieved in the year 2018 and the contribution made to the National Economy

S. No.	Reservoir	Supply of Water for Electricity Generation (MCM)	Capacity of Electricity Generation (KWH)	National Income (Rs. Million)
01	Victoria - kwh Rs. 18.50	2115.08	863.91 x 10 ⁶	13,978.00
02	Randenigala - kwh Rs. 18.50	2055.98	418.35 x 10 ⁶	5,783.66
03	Rantambe - kwh Rs. 18.50	2204.92	201.66 x 10 ⁶	2,799.63
04	Kothmale - kwh Rs. 18.50	1071.88	590.51 x 10 ⁶	10,924.44
05	Bowathanne - kwh Rs. 18.50	680.884	83.47 x 10 ⁶	1,544.30
06	Maduruoya - kwh Rs. 18.50	88.65	15.33 x 10 ⁶	182.86
07	Polgolla - kwh Rs. 18.50	1117.418	195.93 x 10 ⁶	3,526.74
08	Moragahakanda - kwh Rs. 18.50	652.07	54.50 x 10 ⁶	977.84
Total				39,717.47

Supply of water to Agricultural Activities

S. No.	Reservoir		Capacity of Water Supplied (MCM)
01	Pollgola Diversion (To Bowathane Reservoir)		1,110.176
02	Minipe Canal	Left Bank	19.40
		Right Bank	911.976
03	Moragahkanda Reservoir		652.07
04	Udawalawe	Left Bank	453.287
		Right Bank	467.787
Total			3,614.696

2.4 Water Management Secretariat

Operational Policies for the annual Yala and Maha cultivation seasons are recommended and an Operational Plan is prepared for the Mahaweli Systems by the Water Management Secretariat. It is mainly based on irrigation and energy requirements and remains a national program that immensely contributes for the cultivation of paddy and subsidiary food crops. The Water Management Secretariat functions as the Unit that provides technical expertise for these activities. It also coordinates functions among the member institutions of the Water Control Committee. All Operational Plans are being monitored by this Unit on weekly basis, and a progress review is also being carried out. In addition to that, this Unit issues required instructions to plan the release of water in the forthcoming weeks. It also takes into consideration the requirements of agriculture, electricity and portable water and functions in such a manner to address the water requirements of the entire Mahaweli System, as per the recommendations.

2.4.1 Maha Season 2017 / 2018 (October 1st - 2017 March 31st 2018)

The Water Management Committee meeting for the Maha Season of 2017 / 2018 was held on 04th October 2017 at the Plants and Genetic Resources Center, Ganoruwa, Peradeniya. At that time active water levels at all expected reservoirs remained low: Kothmale, Victoria 36%, Walawe 9.5%, Huruluwewa 7.5%, Maduruoya 11.2%.

By that time since the expected inter - monsoonal rains and North- East monsoonal rains have not been received at the relevant areas, it was informed that release of water will be delayed. Accordingly, it was required to delay the release of water in respect of Systems G and D1 till 15th December 2017. The total extent of land cultivated in 2017/ 2018 Maha Season was 127,466 hectares. It consisted approximately 71% of the total cultivation land extent.

Further, waters from monsoonal rains and diversion waters were used to fill the newly constructed Moragahakanda reservoir, in order to test the dam anicut, gates and electricity generators. Moragahakanda project was newly added to the Mahaweli Scheme. By 29th December 2017 active water level of Moragahakanda reservoir has increased up to 98.7%. During this season 300gwh electricity was generated within the Mahaweli Systems. The Figure 01 below indicates the progress achieved in generation of electricity during the 2017/18 period.

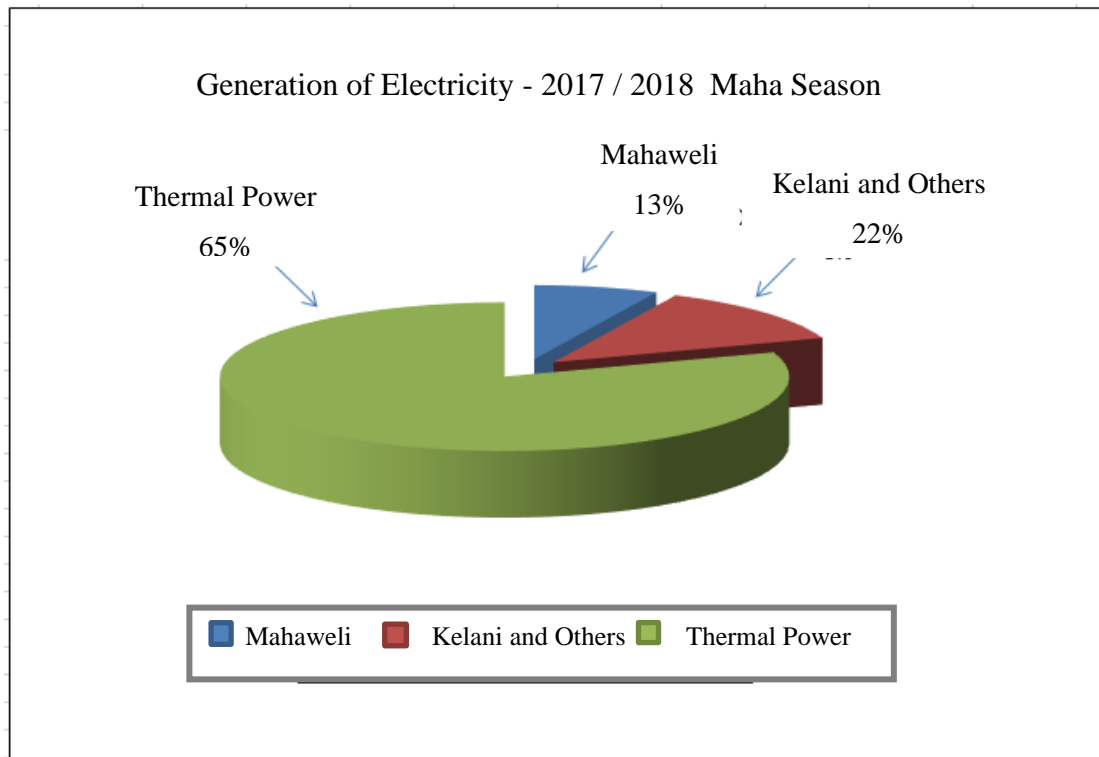


Figure No. 01

The Figure 02 indicates the cultivation plan and progress of the Systems which come under the Water Management Committee, during 2017/18 Maha Season.

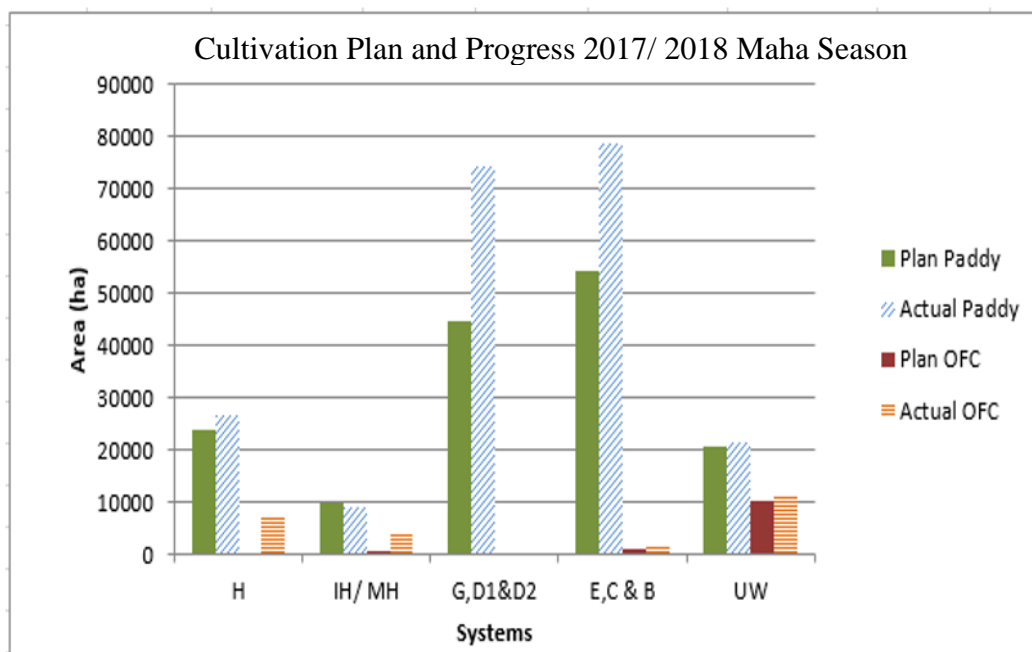


Figure No. 02

2.4.2 2017 Yala Season (1st April 2018 – 30th September 2018)

The Mahaweli Water Management Committee meeting for the 2018 Yala Season was held at Plants and Genetic Resources Center, Ganoruwa, Peradeniya on 6th April 2018. By that time the water levels at the following reservoirs prevailed at lower levels: Kothmale 35.0%, Maduruoya 57.4%, Kalawewa 35.6% and Huruluwewe 2.9%. Meanwhile, water level at the Parakrama Samudra remained almost at the maximum level.

Therefore, cultivation at the IH, MH, H Zones was proposed subject to 50-60% maximum and cultivation in the areas of Parakrama Sumudra, Kanthale, Allai, Maduruoya and Rajangana was proposed to 100%. Accordingly, the total extent of land cultivated in 2018 Yala Season remained 174,808 hectares and it consisted of 91.25% of the total land extent.

During this Season 522 gwh electricity was generated within the Mahaweli Systems.

The progress of electricity generation during the 2018 Yala Season is indicated in Figure No. 03 below.

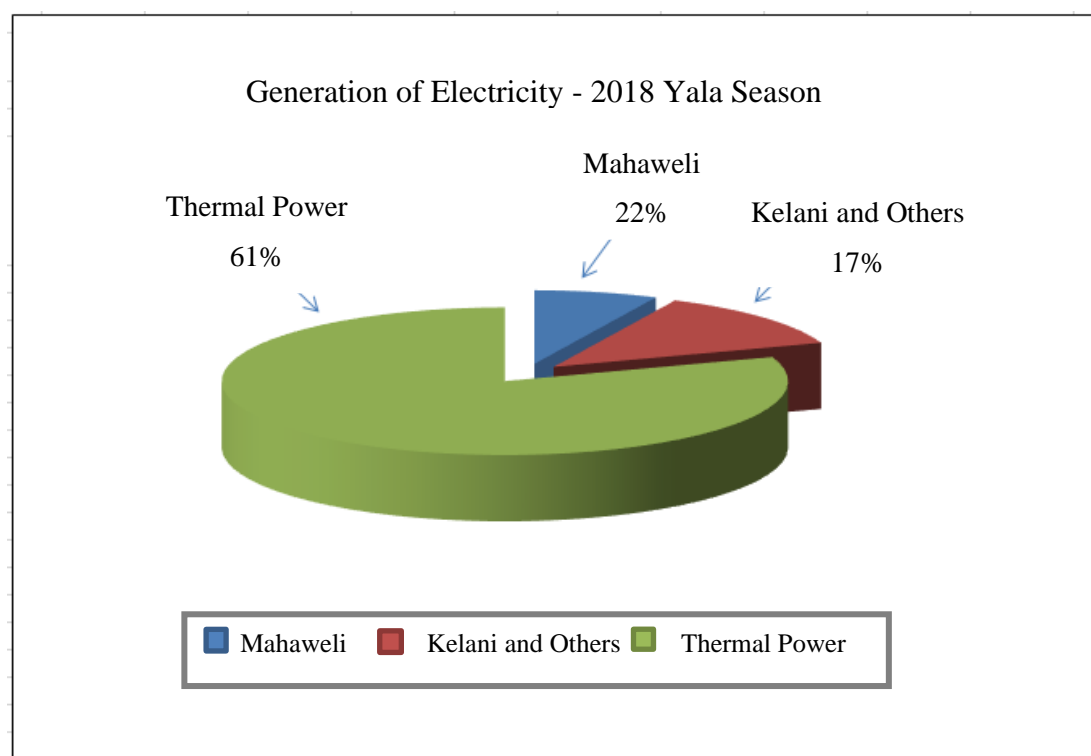


Figure No. 03

Figure 04 indicates the cultivation plan and the progress achieved during the 2018 Yala Season at the Zones, which come under the Water Management Committee.

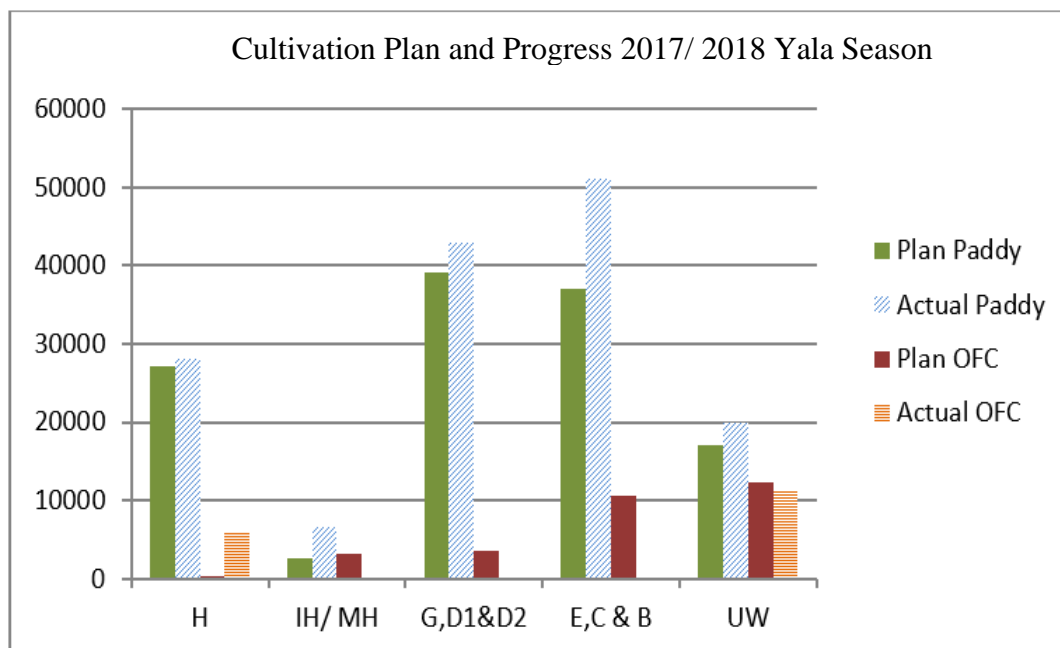


Figure 04

2.4.3 2018/ 2019 Maha Season (1st October 2018 – 31st March 2019)

The Mahaweli Water Management Committee meeting for the 2018/ 2019 Maha Season was held at the National Agricultural Information Communication Center, Ganoruwa, Peradeniya on 19th October 2018. By that time the active water levels at the reservoirs remained at the following levels: Kothmale 87.2%, Victoria 83.1%, Moragahakanda 42.9%, Walawe 55.5%, Huruluwewa 23.5%, Maduruoya 38.9%.

Since expected second inter monsoonal rains and North-East inter monsoonal rains were received at the relevant areas, it was informed to release water for cultivation activities. Accordingly, releasing of water was commenced during the mid-part of October 2018. Total land extent cultivated during the 2018/ 2019 Maha Season was 191,561 hectares and it consisted 100% of the area.

During this season 509 gwh electricity was generated at the Mahaweli Systems. The Figure 05 below indicates the volume of electricity generated during the 2018/ 2019 Maha Season.

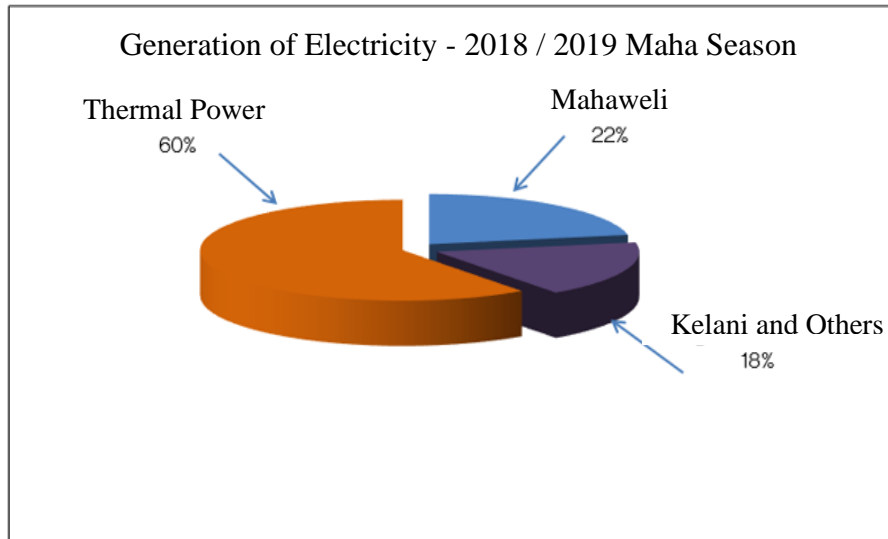


Figure 05

The Figure 06 indicates the cultivation plan and progress of the Systems which comes under the Water Management Committee, during 2018/19 Maha Season.

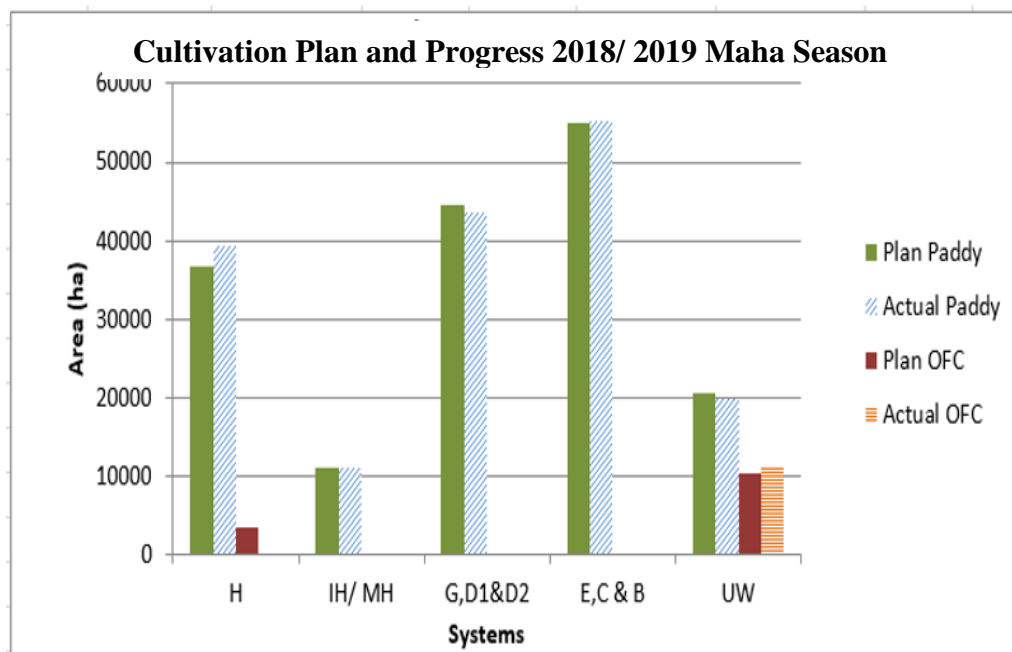


Figure 06

2.5 Land Use Planning Division

Introduction:

The role of the Land Use Planning Division includes implementation of an integrated plan along with targets for the management of physical, economic, social development and environmental management within the Mahaweli Areas. Carrying out studies about the nature of the development areas and making forecasts in respect of future development targets, preparation of plans for each System, preparation of re - settlement plan, and preparation of plans for rural and urban centers are being carried out according to the Mahaweli Master Plan.

2.5.1 Basic Functions of the Land Use and Planning Division

1. Identification of lands for Development Projects.
2. Collection of basic data from the Development Project areas, analysis and making preparation of forecasts.
3. Preparation of relevant development plans for the project areas.
4. Updating the plans of the Mahaweli Areas.
5. Recommendation of physical plans for alienation of lands by ensuring the sustainable land use.
6. Control of encroachment of lands and preparation of required plans in order to conserve sensitive environmental systems and reserve areas.

2.5.2 Targets and Progress in 2018

Activity	Annual Financial Allocation (Rs. M)	Targets up to 31/12/2018		Progress as at 31/12/2018	
		Financial (Rs. M)	Physical	Financial (Rs. M)	Physical
Marking the buffer zone areas of 9 tanks	1.84	1.84	9 Tanks	1.79	Borders of the Reserve areas of 9 tanks have been marked
Updating of Block Planning	0.64	0.64	Consolidation of Plans	0.54	Consolidation of plans has been completed

Marking of the reserve areas of 18 tanks	14.29	14.29	18 Tanks	10.644	Survey has been completed on 18 Reserve areas
Surveying of the 60m buffer zone of the Mahaweli River	1.0	1.0	Mahaweli River 60m buffer zone – 50km	1.0	Surveying of 50km area completed
Scanning of the maps, preparation of Electronic Data System printing, evaluation of basic data, field inspection and Urban Development Planning	2.7	2.7	Surveys in System E	2.479	Surveys in System E have been completed
Preparation of Block Plans	1.8	1.8	Huruluwewe System Block Planning 01	1.75	Block Plans have been made
Implementation of Projects	0.825	0.825	Implementation of infrastructure facilities in System E	0.821	Infrastructure facilities project has been implemented in System E
Purchase of Floater machines	1.563	1.563	01 machine	1.563	01 machine has been purchased
Total	24.658	24.658		20.587	

2.5.3 Activities completed in 2018

- **Marking of the 60m buffer zone limits of the Mahaweli River**

Mahaweli River 60m buffer zone area was declared by the Gazette dated 26th December 1986 and since that reserve areas have not been properly identified these areas have been occupied by the encroaches gradually. Due to that, the sensitive eco system along with the banks of the river had been destroyed by river bank erosion, erosion of the catchment areas and unauthorized constructions.

In order to prevent this situation and also to prevent the buffer zone of Mahaweli River from illicit land uses, marking of the 60m buffer zone of the Mahaweli River has been completed up to a part of 50km area.

2.5.4 Surveying of the Tank Reserve Areas

Marking of the reserve lands in respect of tanks located in different Mahaweli Systems is being carried out and during the year 2018 surveying activities of 18 tank reserve areas have been completed. The relevant information is given below:

System	Number of Tanks surveyed
System B	02
System C	05
System H	02
System L	03
Walawe System	04
Huruluwewa System	02
Total	18

- **Marking the borders of Tank Reserves**

In respect of 9 Tanks, surveying of the borders of the reserve areas was completed in 2017, the work related to marking the borders of such Reserves with placing stones have been completed during this year. Further, activities related to planting of plants to conserve the reserve areas of few tanks have also been taken place.

- **Updating of the Town Plans**

The old town plan of the Sampathnuwara town, the largest urban center of the Mahaweli System L, has been updated taking into account the current development trends. That plan was submitted for the stakeholders of the town plan, for their feedback.



2.5.5 Socio Economic Survey of System E

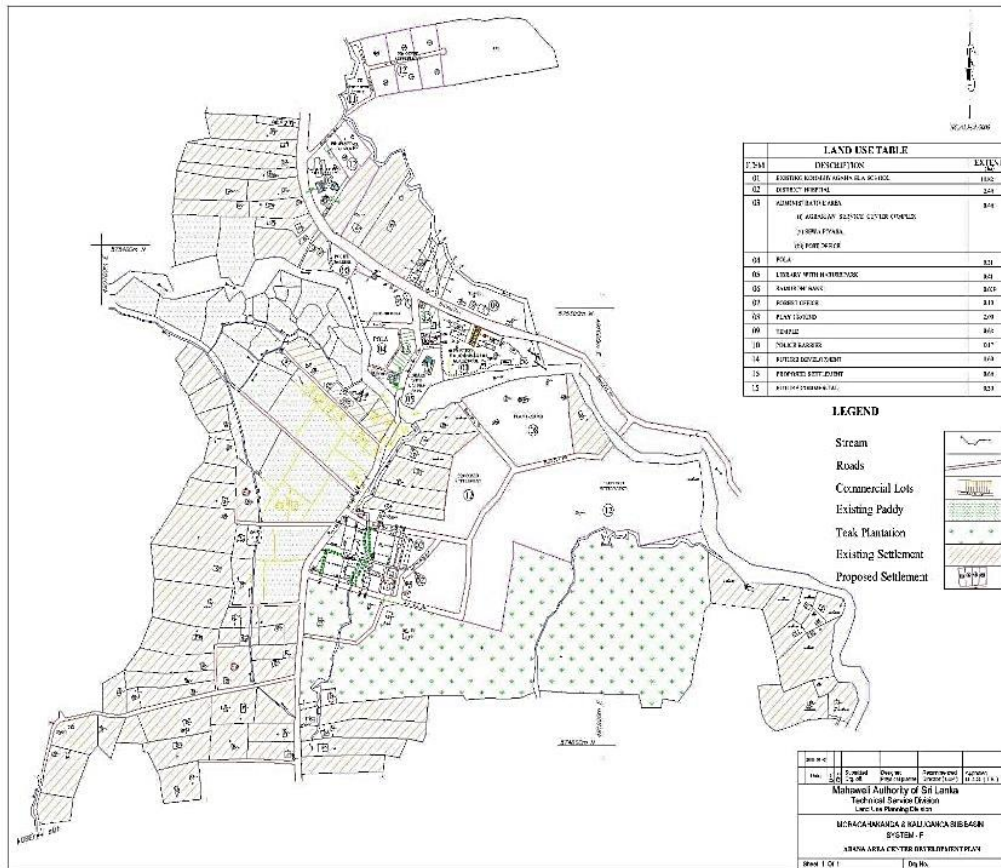
It is proposed to declare System E as a Special Area of the Mahaweli Authority of Sri Lanka, according to the Mahaweli Master Plan. It is proposed to develop this area simultaneously with the Minipe Left Bank Project. Accordingly, Mahaweli System E is being developed by combining 44 Grama Niladari Divisions in the Minipe Divisional Secretariat and 27 Grama Niladari Divisions of the Wilgamuwa DS Division.

A Socio Economic Survey to collect required basic information in order to prepare a Development Plan, with the objective of developing physical, social, economic and environmental aspects of this area has been completed. This project which covers an area of 21,800 hectares would provide benefits to 25,500 families.

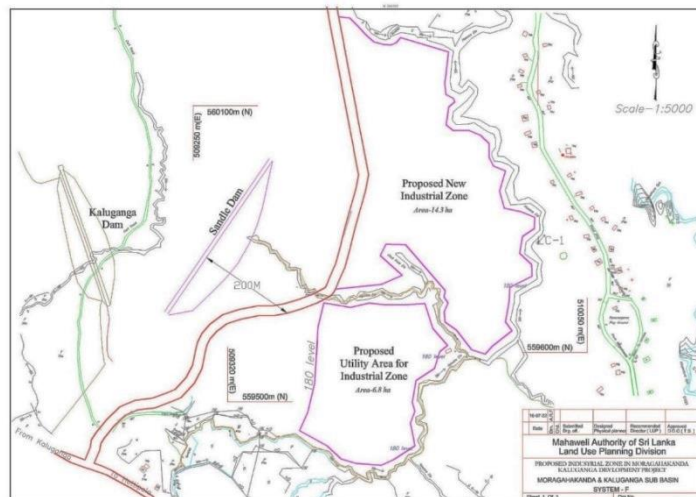
Further, mapping of the areas that are expected to be developed in the System E and activities related to the infrastructure development of that System are being carried out.

2.5.6 Preparation of Ambana Town Center Plan

Preparation of the Ambana Town Center Plan has been completed and this comes under the Moragahakanda System. The plan has been completed, after having reconsidered the allocation of lands for commercial activities and construction of the hospital, Pola area and the library building.

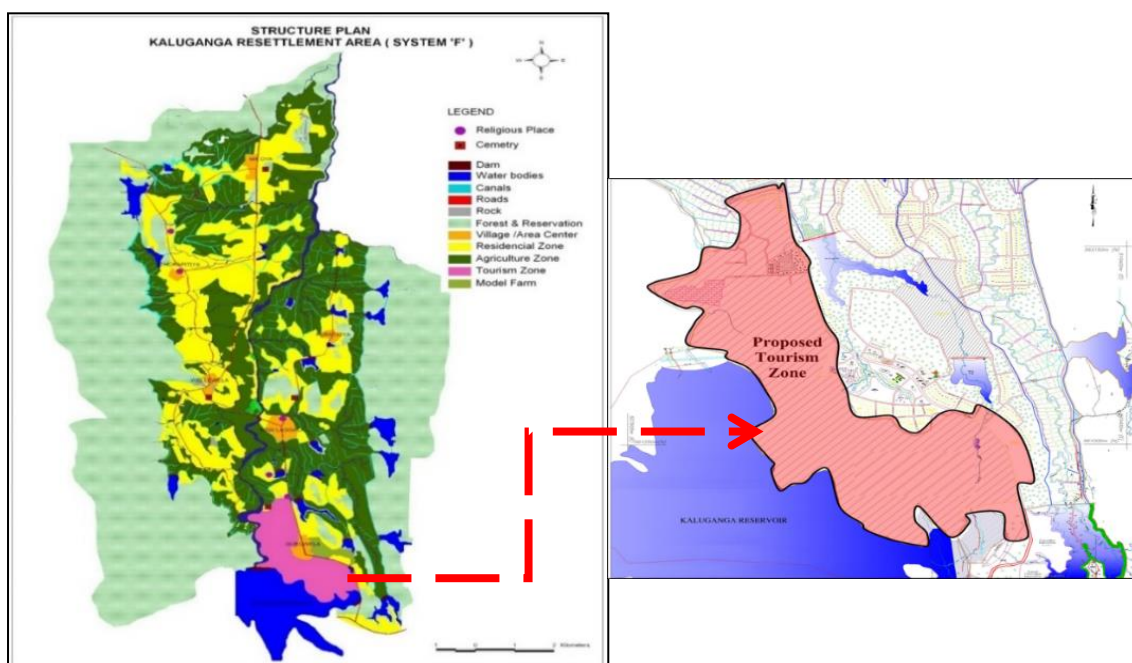


To coincide with the Moragahakanda Kaluganga Agricultural Development Project, in order to establish an Industrial Zone, so as to enhance the economic condition of the communities living in that area, a land in the extent of 21.1 hectares has been identified in the Papolwatha area. Relevant coordination activities are being carried out with the Industrial Development Board in order to prepare the relevant Plan.



2.5.7 Preparation of a Plan for the Development of Tourist Zones

It is proposed to establish an area with tourist attractions along with Moragahakanda Kaluganga Agricultural Development Project. For this purpose, 408 hectares of land have been identified in the Kaluganga area and it has been planned to construct a Training and Service Center, Heritage Villages, cycle and walking tracks and boat yards in that proposed zone.



2.6 Environment and Forestry Division

Allocation of Funds and Progress - 2018

No.	Division/System	Initial financial allocation (Rs. m)	Financial Progress (Rs. m)	Bills submitted for payment in 2019 (Rs. m)	Total	Percentage (%)
01	Environment and Forestry Division, Kotmale	3500.	30.66	2.67	33.33	95.2%
02	B, C, D, G, H, Walawe, Huruluwewa and Victoria, Rambakkanoya	34.56	34.39	0	34.39	99.5 %
03	Mahaweli Special Project. Welioya Integrated Project.	13.91	7.72	0	7.72	55.5%
04	System B Right Bank Development Project (Malwanna, Mahawelithanne)	0.7	0	0.7	0.7	100%
	Total	84.17	72.77	3.37	76.14	90.5%

2.6.1 Activities implemented by the Environment and Forestry Division during the year 2018

- During the year 2018, Natural Resources Management Programs including farmer trainings were implemented in the 4 DS Divisions of Nuweraeliya and Kandy districts covering the upper and lower Mahaweli catchment areas.
- Awareness programs were conducted to the farmers with regard to soil conservation in the slopes agricultural lands in Nuwaraeliya and Kandy districts. In order to encourage them in soil conservation activities, payments were made for those who implement soil conservation methodologies in their farm lands.



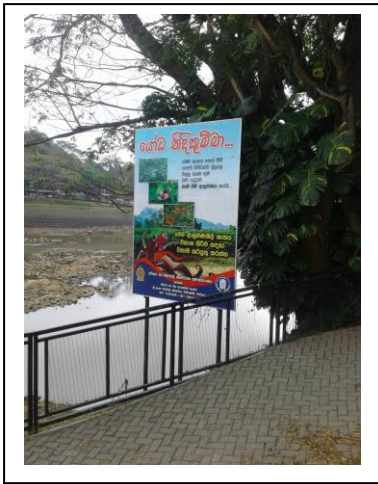
Mechanical Soil Conservation – Drains (Hanguranketha Udagala Division)

Mechanical Soil Construction – Small drains
(Perawatha East Division)

- Various tree planting programs were implemented by the Forestry and Environment Division. Such 32 programs were implemented in partnership with other state institutions, local authorities, schools and environment organizations of the area.
- Activities were commenced to develop Hapuwalmana village in the Perawaththa East Grama Niladari Division of the Delthota DS Division, as a green village.
- **Incentive Program to enhance the quality of Catchment Areas**
 - i. Supply of quality planting materials under 50% farmer contribution
 - ii. Establishment of Private Nurseries
 - iii. Bee keeping program in home gardens
 - iv. Compost Fertilizer Manufacturing Program

- **Aggressive Alien Plants Eradication Program**

Direct contracts were given to the registered Farmers Organizations, in order to remove a giant Nidikumba plant in the following areas: 1 hectare area in the Sangilipalama Division of the Kothmale Reservoir Reserve; 2 hectares in the Watadara Division of Kothmale Reservoir; 7.13 hectares in the Wambatuyaya area in the Bowatanne Reservoir Reserve. An amount of Rs. 111,709 was allocated this purpose for the year and the relevant payment was made during the year 2018. Arrangements were made to make the balance payment of Rs. 819, 435.23 to the work completed, from the allocation of 2019.



Removal of Giant Nidikumba Plant – Bowathane Reservoir Reserve

Fixing of awareness sign boards - Polgolla

- Enhancing the tree cover, so as to enrich the bio diversity of the catchment areas remains one component of this program under the upper Mahaweli Catchment Area Management Program. For that purpose various plants are being grown at Nawadewita Central Nursery.
- Two Environmental Promotion Centers have been established at Doragala and Pallekela areas for the promotion of environmental and water resources management.
- Improvement work during the year 2018 and production of organic vegetables within the farm



2.6.2 Mahaweli Pawithra Ganga Program

1. Hydrology Section

This Section undertakes calculating the volume of water and slush that go through the sub catchment areas, waterways, main streams and the Mahaweli River, in the Upper Mahaweli catchment area.

2. Water Quality Study

Under this program, chemical and physical, heavy metals, and microbiology components of the water quality is being carried out covering the water sources of Kothmale and Polgolla Reservoirs, such as Kothmaleoya, Mahaweli River and branch streams and other 9 recommended places. This study is being conducted in order to understand the changing land use patterns of the Upper Mahaweli catchment areas, and various issues faced by the catchment areas and also the conservation programs.

2.6.3 Construction of Net Fences for Solid Waste Management

For the purpose of Solid Waste Management 87.4m fence was constructed along the Kothmale Reservoir and a 52m fence along Katugastota area, covering the Polgolla Reservoir



Construction of the Fence along the Kothmale Dam

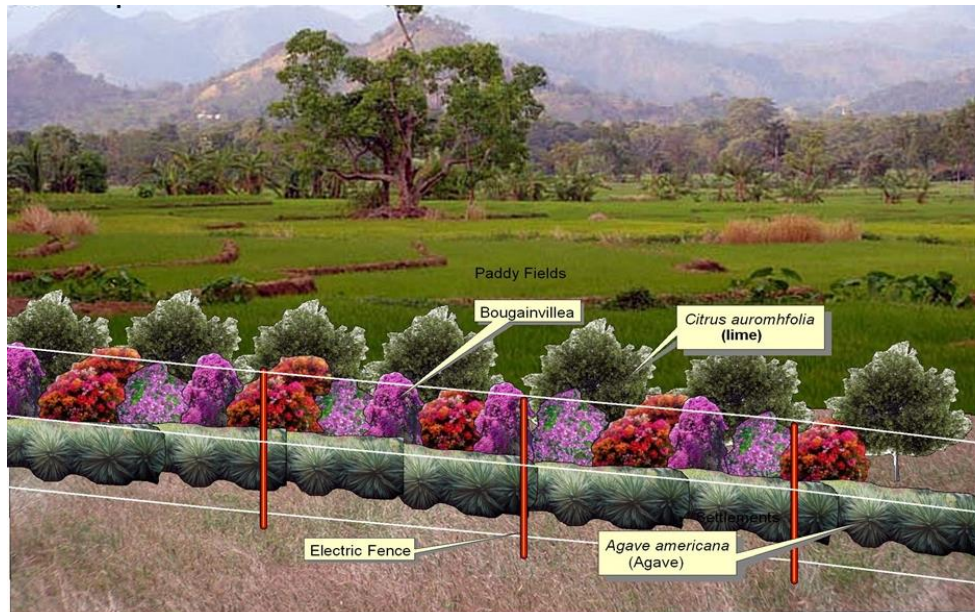


Construction of Katugastota Fence

2.6.4 Program to Minimize Human Elephant Conflict

- Purchase to required materials in order to construct a 1.6 km long electric fence surrounding Resident Project Office.
- Required materials were provided for the maintenance of the Singhapura Suriyawewa electric fence and Palatiyawa electric fence.

- A Shramadana campaign was conducted to remove the undergrowth in front of the Ihala Allewewa School and both sides of the cemetery. A Shramadana was conducted with regard to the maintenance of the electric fence Aselapura Division. A Shramadana campaign was held to clear the growth on the both sides of the road, along the Allewela Reserve in order to minimize elephant - human conflict.



Live elephant fence



Live elephant fence

2.6.5 Other special activities implemented by the Environment and Forestry Division

- In addition to field activities, the Environment and Forestry Division undertakes follow up activities with regard to environment conservation activities in implementation of the conditions laid out in the environment approval of the major projects implemented by the Mahaweli Authority of Sri Lanka. Further, it is also represented at the Technical Committees, Operations Committees and Standing Committees of the proposed projects to be implemented by the Mahaweli Authority of Sri Lanka.
- The Environment and Forestry Division also represents the Technical Committees of projects implemented by the other state organizations.
- Conducting administrative activities and follow-up activities in the environment impact and follow-up assessment process, as an approval organization of projects under National Environmental Act.

CHAPTER THREE

DEVELOPMENT DIVISION

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

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

3.1 Land Division

3.1.1

Contributing for the improvement of the socio, economic conditions of beneficiary communities residing within the Mahaweli areas by proper management of the limited land resources.

3.1.2 Role of the Land Division

1. Allocation of lands to the persons under the Land Development Ordinance and follow-up activities.
2. Allocations of lands to persons and institutions under the Crown Lands Ordinance and follow – up activities.

3.1.3 Issuing of Permits - Land Development Ordinance 2018

System	Target	Progress
B	4500	2562
C	4300	4257
D	1000	145
H	2900	288
L	1600	1434
Victoria	100	24
Huruluwewa	500	92
Moragahakanda	1000	705
Walawe	3700	3597
Rambakkanoya	1100	982
Total	20,700	14,086

3.1 .4 Issuing of Grants – Land Development Ordinance –2018

System	Target	Progress
B	3800	1270
C	4000	2478
D	950	514
H	2000	374
L	1100	1065
Victoria	250	29
Huruluwewa	800	193
Moragahakanda	750	385
Walawe	4900	4638
Rambakkanoya	200	-
Total	18,750	10,946

3.1 .5 Long – term Leases – Crown Lands Ordinance – 2018

System	Target	Progress
B	200	32
C	80	64
D	10	-
H	200	18
L	10	-
Victoria	70	43
Huruluwewa	10	4
Moragahakanda	30	1
Walawe	350	317
Rambakkanoya	10	-
Total	970	479

3.1 .6 Allocation of Lands for the State Institutions - 2018

System	Transfer Orders		Handing over of Lands	
	Target	Progress		Target
B	50	39	50	-
C	20	-	10	-
D	5	-	5	-
H	10	-	10	-
L	5	-	-	3
Victoria	10	2	-	-
Huruluwewa	20	-	20	-
Moragahakanda	5	1	5	-
Walawe	5	1	5	9
Rambakkanoya	20	-	20	-
Total	150	43	125	12

3.1 .6 Issuing of Temple Grants under the Crown Lands Ordinance - 2018

System	Target	Progress
B	50	15
C	10	6
D	5	-
H	20	1
L	-	-
Victoria	10	-
Huruluwewa	6	-
Moragahakanda	5	-
Walawe	5	4
Rambakkanoya	5	-
Total	116	26

3.1 .7 Housing Grants under the Crown Land Ordinance - 2018

System	Target	Progress
B	100	-
C	10	3
D	5	-
H	50	17
L	5	-
Victoria	100	75
Huruluwewa	4	1
Moragahakanda	5	4
Walawe	15	14
Rambakkanoya	5	-
Total	299	114

3.2 Agriculture Development Division

- Introduction and expansion of environment - friendly agro-technological Systems, in order to enhance the economic conditions of the farmers living in the areas that comes under the purview of Mahaweli Authority of Sri Lanka.
- Preparation of annual targets in respect of crop cultivation, animal husbandry and agricultural enterprises in the irrigated and non – irrigated lands, coming under the Mahaweli areas, in line with the national food production targets.
- Preparation of expansion targets and plans based on the annual allocations made in order to achieve annual crop production targets, organizing at system level, implementation, follow-up, monitoring and reporting.
- Coordination among the Ministry of Mahaweli Development and Environment, Ministry of Agriculture, Rural Affairs, Dairy Resources, Fisheries and Aquatic Resources, Department of Agriculture, other Government Organizations and Private Sector Institutions with regard to agricultural development activities.

3.2.1 Physical Progress of the Agriculture Productivity Program - 2018

Activity	Unit	Target	Progress
Promotion of Paddy Cultivation			
Model Paddy Fields Program	No.	278	209
Harvesting Surveys	Surveys	614	600
Extension of Paddy Cultivation in Paracute Method	Ha.	17	17
Use of Leaf Pigment Indicators	Ha.	2,000	2,000
Self Seed Paddy Production	Ha.	2,447	2,603
Other Field Crops			
Model Cultivation - Maize	No.	56	49
Distribution of Maize Seeds on Concessionary terms	Kg	2,185	1,687
Model Cultivation – Soya	No.	11	11
Soya Marketing Development Program	No.	2	1
Tapolin for Soya Seed Production	No.	50	43
Purchase of Big Onion Seeds for mother bulb production	kg.	112	113
Activity	Unit	Target	Progress
Big Onion mother bulb verification	kg.	36,000	10,000

Supply of Micro Water Supply System	No.	112	95
Activities	Unit	Target	Progress
Supply of plastic crates for big onion transport	No.	49	36
Supply of Chili Seeds on concessionary terms	kg.	197	194
Promotion of Chili Production in bags	Bags	20,000	17,395
Chili Production Villages	Ha.	18	33
Supply of Green grams seeds on concessionary terms	kg.	2,096	3,182
Green gram cultivation during inter season period	kg.	900	850
Distribution of groundnuts on concessionary terms	kg.	6,150	5,889
Distribution of seeds for Groundnuts Seeds Production Programs	kg.	660	1,041
Distribution of Cowpea seeds on concessionary terms	kg.	1,234	907
Supply of black gram seeds on concessionary terms	kg.	667	617
Supply of Kurakkan seeds on concessionary terms	kg.	155	150
Distribution of seeds for kurakkan seed production	kg.	360	601
Agriculture Wells	No.	44	44
Supply of Water Pumps	No.	66	67
Home garden Development Program	Home gardens	10,203	7,894
Agriculture Extension Activities (Officer/ Farmer Training/ Field days/ Crop Clinics)	No.	1,634	1,470
Development of Horticulture			
Mango tree Re-habilitation Programs	No.	126	101
Fruit Pest Control Program	No.	71	67
Cultivation of new fruits	Ha.	111	175

The employees of the Authority have performed their duties with commitment in order to achieve this physical progress, according to the provisions allocated for the year 2018.

3.2.2 Progress in Crop Production and Contribution – 2017/ 2018 Maha Season and 2018 Yala Season

Seasonal Crops

Crop	Cultivation (hectare)	Mahaweli Production (mt)	National Production (mt)	Mahaweli Contribution (%)
Paddy	165,421	906,051	3,806,000	24%
Maize	3,930	16,083	306,801	5%
Green Gram	520	769	10,858	7%
Cowpee	443	503	16,031	3%
Soya	1,510	3,471	3,621	96%
Chillies	683	5,246	61,141	9%
Ground Nuts	704	1,349	24,178	6%
Black Gram	138	173	8,566	2%
Seseme	164	117	7,821	1%
Kurakkan	323	498	5,688	9%
Big Onion	572	11,358	31,880	36%
Vegetables	6,176	87,130		

Fruit Crops

Crop	Cultivated Extent (hectare)	Production (mt)
Plantain	9,131	136,964
Papaw	694	12,488
Mango	2,048	8,596

(Data related to national production was obtained from the Harvesting Forecast Reports for 2016 / 2017 Maha Season and 2017 Yala Season issued by the Socio-Economic Planning Center, Department of Agriculture).

Mahaweli Authority of Sri Lanka has implemented an Agricultural Development Program in order to ensure food security in the country, and in this process, it has enabled by achieve a higher productivity level by contributing to the food production.

Model Paddy Cultivation Program



Higher Yields by using planting machines and efficient weed control – Field Demonstrations



Use of Parachute Plates for cultivation



Leaf Pigments



VAT Demonstration



Integrated Pest Control Training Program



Seed Paddy Production Program



Soya Beans - Promotion of Pre – Contract Cultivation



Soya Beans Marketing Coordination Program



Supply of spray water supply systems and drop supply system to address water shortage



Big Onion Seed Production



Goundnuts Cultivation



Maize Cultivation Extension and Production of Cross - bred maize seeds



Chilli Cultivation- Production of Chili Seeds



Distribution of seeds of additional Crops under 50% contribution



Field Days



Agriculture Exhibition

Competition to select Mahaweli “ MahaGoviya”



Special Agriculture Promotion Week Program



Tree Planting Program and Quiz Competition alongwith Mahaweli Sports Festival



Program to adapt to Climate change



Providing mushroom production, beehives and shade cottages to strengthen the home economy.



Promotion of Organic Fertilizer



Officer / Farmer Training Programs



Home Garden Development Program and Pruning of Mango Tree Program



Fruit Pest Control Program



Sena Dalambuwa Eradication Program (Eradication of Caterpillar)



3.3 Fisheries and Livestock Development Division

3.3.1 Introduction

Approximately 46,185 small and medium scale dairy farmers are engaged in dairy related activities in the Mahaweli areas and heads of buffaloes and cows remain 15,175 and 93,575, respectively. Total heads of cattle recorded in 2018 is 108,760. Liquid milk production recorded during the year 2018 was 30.1 million litres. The contribution made to the national production was 8%. On daily basis approximately 82,000 litre liquid milk is being produced. Milk is being purchased by the state and private sector milk collecting and producing organisations such as Milco, Kothmale, Nestle, Richlife, CIC, Mahaweli, Anchor, and Kaduwela. Although the fixed price per litre of milk remains Rs. 70. 00, prices change depending on the fat contents and non – fat contents of the milk. The overall average price in all Mahaweli systems remains Rs.68.00. Accordingly, the dairy farmers of Mahaweli areas have been able to earn Rs 2046.8 million during the year 2018, through milk production. This year direct benefits were provided to 2540 dairy farms by the Fisheries and Dairy Resources Promotion Program. It is envisaged to produce 35 million litres of liquid milk in the year 2020 and thus contribution to the national milk production would be increased from 8% to 10%.

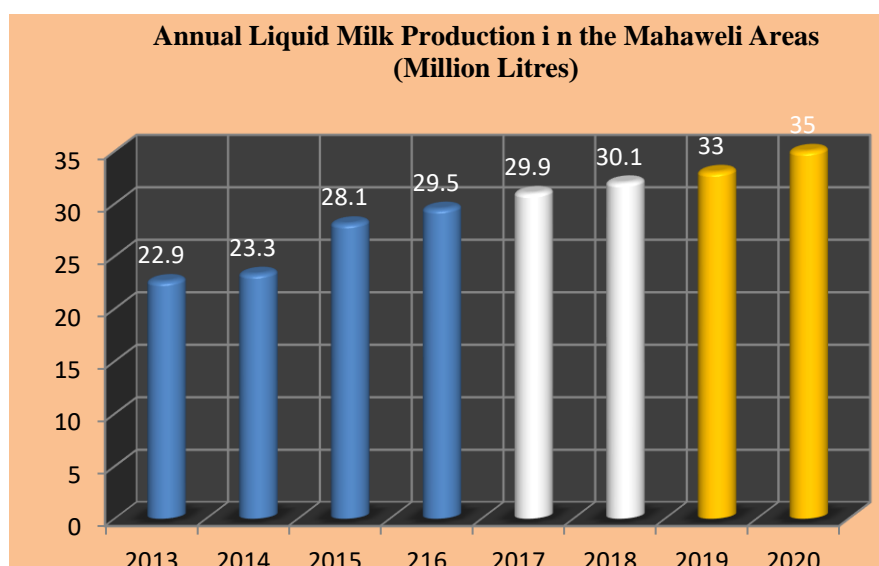
Including 10 major Mahaweli reservoirs 324 reservoirs are found within the Mahaweli region. Approximately 4860 persons are engaged in fishing in these areas and their annual fresh water fish production in 2018 was 15,580 metric tons. Meanwhile, fresh water prawn production recorded was 125.3 metric tons. Fresh water fish and fresh water prawns were supplied to the local market while a limited volume was exported to some targeted markets. Average prices fetched for per kilo fresh water fish and fresh water prawns sold at the jetty of the reservoirs remained Rs.230.00 and Rs 1050.00 respectively. The fishermen community of the Mahaweli areas has been able to earn an amount of Rs. 3714.9 million by selling their products. It is expected to increase the Mahaweli contribution national fresh water fish and fresh water prawn production from 21% to 25% by 2020 by producing 20,000 mt and 300 mt respectively..

In the Mahaweli areas approximately 17,940 farmers are engaged in home based poultry production engaging in both production of and chicken. Annual egg production remains around 50 million and chicken production is calculated at 17,450 metric tons. The village eggs fetch a price of Rs. 19.00 and a normal egg is sold at Rs. 15.30. Average price of per kilo gram of live chicken is Rs. 275 and in the market. Poultry farms operating with the Mahaweli Systems have been able to earn an income of Rs. 5563 million through the production of chicken and allied products.

In the Mahaweli areas about 848 farmers are engaged in ornamental fish production and they have been able to produce 14.7 million ornamental fish for the local and foreign markets to the value of Rs. 367 million during the year 2018. It is expected to produce 20 million ornamental fish in the year 2020.

During the year 2018, 15 remote schools were selected in order to popularise the consumption of liquid milk among school children and in coordination with Dairy Farmers Societies, liquid milk was provided to children for 2- 3 days during a school week. Training programs were also conducted for the school children in order to educate them on the subject of animal husbandry.

Arrangements were made to send 35 school leavers annually to dairy farming families and provide them with guidance so as to enable them to have self-employment opportunities in the dairy sector.



3.3.2 Dairy Development

Dairy farms within the Mahaweli Systems are being categorized on the basis of their annual production potential and accordingly, farms suitable for development are being selected. Production based programs would be formulated in respect of each farm this selected. Accordingly, development activities are implemented targeting 2400 dairy farms in such a manner to cover 10 more farms each selected model farm selected.

3.3.3 Physical Progress of the Development Programs implemented during the year 2018 - Infrastructure Development of the Farms, Construction and Renovation of Cattle Sheds

Construction and repairs of new cattle sheds for Farm Infrastructure Development Assistance is extended to dairy farms under Mahaweli contribution, in order to construct or repair cattle sheds for minimum three cows and two calves. In respect of breeding centres, subject to more than 10 cows, assistance is extended to construct cattle sheds and repair cattle sheds.

S. No.	Activity	Target	Progress
01	Construction and Maintenance of Cattle Sheds	103	101
02	Installation of Biogas Units	7	7
03	Machines to break Fodder	24	23
04	Grass Cutting Machines	38	38
05	Milking Machines	25	24
06	Barrels to process silage	390	400
07	Introducing improved cows (Cows)	56	54
08	Establishment and Maintenance of cattle breeding units	35	34
09	Introduction of improved varieties (cattle)	26	21
10	Farm designated for Artificial Insemination	350	307
11	Pasture cultivation (Establishment of ¼ acre units)	126	116
12	Use of concentrated food & minerals (kg)	2150	2150
13	Animal Clinic Programs	64	57
14	Farm designated for Animal Insurance	55	49
15	Establishment of New Milk Collecting Centres	3	2
16	Supply of containers for milk transport	54	49
17	Awareness Programs for School Children	15	15
18	Farmer Training Programs	60	65
19	Field day Programs	10	6
20	Total Beneficiary Farmers	2400	2320

Modern Dairy Farms with modern milking machines with 50% Mahaweli contributions are being introduced with a view to enhance milk production at farms, encourage fresh milk production and popularize cattle farming among the farmers, with new technology.



Promoting use of Milking Machines



Establishment of Milk Collecting Centers

3.3.4 Promotion of Poultry Farming

Expansion of village poultry farming is being carried out in the home gardens with the objective of providing an additional income to the family, increasing the nutritional level of the family and also obtaining more benefits by lower cost inputs. At the end of this year, 16,940 village poultry farms were operating in the Mahaweli areas.

Development Programs implemented during the year 2018

S. No.	Activity	Target	Progress	Beneficiaries
01	Construction of Poultry Sheds	195	192	192
02	Pullets	43800	33523	1196
03	Animal Clinics	35	29	310
04	Training Programs	40	35	420
05	Breeding Farms	20	12	12
	Total			2130



3.3.5 Goat Farming Development Program

Development Programs implemented during the year 2018

S. No.	Activity	Unit	Target	Progress	Beneficiaries
01	Construction of Goat Sheds	No.	44	42	42
02	Supply of Goats for Breeding	No.	44	45	15
03	Animal Clinic Program	Program	20	17	136
04	Traing Programs	Program	24	20	240
	Total				433

3.3.6 Fresh Water Fishery Development Program

Throughout the Mahaweli System 324 water bodies are found and out of that there are 11 main reservoirs. Most of the reservoirs are being used for aquatic farming. In addition to that 21% contribution is made to the national fresh water fish production by producing 15,580mt of fresh water fish and 125.3mt of fresh water prawns.



3.3.7 Promotion of Ornamental Fish Production Development Programs implemented during the year 2018

S. No.	Activity	Target	Progress
01	Construction of Mud Pools	46	44
02	Fish Quarantine Tanks	29	27
03	Construction of Fish Breeding Units	28	22
04	Health Clinics	20	12
05	Training Programs	50	46
06	Beneficiary Farmers	450	380



3.3.8 Program to Improve the Poor Families

Lower income groups are being selected for Development.

- Mahaweli settlers / Land allottees
- Average monthly income less than Rs 30,000
- A family with members of special needs
- Areas which have been neglected

Activity	Poor Families			Activity
	Target	Selected	Progress	
Dairy Farming	240	240	40	<ul style="list-style-type: none"> • Cattle Sheds – 45 • Breeding Units - 8
Poultry Farming	580	570	25	
Goat Farming	90	90	10	<ul style="list-style-type: none"> • Milking goats - 10 • Supply of Pullets - 18,000 • Poultry Sheds – 85
Fresh Water Fish Cultivation	200	200	50	
Ornamental Fish Cultivation	140	131	18	
Total	1250	1231	143	<ul style="list-style-type: none"> • Fingerlings – 1,000,000 • Fresh Water Prawns – 100,000

3.4 Institutional Development Division

Role of the Institutional Development Division

3.4.1 Community Development

Community Development Programs are being implemented with the basic objective of creating a disciplined and healthy farmer community within the Mahaweli Systems, which is free from alcohol, violence and abuses.

Under this Programs:

- Training of rural voluntary leaders, conducting awareness programs for the school children and community in order to prevent use of alcohol.
- Creating awareness among the community in order to prevent child abuse, violence against women, domestic violence, early marriages and pregnancies.
- Conducting awareness programs on non-contagious diseases and health clinics (particularly awareness program to protect community from the kidney diseases that is spread widely and referring the identified patients for treatment.)
- Conducting of educational seminars (Grade 5 Scholarship Test, GCE O level and GCE A level exams)
- Providing of Mahaweli Foundation Scholarships (These Scholarships are offered to the children who have completed GCE O level, whose parents are extremely poor, disabled or diseased.)

During the year 2018 under Community Development Program 630 programs were targeted and, out of that 531 Programs have recorded progress and financial target was Rs. 24.2 m. financial progress recorded during the period was Rs. 23.9m.

3.4.2 Improvement of the capacities of the settlers and vocational training

- Provision of vocational training with the objective of enhancing the income level of the Mahaweli settlers above Rs. 30,000.00 and making arrangements for them to obtain employment through such programs.
- Conducting training programs on Accounting for the office bearers of the Farmers Organizations and conducting training programs on of Audit for the youth, of the Mahaweli Systems, who have completed their GCE A level examination at the Pollgola National Cooperative Development Institute. After training them in Auditing, authorizing such youth to conduct audit at Farmers Organization, annually.

- The target set for the year 2018 was 136 programs and all 136 programs were held. Financial target was Rs. 10.8m and the progress achieved was 10.8m. Further, under Poverty Alleviation Program 1171 families were provided employment and their monthly income remained Rs. 30,000.00.

3.4.3 Women Development

- The main objective of this initiative is promotion of savings and providing guidance for domestic financial management.
- Several programs are being implemented within the Mahaweli Systems in order to empower women.
- Self-employment opportunities and vocational training are provided to women to enable them to engage in income generating activities from their homes and the required equipment also being provided.
- The target for the year 2018 was 62 programs and the progress achieved was 53 programs. Financial cost incurred for the program was Rs. 3.8m.

3.4.4 Promotion of Farmers Organizations

For this purpose programs are being implemented in order to conduct elections for Farmers Organizations and educate farmers on the laws, rules and regulations related to Farmers Organizations and water management. Similarly, various programs are being conducted for the attitudinal development and capacity development of the farmers. The issues faced by farmers are being addressed under the Management Committees.

3.4.5 Community Participatory Irrigation Management

- Community Participatory Management Program for renovation of field canals by efficiently carrying of the maintenance and operational activities of the relevant Systems.
- Renovation of field canals, which remain to be renovated with the voluntary labor participation of the community and reimbursing the cost incurred only for raw materials.

(Through this farmers are being trained for efficient water use and a practical change in their attitudes towards water management is being created. An activity that otherwise requires a large cost is being carried out with the labour participation of the community).

During the year 2018 this program was implemented at Systems B, C, H, Moragahakanda, L, Walawe and Huruluwewa. Funds are allocated subject to the maximum of 500,000 and it is estimated that the finished value of such work remains at Rs. 1.5m.

Accordingly, an irrigation system of 45.87 km has been completed with the savings of Rs. 13.446 million.

3.5 Business Development Division

3.5.1 Business Development Division

The Role of the Business Development Division

- Allocation of lands and recovering a lease income from the investment projects such as dairy farming, ornamental fish culture, coconut cultivation, other crops and fruits.
- Granting permission to conduct tourist boat services at the reservoirs, in order to expand environment - friendly tourism opportunities and collecting annual lease income.
- Re-furbishing of the existing Circuit Bangalows at the very attractive locations in the Mahaweli areas, so as to open them for the local and foreign tourists for the purchase of income generation.
- Earning lease income from the lands allocated for Solar Power Systems and Bio - mass Power Projects. Earnings profits by commencing joint ventures.
- Supplying water for the projects that directly contribute to the regional economic development and earning an income through that activity.
- Providing investment opportunities at the Mahaweli reservoirs to install Floating Solar Power Systems on such reservoirs.
- Earning lease income, well as royalty by distribution of land for the projects such as Sugar Factories to produce sugar to address the local demand and by distributing land among the farmers of the area.
- Recovering lease income from the lands provided for Minerals (Dolomite, Quartz, Apatite, Mica, Limestone) related industries on the basis of cubes of such minerals excavated.
- Strengthening the regional economy by maintaining Industrial Parks.
- Encouraging small and medium scale entrepreneurs to commence projects to produce fresh water fish like Thalapiya in the cages kept at the reservoirs and earning foreign exchange income through such ventures.
- Providing loans with the state banks under concessionary interest rates in order to encourage small and medium scale entrepreneurs.
- Encouraging small and medium scale entrepreneurs to earn foreign exchange through agricultural and animal husbandry projects.
- Extending credit facilities under concessionary interest rates through State Banks in order to encourage small and medium scale entrepreneurs.

- Commencing of Mahaweli Hela Bojun Hala (Restaurants) in order to popularize traditional and local food and develop women entrepreneurs.
- Assisting Mahaweli children to obtain recognized vocational training certificates and placing them in jobs.

3.5.2 Objectives of the Business Development Division

1. Enhancing the annual revenue of the Authority.
2. Generating employment opportunities for the youth living in the Mahaweli areas.
3. Regional Development through investments.
4. Creation of small and medium scale entrepreneurs.
5. Contributing to the small scale production sector by providing training on self-employment ventures.
6. Function as an intermediary to fulfil the needs of capital.
7. Providing a higher value to the production of Mahaweli areas by coordination of markets.
8. Providing entrepreneur capacity growth and technical knowhow.
9. Export promotion in order to contribute to the national production.
10. Extending support for business consultancy / preparation of business plans and evaluation.
11. Contributing through renewable energy generation for national electricity generation.

3.5.3 Programs implemented by the Business Development Division during the year 2018

- A project to refurbish the Circuit Bangalows owned by the Mahaweli Authority of Sri Lanka.
- “Moragahakanda Athwala” Credit Scheme and “Mahaweli Saviya” Credit Scheme.
- “Mahaweli Hela Bujun Hala” Project.
- Commencing environment - friendly Boat Services at the Mahaweli reservoirs.
- Programs to offer scholarships to the unemployed youth of the Mahweli Systems, after conducting vocational training programs.
- Upgrading small & medium entrepreneurs, making contributions and technical knowhow for self- employment training.
- Identification of new entrepreneursand implementation of enterprises development programs for training.
- Implementation of capacity development and technical exchange programs.
- Implementation of investment promotion and market promotion programs.

3.5.4 Project to Refurbish the Circuit Bangalows owned by the Mahaweli Authority of Sri Lanka

S. No	System	Name of the Circuit Bungalow		Number of Circuit Bungalows	Nearest Town	Number of Rooms
01	B	Ruhunuketha		1	Walikanda	10
		Pimburaththawa		2	Aralaganwila	4
02	C	Dehiyaththakandiya i		3	Dehiyaththakandiya	10
		Dehiyaththakandiya ii		4	Dehiyaththakandiya	5
		Dehiyaththakandiya iii		5	Dehiyaththakandiya	3
		Giradurukotte Training Center	VIP	6	Giradurukotte	1
			Normal		Giradurukotte	3
			A Grade		Giradurukotte	20
			B Grade		Giradurukotte	8
		Ulhithiya/Rathkindha	I		Madagama	2
			II		Madagama	3
03	D	Sooriyapura		8	Kanthale	6
		Bisopura (New)		9	Madirigiriya	6
04	G	Moragahakanda Special Project		10	Moragahakanda	4
		Bakamuna		11	Bakamuna	6
05	H	Kalawewa	VIP		Kalawewa	2
			Normal		Kalawewa	3
06	L	Welioya		16	Sampathnuwara	4
07	Victoria	222 Resident Project Office Circuit Bungalow		17	Digana	4
		Nuweraeliya (New Construction)		18	Nuweraeliya	6
		Kotmale 119	02	19	Kotmale	3
		Boowelikada		20	Kandy	3
08	Walawe	Udawalawe		21	Embilipitiya	4
		Embilipitiya		22	Embilipitiya	8
		Mayurapura		23	Sooriyawewa	5
09	Rambakanoya	Maha Oya		24	Maha Oya	4
		Badulla		25	Badulla	6
10	HAM	Polgolla		26	Kandy	4
		Kotmale 119	01	27	Kotmale	4
		Randenigala	VIP 1		Mahiyangana	3
		Bowathanna		29	Naula	3
		Maduruoya		30	Aralaganwila	4
11	Ratmalana	Ratmalana		31	Ratmalana	8

All Circuit Bungalows were brought under the purview of the Director (Business Development) in order to convert them as Income Generating Projects with effect from 3rd April 2017. Such Circuit Bungalows are being managed by the Operations Division established within the Business Development Division and an Assistant Director (Business Development) has been appointed for this purpose.

3.5.5 Circuit Bungalows that were renovated during the year 2018

Ulhitiya / Rathkinda Circuit Bungalow was fully renovated and in respect of Nochchiyagama Circuit Bungalow repairs were carried out to the building. Circuit Bungalows at Kothmale and Bakamuna were renovated along with new furniture and equipment. Circuit Bungalows at Victoria, Thambuttegama, Randenigala, Boowelikada and Embilipitiya were renovated with furniture and equipment.

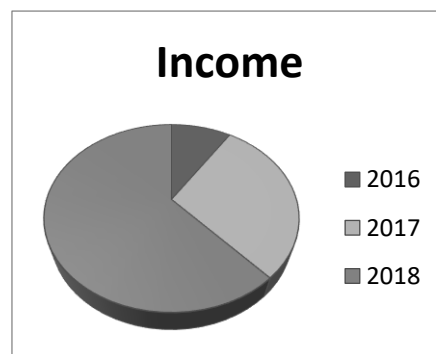


Renovation activities of Kalawewa, Nuweraeliya, Bakamuna and Nochchiyagama Circuit Bungalow are in progress.

3.5.6 Generation of income from Circuit Bungalows during the year 2018

Along with the conversion of the Circuit Bungalows, as an income generating project during the year 2017, income earned by such bungalows increased by Rs. 3.6 million when compared to the year 2016.

Year	Income (Rs)
2016	1,661,000.00
2017	5,260,450.00
2018	11,145,605.00



3.5.7 Present Status of Circuit Bungalows

- Number of Circuit Bungalows for which online reservation facilities are provided -13
- Number of Circuit Bungalows which do not have online reservation facilities -10
- Number of Circuit Bungalows of which construction work is in progress -03
- Income generation during the year 2018 - Rs. 11.4 million.
- Income earned through online reservation facilities - Rs. 3.45 million.
- Income generated by Circuit Bungalows which do not have online reservation facilities - Rs 7.85 million.

3.5.8 Mahaweli Saviya Credit Scheme (up to December 2018)

During the year 2018 loans to the value of Rs. 39.67 million were granted to 225 entrepreneurs by the Mahaweli Authority, along with the Regional Development Bank.

3.5.9 “Moragahakanda Athwala” Credit Scheme

Loan facilities to the value of Rs. 3.1 million were granted to 11 entrepreneurs during the year 2018, to enable them to commence business activities and the recipients were selected from the resettled settlers of the Moragahkanda System.

3.5.10 Mahaweli Hela Bojun Hala Project

Mahaweli Hela Bojun Hala Restaurants have been established at System B and C, as a new Project, with the following objectives: Enhancing the economic conditions of the families by popularizing traditional and local food and developing entrepreneurial skills of women, supply of local foods to the consumers at lower prices and direct and indirect employment generation in the relevant Systems. Manampitiya Hela Bojun Hala Restaurant was opened on 2nd August 2018 and as of now two such restaurants have been established.

It is expected to provide poison free food to the general public by establishing Hela Bojun Hala Restaurants. By such restaurants 40 direct employment opportunities and number of indirect employment opportunities have been created in the System B and C.



3.5.11 Commencement of Boat Services at the Mahaweli Reservoirs

S/N	Reservoir / River	Information of Investor (Address)	Tax Duration	Basic Deposit (Rs)	Annual lease amount (Rs)
01	Victoria	Victoria Leisure (Private Limited) 339/6, Negombo Road, Peliyagoda	2016.01.06 to 2021.01.05	100,000.00	For the first two years 75,000 per year – Subsequently 5% annual increase
02	Polgolla	Mahaweli Reach Hotel 35, P. B. A. Weerakoon Mawatha, Kandy (Motor Boats)	2016.02.09 to 2019.02.08	100,000.00	181,912.50
		Cinnamon Citadel No 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2	2016.02.09 to 2019.02.08	100,000.00	181,912.50
		Mahaweli Reach Hotel 35, P. B. A. Weerakoon Mawatha, Kandy	2016.08.02 to 2018.08.02	100,000.00	300,000.00
04	Dambuluoya	D. P. Thalagala Pleasure Island, Reservoir Road, Dambulla	01 year	100,000.00	330,000.00
05	Mahaweli Ganga	L. L. Dimuthu Dayananda	01 year	25,000.00	25,000.00
06	Loggalloya and Heppolaoya	Water ways Adventures - Private Company – Standard Paddle Boat)	6 months	50,000.00	400,000.00 (For first six months)

3.5.12 Operation of Environment Friendly Boat Services

Environment – friendly boat services were operated at Victoria and Polgolla reservoirs and Loggaloya and Dambuluoya. Annual income recorded from such services was Rs. 1,091,670.62.



3.4.13 Training Programs for the Entrepreneurs

- During the year 2018, 168 Skill Development and Technical Programs were conducted within the Mahaweli Systems.
- 62 Investment Promotion programs were implemented within the Mahaweli Systems during the year 2018 with a view to creating in new enterprises.
- 11 Market Promotion Programs and 15 Entrepreneurial Development Programs were implemented during the year 2018 within the Mahaweli areas. 600 employment opportunities were created during the year 2018 in the Mahaweli areas.
- This program was implemented along with the Vocational Training Authority, in order to provide vocational skills to the children living in the Mahaweli areas. For that purpose 227 scholarships at the value of Rs 3.52 million were offered.

CHAPTER FOUR

Human Resources and Financial Management Division

4.1 Personnel and Administration Division

All activities related to the Human Resources Management of the Mahaweli Authority of Sri Lanka are being carried out by the Personnel and Administration Division.

The Functions allocated to the Personnel and Administration Division include:

- Identification of the Cadre requirements
- Planning of the Cadre
- Revising the Cadre
- Obtaining the approval of the Management Services Department and placement of employees.

Attracting Human Resources

- * Calling for applications for the vacancies
- * Conducting of Examination / Interviews
- * Selection of suitable persons

Human Resources Training and Development

- * Orientation Programs
 - * Conducting of Training Programs
 - * Providing local and overseas Scholarships
 - * Promotions and Increments
 - * Confirmation of Service
-
- Human Resources Motivation and Development of Attitudes
 - Transfers
 - Retirements
 - Termination of Service
 - Release of Gratuity payments
 - Functions related to the EPF / ETF
 - Disciplinary Activities

- Incentives
- Evaluation of the Performance
- Supervision and Monitoring of the Staff
- Operation and Organisation
 - * Administration
 - * Transport
 - * Planning and Operations
 - * Security
 - * Land Division
 - * Legal Division
 - * Coordination (Among various Divisions and external parties)
- Public Relations
 - * Activities related to the Official Functions
 - * Parliamentary Select Committee on administrative functions
 - * Public Petitions Committee
 - * Providing replies to the oral questions sent from the Parliament, Participation and Coordination with other Divisions.
- Preparation of Annual Estimates related to the Administration Division.
- Implementation of the Office Systems.
- Evaluation and introduction of new methodologies.

4.1.1 Targets and Progress achieved during the year 2018

Targets of 2018:

- Identification of vacancies that exist in each Division and making arrangements for calling for application to fill such vacancies.
- Implementation of the Annual Staff Transfer Policy in respect of all Divisions of the Mahaweli Authority of Sri Lanka.

4.1.2 The information related to the Promotions/ New Recruitments with regard to the vacancies prevailed within the Mahaweli Authority of Sri Lanka

S. No.	Position	Internal Nos.
1	Deputy Director General (Development - Contract)	1
2	Assistant Director / Deputy Director (Legal)	2
3	Engineer / Chief Engineer (Civil)	24
4	Accounts Officer	5
5	Unit Manager	1
6	Development Assistant	8
7	Water Quality Assistant	5
8	Livestock Development Assistant	26
9	Engineering Assistant (Civil)	8
10	Technical Assistant	48
11	Management Assistant	13
12	Circuit Bungalow Care taker	9
13	Security Guard	53
14	Irrigation Worker (Contract)	8
Total		211

4.1.3 Information Report related to the Internal Promotions of the Mahaweli Authority of Sri Lanka – 2018

S. No.	Position	Internal No.
1	Director (Internal Audit)	1
2	Director (Fisheries and Dairy Development)	1
3	Assitant Director (Planning and Operations)	1
4	Deputy Resident Project Manager (Lands)	4
5	Deputy Resident Project Manager (Agriculture)	2
6	Block Manager	7
7	Tissue Culture Officer	1
8	Fisheries and Livestock Development Officer	1
9	Technical Engineer (Civil)	1
10	Accounts Officer	1

S. No.	Position	Internal No.
11	Internal Audit Officer	1
12	Planning Officer	2
13	Institutional Development Officer	11
14	Business Development Officer	2
15	Land Officer	4
16	Supplies Officer	2
17	Transport Officer	1
18	Land Officer	1
19	Administrative Officer	3
20	Progress Monitoring Officer	1
21	Project Planning Officer	1
22	Unit Manager	10
23	Development Assistant	14
24	Engineering Assistant (Civil)	35
25	Management Assistant	4
26	Field Assistant	14
27	Foreman	3
28	Driver	1
Total		130

4.1.4 Summary of Training Programs conducted by the Training Division of the Mahaweli Authority of Sri Lanka – 2018

S. No	Catergory of the Program	No. of Participants	No. of Training Programs	Cost (Rs.)
01	Internal Training Programs	19	926	8,003,288.00
02	Short-term Training Programs	23	111	5,92426.00
03	Participation of Officers for Local Scholarships	22	23	919,900.00
	Total	64	1060	9,515,614.66

4.2 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 constituent bodies such as 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.

4.2.1 Cases filed by the Legal Division

1. Supreme Court
2. Appeal Court
3. Civil Appellate
4. High Court
5. District Court
6. Magistrate Court
7. Industrial Court
8. Labor Tribunal

4.2.2 Subjects for which Legal Advice was sought during the year 2018

1. Issues related to the Employees
2. Vehicle Accidents
3. With regard to Contracts
4. Action to be taken with regard to the 100 meter buffer zone of the reservoirs
5. Obtaining advice with regard to the recovery of monies due to the Authority
6. Obtaining of advice with regard to mini Hydro Power generation programs
7. Activities related to the Companies owned by the Mahaweli Authority of Sri Lanka and obtaining advice

4.2.3 Steps taken to recover overdue leases

1. Filing of cases
2. Sending notices
3. Sending letter of demand
4. Sending notices of evacuation under the (Crown Lands) Required Ordinance

4.3 Finance Division

The main functions delegated to the Finance Division include: Preparation of Estimates according to the Corporate and Annual Plans of the Organization, preparation of Budgetary proposals in order to obtain allocations made for the Mahaweli Authority of Sri Lanka under the National Budget, forecasting 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, furnishing information to the Audit Queries, and queries sent by the Parliamentary Committee on Public Enterprises (COPE).

4.3.1 Details of Financial Allocations and Expenditure

	Source of Capital	Allocation	Expenditure
Recurrent Expenditure		269,384	269,384
Capital Expenditure		1,108,000	1,108,000
Mahaweli Projects			
MCP 'B' Project	Local	290,000	290,000
Maduruoya Right Bank	Local	60,000	60,000
Ridimaliyade Development Project	Local	64,000	64,000
Rabakkanoya Project	Local	94,000	94,000
Walioya Integrated Project	Local	247,200	247,200
Rehabilitation of main and central Irrigation Systems	Local	137,000	137,000
Mahaweli Gatambe Project	Local	-	-
Kiwuloya Project	Local	12,800	12,800
Agri and Dairy Resources	Local	<u>175,000</u>	<u>175,000</u>
Total		2,188,000	2,188,000

4.3.2 Assets, Properties and Equipment

Description	Cost as at 01.01.2018	Purchases	Sales, Disposals, Transfers	Cost as at 31.12.2018	Depreciation	Rs. '000 After Deduction of Depreciation 31.12.2018
Lands	-	-	-	762,325	-	762,325
Buildings and Offices	2,056,990	57,413	103,140.84	2,144,885	520,926	1,623,958
Building – Others	2,767,143	32,184	46,328.22	2,764,578	1,376,730	1,387,848
Vehicles	1,149,045	17,477	81,209.33	1,167,395	943,219	224,176
Office Equipment and Welfare Items	111,355	20,508	18,932.05	135,879	54,255	81,624
Generators	19,098	4,562	5.70	23,655	10,007	13,647
Machinery and Equipment - Workshop Services	52,095	3,048	16,465.53	43,365	26,793	16,572

Machinery and Equipment – Construction	362,932	1,238	79,404.03	388,731	232,400	156,331
Machinery and Equipment – General	97,884	13,312	5,784.71	112,397	40,057	72,340
Furniture and Fittings	242,319	28,321	256,826.06	243,518	5,397	238,121
Computers and Accessories	139,194	33,968	53,320.40	184,522	89,710	94,812
Books and Manuals	3,557	325	114.47	3,996	94	3,902
Total	7,001,612	212,356	661,531	7,975,245	3,299,588	4,675,657

4.4 Mahaweli Security Corps

Introduction:

The Mahaweli Security Corps was established during the middle part of 1985 in order to provide security to the main constructions, building complexes and properties of the Mahaweli Authority of Sri Lanka and, as well as, provide security to the Officers, employees of the MASL and the settlers.

At that time the Security functions of the Mahaweli Economic Agency and the Mahaweli Engineering and Construction Agency, were handled by few Security Officers attached to those respective Agencies and it comprised a small group of security personnel. The Security Officers attached to the Mahaweli Economic Agency and Mahaweli Engineering and Construction Agency were absorbed in to the Mahaweli Security Corps in 1989 with the objective of de-centralizing the Security functions of the MASL and stream line the security operations.

Main Objectives:

- Protecting the main constructions and related building structures of the Mahaweli Authority.
- Protecting of the office complexes, goods and equipment owned by the Mahaweli Authority.
- Providing required security for the members of staff and the settlers of the Mahaweli Authority.

4.4.1 Targets achieved during the year 2018

- The duties assigned to our Security Corps at the 2018 May Day celebrations held in Batticalore, were successfully handled by deploying around 400 persons.
- 53 persons were recruited for the vacancies existed in the position of Security Guard of this Security Corps and the initial training for them was successfully provided at the Irrigation and Water Management Training Center Kothmale, from 02.07.2018 to 07.08.2018. The final passing out function of that Training Program was held on 08.08.2018 at the Training School premises with the participation of the daughter of His Excellency the President and the Director General (Mahaweli Authority of Sri Lanka).
- To coincide with the Mahaweli Sports Festival of 2018, the Olympic Light was taken to Embilipitiya Mahaweli Stadium, from 05.09.2018 to 15.09.2018 from Colombo covering all Mahaweli Systems. Deploying motorcycles cadre and other duties were assigned to this Corps during this procession and such duties were completed in a successful manner.
- The Mahaweli Sports Festival was held at Embilipitiya Mahaweli Stadium on 15th & 16th August 2018 for two days. At this festival Mahaweli Security Corps was entrusted with the duties with regard to the ceremonial parade and Security related duties.
- Special service training was provided to 43 security personnel attached to this Security Corps at Rantambe Wildlife Training Centre from 05.05.2018 to 12.12.2018. The Recourse Persons and the lectures and guidance at this training program was conducted by the Officers/ Instructors of the Sri Lankan Army.

Financial and Pysical Progress recorded in 2018

Financial Progress

Account Number	Amount Allocated (Million)	Expenditure (Million)
2385 – Buildings	16.00	14.5
2383 – Maintenance of Vehicles	02.00	0.80
2705 – Office Equipment	01.00	2.7
2822 – Mahaweli Sports	<u>01.00</u>	<u>1.5</u>
	<u>20.00</u>	<u>19.5</u>

Physical Progress

Account Number	Amount Allocated (Million)	Expenditure (Million)
2385 – Buildings	13	11
2383 – Vehicles	03	02
2705 – Office Equipment	60	60
2822 – Mahaweli Sports	<u>01</u>	<u>01</u>
Total	<u>77</u>	<u>74</u>

4.5 Mahaweli Center

Activities of the Mahaweli Center are being implemented through 4 Divisions according to the Annual Work Plan. By enhancing the aesthetic and cultural talents of the children of Mahaweli settlers, the Cultural Division helps them to reach national and international forums. The functions of the sports Division include enhancing the Sporting talents of children and helping the sportsman and sportswomen to participate at national and international competitions. Both of these Divisions play a role in improving the economic, social and cultural wellbieng of the 4th generation of the Mahaweli settlers, through their respective activities. Steps are being taken by the Education and Publication Division to provide publicity to activities being carried out at the Mahaweli Systems through various publications. National Hydraulic Museum is established at the Mahaweli Center and it provides a space to take to the national and international arena the proud Mahaweli achievements and the aspects of our hydraulic civilization. Technical and Maintenance division is in charge of all construction and renovation work and day to day maintenance work related to the Mahaweli Center and all other constructions.

4.5.1 Sports Division

The role of the Sports Division is to help the sportsman and sportswomen of the Mahaweli settlement areas to enhance their sporting talents so as to enable them to take part in the national and international competitions. The activities of this Division include:

- Identification of the youth of the Mahaweli areas who are talented in sports; collecting information about the sportsman and sportswomen who are engaging in sports at present and preparation of long-term and short-term plans.
- Provide training for those who are engaged in sports by creating a sportsman reserve.

- Selection of sports persons for various competitions, according to the criteria of Ministry of Sports and Provincial Ministry and enable them to participate in such competitions.
- Organizing group competitions and athletic competitions at the Mahaweli Sports Festival and all other related activities.
- Implementing activities in order to ensure the welfare of the sportsman.
- Making arrangements to provide sports equipment and also to improve stadiums.
- Maintaining a good coordination between the government and non-governmental organizations and also between different Divisions of the Authority, in respect of sports activities.
- Submission of Progress Reports about sports activities.
- Formulating a program to identify sportsman/ sportswomen at Unit level (at all Systems)
- Encouraging sportsman/ sportswomen to form Mahaweli Sports Clubs.

4.5.2 New Records in 2018

- Sports women Fathima Saheel Yameen made a record in 100 meter – 12.24 seconds.
- In long jump Y.M Janitha Sawmiya Yapa Bandara made a record.

4.5.3 Cultural Division – Mahaweli Center

The role of the Cultural Division includes enhancing the artistic talents of the children of Mahaweli settlers and help the children to participate at national and international competitions.

The functions of this Division include:

- Conducting of series of competitions under different aspects of culture and aesthetics; Identification of children who are talented in different fields at System and Block levels (singing, dance, announcement, short story writing, essay writing, production of dramas and art).
- Organizing and conducting Mahaweli Prathiba Art Festival, through the participation children identified in such manner.
- Providing opportunities for children with exceptional artistic talents in order to participate at competitions at national and international levels.

- All Inter Block Competitions for the year 2018 have been completed; However, Mahaweli Prathiba Art Festival was not conducted.

4.5.4 Education and Publications Division

- The ‘Hela Waripurawatha’ publication was issued in 2018 and it included all relevant information related to the advent and development of hydraulic civilization in the country.
- Compiling of the 2018 Mahaweli Sports Souvenir, preparation of newspaper supplements and newspaper advertisements were carried out.

4.5.5 Museum

An awareness program was conducted for the Officers of the State Institutions during the year 2018 and books on Hydraulic Civilization were purchased for the mini library.

4.5.6 Maintenance and Administration Division

The activities carried out during the year 2018 include: Renovation of the vehicle yard with interlock tiles, renovation of all air conditioning plants, renovation and repairs of all doors and purchase of large number of office equipment.

Financial Progress in 2018

S. No	Division	Provisions made (Rs. Million)	Expenditure Incurred (Rs. Million)
01	Purchase of Multimedia and Furniture	6.250	3.747
02	Construction and Renovation	0.557	0.298
03	Sports	11.859	9.900
04	Education and Publications	0.725	0.356
05	Cultural	2.568	1.851
06	Museum	0.860	0.089
	Total	24.800	18.010

4.6 Transport Division

The special responsibility assigned to the Transport Division is provision of a quick and efficient transport service, as an essential service that is required to achieve the goals and targets of the Mahaweli Authority of Sri Lanka, according to its Annual Work Plan.

For this purpose the Authority maintains a fleet which contains 723 vehicles. It includes 666 light vehicles and 57 heavy vehicles/ equipment.

The responsibility of Transport Division includes, operation, maintenance and management of the fleet. That responsibility includes:

- Repairs/ maintenance of vehicles.
- Updating of revenue licenses and insurance covers.
- Allocation of vehicles to the Officers attached to the Head Office.
- Preparation of estimates for annual expenditure with regard to maintenance of vehicles and fuel.
- Provision of fuel to the vehicles, maintenance of records and verification of running charts.
- Preparation and updating of a list that contains the vehicles owned by the Authority.
- Taking necessary steps when accidents take place with relevant to vehicles, claiming of insurance and maintaining relevant coordination activities.

At the Zonal Office the relevant functions are being carried out by a Transport Officer / Transport Division. In order to undertake repairs of the vehicles, 6 mechanical workshops, including Thambuthegama mechanical workshop, are being maintained under the supervision of a mechanical engineer.

The capital amount allocated for the year 2018 was Rs. 8 million and at the end of the year the target was reached.

During this year 290 repairs and 148 services were carried out and an amount of Rs. 14,746,713.39 was incurred in this regard. Further, during the year 680 field trips have been arranged and the fuel cost incurred for such trips was Rs. 5,064,888.75.

Out of the vehicles assigned to the Head Office, full insurance cover has been obtained for 10 vehicles and in respect of all other vehicles, 3rd party insurance covers have been obtained and the cost for insurance was Rs. 857,655.37, cost incurred for revenue license remained at Rs. 349,552.00. During this year investigations with regard to 15 vehicle accidents were completed and relevant disciplinary actions have been taken.

The Transport Division provide these services with the support of 62 employees including Deputy Director (Transport), Technical Engineer, Engineering Assistants, Forman, Management Assistants and 13 Drivers.

CHAPTER FIVE

Companies established under the Mahaweli Authority of Sri Lanka

Management of some of the business activities carried out by the MASL has been handed over to the following Companies, under the Companies Act:

01. Mahaweli Livestock & Agro Enterprises (Pvt) Ltd
02. Mahaweli Consultancy Bureau (Pvt) Ltd
03. Natural Resources Management Services (Pvt) Ltd

Performance of the Companies during the year 2018

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 ❖ Activities related to the products of milk and marketing of such products within Mahaweli Systems and surrounding areas. ❖ Supply of pullets to the farmers under the Village Poultry Project ❖ Supply of buffaloes to the Department of Animal Production and Health to be used as studs ❖ Production and marketing of high quality broilers
02	Mahaweli Consultancy Bureau (Pvt) Ltd	Operational income has been generated during the year 2018 by Feasibility Studies and Contracts.
03	Natural Resources Management Services (Pvt) Ltd	<p>Operational income was generated during the year 2017, through the following activities:</p> <ul style="list-style-type: none"> • Surveying of lands and preparation of plans in the Victoria and Kotmale systems – Rs. 213,800.00 • Soil Research Project – Rs. 1,018,479.01 • H – Q measurement of Nanuoya & Coledoniya gauging station – Rs. 437,472.00 • Organic Farm Project in Puwakpitiya and Ilukkumbura in the Matale district – Rs. 200,000.00 • Haputale Plantation Project – Rs. 160,000.00 • Preparation of the Initial Environmental Impact Report – Amara Leisure Hotel – Rs 300,000.00

ANNUAL ACCOUNTS

Part II

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 sections 12 and are entrusted with the task of implementing the Mahaweli Development Programmed. (MDP.)

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 system and installations for the generation and supply of electrical energy.
- b) 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.
- c) To foster and secure the full and integrated development of any special area;
- d) To optimize agricultural productivity and employment potential and to generate and secure economic and Agricultural Development within any special area;
- e) To conserve and maintain the physical environment within any special area;
- f) To further the general welfare and cultural progress of the community within any special area and to administer the affaire of such area;
- g) To promote and secure the participation of private capital, both internal and external in the economic and agricultural development of any special area; and
- h) 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 powers vested with the authority in order to carry out the functions referred above are set out in section 12 of the same Act.

The Mahaweli Authority of Sri Lanka comprises four subsidiary companies and one associate company viz. Mahaweli Venture Capital company (Pvt) Ltd, Natural Resources Management Services (Pvt) Ltd, Mahaweli Livestock and Agro Enterprises (Pvt) Ltd, Mahaweli Consultancy Bureau (Pvt) Ltd and Mahaweli Livestock Enterprises Ltd.

All Subsidiary companies and the associate company have been incorporated under companies Act No. 7 of 2007, and carry out the following principle activities.

Descriptions of the company share capital are as follows

Company	Value Per Share	Issued & Fully Paid Share Capital No of Shares	No of Shares Issued to the Mahaweli Authority
1) M.C.B (pvt) Ltd	Rs 10.00	6385	6384
2) N.R.M.S (pvt) Ltd	Rs 10.00	1502	1500
3) Venture Capital (pvt) Ltd	Rs 10.00	1,039,803	1,039,800
4) M.L.A.E	Rs 10.00	3	-

Principle Activities of Mahaweli Companies

Subsidiary

A) Mahaweli Venture Capital (Pvt) Ltd.

- a) Provision of credit facilities for Mahaweli Entrepreneurs
- b) Undertaking of commercial venture to generate funds for the company.

B) Natural Resources Management Services (Pvt) Ltd.

- a) Provision of professional advice and services in the field of Natural Resources Management designing and conducting training, hydrological monitoring, land use mapping, catchments conservation, and forestry etc.
- b). Provision of information and data and prepare feasibility studies, Environmental Impact Assessment Studies (EIA), Initial Environmental Evaluation Reports (IEER) etc.

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

- a) To make available high quality animals to Mahaweli farmers.
- b) Production and marketing of dairy and meat products.

D) Mahaweli Consultancy Bureau (Pvt.) Ltd.

- a) Provision of consultancy services in the fields of construction of buildings, irrigation and land drainage and roads.
- b) Undertake of construction contracts in the fields of construction of buildings, irrigation and land drainage and roads.

Associate

A) Mahaweli Livestock Enterprises (Ltd.)

- a) Broiler production and marketing.
- b) Broiler buys back arrangement with Mahaweli farmers.

However, the Board of Directors of the Mahaweli Authority decided to dissolve the Mahaweli Venture Capital (PVT) Ltd. in 2012. So that this company accounts not included in the consolidated accounts. Then Assets and Liabilities Disclose as Note.

2) Basis of Preparation

2.1 Statement of Compliance

The Financial Statements comprise the statement of Financial Position, Statement of Financial performance, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements. These statements have been prepared in accordance with the Sri Lanka Public Sector Accounting standard (SLPSAS) 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. No Adjustments have been made for inflationary factors affecting the financial statements.

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 Judgments

The preparation of Financial Statements in conformity with Sri Lanka Public Sector Accounting Standard (SLPSAS) requires management to make Judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments 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 judgments and estimates.

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

2.5 Changes in Accounting Policies

The Accounting Policies adopted are consistent with those of the previous financial year except following.

2.5.1 Individual Farm, Plant Nursery and Circuit bungalows are accounted separate Income & Expenditure account under the particular Mahaweli systems.

2.5.2 Biological assets are valued at a fair value. Gain or loss are identified from farm account.

2.5.3 The revaluation surplus have been increased by Rs.861.469 million due to revaluation of Furniture and fittings during the current financial year.

3) Significant Accounting Policies

The Accounting Policies set out below have been apply consistently to all period 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 the basis of reported result and of the equity method. Thus, the consolidated financial statements present financial information about the M.A.S.L. as a single economic entity.

3.2 Property, Plant and Equipment

3.2.1 The cost of the asset comprises its Revaluation price, purchase price or cost of construction and any directly attributable cost of bringing the asset to working condition for its intended use. All Furniture and fittings are revalued and taken in to the account with effect from 31.12.2018.

3.2.2 The provision of depreciation is calculated on the cost or revaluation of all property, plant and equipment 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 when an asset is available for use and ceases at the earlier of the date that the asset is clarified as held for sale. In case of Motor Vehicles 10% scrap value is allowed before applying the Depreciation rates given below.

1)	Buildings – Office	2 ½ %	per annum
	- Others	5%	per annum
2)	Motor Vehicles	20%	per annum
3)	Plant Machinery and Equipment		
	Office Equipment and Welfare Items	15%	per annum
4)	Plant Machinery and Equipment		
	- Generators	15%	per annum
5)	Plant Machinery and Equipment		
	- Construction	15%	per annum
6)	Plant Machinery and Equipment -		
	- General	15%	per annum
7)	Furniture and Fittings	10%	per annum
8)	Computer and Accessories	20%	per annum

3.3 Investments

3.3.1 Investment in associates.

Investment in the associate company is accounted for at cost and is classified as a long term investment in the balance sheet. The Authority has no significant influence in the financial and operating policy decisions of the investing company and hence the adoption of the equity method is inappropriate.

3.3.2 Other Investments

Other investments are treated as long term investment in balance sheet and stated at cost.

3.4 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.

3.5 Trade and Other Receivables

Trade and other receivables are stated at the values estimated to be realized.

3.6 Cash and Cash Equivalent

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

3.7 Foreign Aid

The utilization of foreign aid reported in the cumulative payments made by Donor Agencies up to 31st December 2012. Expenditure in foreign currencies was converted to Rupees on the exchange rates prevailing on the dates of payments.

3.8 Liabilities and Provisions

Liabilities classified as current liabilities on the balance sheet are those obligation payable on demand or within one year from the Balance Sheet date. Items classified as noncurrent Liabilities are those obligations which expire beyond a period of one year from the Balance Sheet date.

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

3.9 Retiring Benefit Plan

Provision has been made for retiring 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.

3.10 Income Statement

3.10.1 M.A.S.L revenue represent recurrent and capital grant received from General Treasury and lease rental Income from state land under administration of M.A.S.L., rent from quarters and royalties and income from investment and interest.

3.10.2 Revenue is recognized to the extent that it is probable those economic benefits will flow to MASL and that it can be reliably measured.

Other rents, royalties, interest income is recognized on an accrual basis.

3.11 Expenditure

All expenses incurred in day to day operations 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.

3.12 Post Balance Sheet Events

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

3.13 Contingencies

A contingent liability as at 31.12.2018 on various litigations filed against Mahaweli Authority of Sri Lanka was Rs.42, 800 (M).

MAHAWELI VENTURE CAPITAL (PVT) LIMITED
ASSETS AND LIABILITIES AS AT 31.12.2018
(Under Creditors voluntary Winding – Up)

	Note	2018 Rs.	2017 Rs.
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, Plant & Equipment	02	3	3
Investment	03	<u>2,794,671</u>	<u>2,794,671</u>
		<u>2,794,671</u>	<u>2,794,671</u>
<u>CURRENT ASSETS</u>			
Singer Machine Stock		29,480	29,480
Interest Receivable	04	380,726	380,726
Explosive Control Account		28,336	28,336
Income Tax Refund	09	62,008	51,414
Other Receivable	05	25,000	25,000
Treasury Bills		9,455,896	9,831,457
Cash at Bank	06	2,817,589	3,463,810
Cash in Hand		<u>2,521</u>	<u>2,521</u>
		<u>12,801,556</u>	<u>13,812,744</u>
Total Assets		<u>15,596,230</u>	<u>16,607,418</u>
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY AND RESERVES</u>			
Stated Capital	07	10,398,000	10,398,000
Fund Received	08	10,150,325	10,150,325
Contribution from MASL		432,000	432,000
Retained Profits/ (Losses)		<u>(5,765,303)</u>	<u>(4,833,615)</u>
Total Equity		<u>15,215,022</u>	<u>16,146,710</u>
<u>CURRENT LIABILITIES</u>			
Accrued Expenses	10	<u>381,208</u>	<u>460,708</u>
Total Liabilities		<u>381,208</u>	<u>460,708</u>
Total Equity and Liabilities		<u>15,596,230</u>	<u>16,607,418</u>

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2018					
		<u>GROUP</u>		<u>AUTHORITY</u>	
		Rs '000	Rs '000	Rs '000	Rs '000
		2018	2017	2018	2017
	Note				
<u>ASSETS</u>					
<u>Non Current Assets</u>					
Property Plant and Equipment	(1)	4,675,657	4,120,943	4,614,637	4,056,757
Investments (LT)	(2)	171,313	187,531	529,876	526,316
Capital Working Progress -		84,947	78,552	84,947	78,552
Total Non Current Assets		4,931,917	4,387,026	5,229,460	4,661,625
Biological Assets - Capital	(3)	167,027	134,578	156,572	127,444
Proposed writeoff		-	859	-	-
<u>Current Assets</u>					
Inventories / Stocks	(4)	180,342	184,799	175,874	181,505
Biological Assets - Trading	(3)	26,312	10,360	24,852	9,276
Trade and Other Receivables	(5)	2,032,715	2,231,515	1,954,466	2,110,549
Prepayments		4,767	3,896	4,767	3,896
Bank Guarantees		6,292	6,164	-	-
Cash and Cash Equivalents	(6)	312,702	343,312	304,528	325,612
Total Current Assets		2,563,129	2,780,045	2,464,487	2,630,837
Total Assets		7,662,074	7,302,508	7,850,519	7,419,906
<u>LIABILITIES</u>					
<u>Current Liabilities</u>					
Payables	(7)	651,986	886,098	609,866	770,536
Lease on Alliance Finance		-	2,153	-	-
Accrued Expenses	(8)	102,067	175,190	68,075	148,407
Total Current Liabilities		754,053	1,063,441	677,941	918,943
<u>Non Current Liabilities</u>					
Provision for Gratuity	(9)	1,379,494	1,389,477	1,367,485	1,376,517
Lease Charges		219	271	-	-
Deferred Tax		612	612	-	-
Total Non Current Liabilities		1,380,325	1,390,360	1,367,485	1,376,517
Total Liabilities		2,134,378	2,453,801	2,045,427	2,295,460
Total Net Assets		5,527,696	4,848,708	5,805,092	5,124,444
<u>NET ASSETS / EQUITY</u>					
Accumulated Fund	(10)	24,649,830	24,407,260	24,646,826	24,404,255
Reserves - B/F Balance of Income and Expenditure A/C		(24,040,551)	(23,615,502)	(23,709,285)	(23,285,893)
Revenue Reserve - Companies		50,865	50,865	-	-
Revaluation Reserves		4,867,551	4,006,082	4,867,551	4,006,082
Total Net Assets / Equity		5,527,696	4,848,708	5,805,092	5,124,444

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2018					
GROUP	AUTHORITY			GROUP	AUTHORITY
Rs'000	Rs'000			Rs'000	Rs'000
2017	2017			2018	2018
			SCHED		
		Income	(01)		
197,530	197,530	Rent		257,680	257,680
159,984	159,984	Royalty		365,938	365,938
32,367	8	Construction Service		33,822	-
5,012	-	Farm Produce Sale		6,655	915
206	206	Revolving Income		-	-
9,098	-	Investment Income (Companies)		15,380	8,654
214,967	214,876	Other Income		53,335	51,264
619,165	572,603	Generated Income		732,809	684,450
-	-			-	-
2,630,010	2,630,010	Treasury Grant - Recurrent	(02)	2,694,384	2,694,384
2,345,477	2,345,477	- Capital		1,976,359	1,976,359
5,594,652	5,548,090			5,403,552	5,355,193
		Less : Expenses	(03)		
2,502,206	2,474,372	Personal Emoluments		2,619,433	2,591,043
42,932	42,606	Travelling & Subsistence		64,448	64,189
129,398	126,347	Supplies / Transportation		134,324	128,924
60,504	58,706	Maintenance Expenditure		51,374	51,158
122,924	121,705	Contractual Services		127,387	125,010
293	293	Insurance		323	323
80,311	69,278	Other Expenses		78,533	69,018
502,703	499,339	Depreciation		525,827	522,620
-	-	Receiveble income writeoff		-	-
2,557,832	2,557,832	Rehabilitation, Improvement, Other Maintenance	(04)	2,182,666	2,182,666
		Community Development & Settler Service			
13,810	13,810	Loss on Circuit Bunglow	(05)	12,296	12,296
8,469	8,469	loss on Development center		7,002	7,002
2,267	2,267	loss on Water Project Management		3,124	3,124
9,168	9,168	loss on work shop		366	366
9,779	9,779	loss on Nursery	(06)	6,371	6,371
(349)	(349)	Farm Loss/profit	(07)	361	361
		loss on Hela Bojunhala		3,924	3,924
6,042,246	5,993,621	Total Operating Expenses		5,817,759	5,768,394
(447,594)	(445,531)	Surplus/(Deficit) from Operating Activities		(414,206)	(413,201)
11,685	11,685	Add. Profit/Loss on Disposal of Fixed Assets	(08)	(10,191)	(10,191)
1,569	-	Less. Provision for Taxation		79	-
		Dividend		573	-
(437,478)	(433,846)	Profit After Tax		(425,049)	(423,392)
	-				-
(23,178,024)	(22,852,047)	Balance B/F as at 01.01.2018		(23,615,502)	(23,285,893)
(23,615,502)	(23,285,893)	Net Surplus (Deficit) Brought Forward		(24,040,551)	(23,709,285)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2018			
		<u>GROUP</u>	<u>AUTHORITY</u>
		<u>(Rs'000)</u>	<u>(Rs'000)</u>
Cash Flows From Operating Activities		(414,206)	(413,201)
	Tax Payment	(79)	-
	Dividend	(573)	-
Non - Cash Movements			
	Depreciation	530,517	526,636
	Provision for Gratuity	(9,983)	(9,032)
	Increase in Biological Assets Gain	(32,449)	(29,128)
	Assets Transfers	(30,655)	(30,655)
	Assets hand over	5,865	5,865
Operating Activities			
	Increase/Decrease in Stocks	4,457	5,631
	Increase/Decrease in Biological Assets - Trading	(15,952)	(15,576)
	Increase/Decrease in Write Off	859	-
	Increase /Decrease in other Receivables	198,800	156,083
	Increase /Decrease in Prepayment	(871)	(871)
	Increase /Decrease in Bank Gurantee	(129)	
	Increase/Decrease in Payables	(236,265)	(160,670)
	Increase / Decrease in Accrued Expenses	(73,123)	(80,332)
Net Cash Flows From Operating Activities		(73,786)	(45,249)
Investing Activities			
	Purchase of property plant and Equipment	(212,356)	(211,641)
	Proceed from Sale of Assets	4,131	4,131
	Increase/Decrease in Investment	16,218	(3,560)
	Increase/Decrease in working Progress	(6,396)	(6,396)
Net Cash Flows from Investing Activities		(198,403)	(217,465)
Financing Activities			
	Increase/Decrease in Finance Chargers	(52)	-
	Increase/Decrease in Accumulated Fund and Reserve	241,631	241,631
Net Cash Flows from Financing Activities		241,579	241,631
Net Increase / (Decrease) in Cash and Cash Equivalents		(30,610)	(21,083)
Cash and Cash Equivalents as at 01.01.2017		343,312	325,612
Cash and Cash Equivalents as at 31.12.2018		312,702	304,528

STATEMENT OF CHANGES IN EQUITY - GROUP				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
DESCRIPTION	CONSOLIDATED FUND	RESERVES	&EXPENDITURE	TOTAL
Balance as at 01.01.2017	24,076,159	4,058,203	(23,178,024)	4,956,338
				-
During the year	331,101	(1,256)	(437,478)	(107,633)
Balance as at 31.12.2017	24,407,260	4,056,947	(23,615,502)	4,848,705
Balance as at 01.01.2018	24,407,260	4,056,947	(23,615,502)	4,848,705
				-
During the year	242,570	-	(425,049)	(182,479)
				-
Balance as at 31.12.2018	24,649,830	4,056,947	(24,040,551)	4,666,226
STATEMENT OF CHANGES IN EQUITY - MAHAWELI AUTHORITY				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	CONSOLIDATED FUND	RESERVES	INCOME & EXPENDITURE	TOTAL
Balance as at 01.01.2017	24,073,154	4,006,082	(22,852,047)	5,227,189
During the year	331,101	-	(433,846)	(102,745)
Balance as at 31.12.2017	24,404,255	4,006,082	(23,285,893)	5,124,444
Balance as at 01.01.2018	24,404,255	4,006,082	(23,285,893)	5,124,444
During the year	242,570	861,469	(423,392)	680,647
Balance as at 31.12.2018	24,646,825	4,867,551	(23,709,285)	5,805,091

Report of the Auditor General Part III



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

IEN/B/MASL/01/18/41

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

22nd November

Director General

Mahaweli Authority of Sri Lanka.

Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the Mahaweli Authority of Sri Lanka and its Subsidiaries for the year ended 31 December 2018, in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The Financial Statements of the Mahaweli Authority of Sri Lanka and its Subsidiaries for the year ended 31 December 2018, comprising the Comprehensive Income Statement, Changes in Equity, Cash Flow Statement, Notes to the Financial Statements and the Summary of Significant Accounting Policies, for the year then ended, were audited under my direction in pursuance of provisions of the National Audit Act No.19 of 2018, read in conjunction with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My Report will be tabled in Parliament in terms of Article 154 (6) of the Constitution, in due course.

In my opinion, except for the effects of the matters in the section explaining the basis for the qualified opinion in my report, the financial position of the Mahaweli Authority of Sri Lanka and its Subsidiaries as at 31 December 2018 and Financial Performance and Cash Flows for the year then ended, give a true and fair view of the state of affairs, in accordance with Sri Lanka Public Sector Accounting Standards,.

1.2 Basis for the Qualified Opinion

- In spite of the fact that the Sri Lanka Public Sector Accounting Standards and Accounting Standards for Small and Medium scale Enterprises had been followed by the Authority and the Subsidiaries respectively, the impact on the financial statements as a result of the basis followed by the Company had not been disclosed.
- Due to the failure of conducting annual reviews on the useful life time of the non-current assets of Mahaweli Consultancy Bureau (Pvt) Ltd and Mahaweli Livestock and Agro Enterprises (Pvt) Ltd, in terms of the Sri Lanka Public Sector Accounting Standard No. 03, fixed assets to the amounted to Rs. 3,058,326 and Rs. 20,713,263, respectively, were being



continuously used, although they had been fully depreciated. Action had not been taken to rectify the estimated error resulted by this situation.

- (c) A Suspense Account balance Rs. 14,117,550 in the Financial Statements of the Mahaweli Livestock and Agro Enterprises (Private) Ltd. Was shown as Debtors in the Consolidated Financial Statement, without the verifying the relevant Suspense Account .
- (d) Two blocks of lands which were not owned by the Authority, had been valued to the tune of Rs. 466,325,000 and entered into the accounts. Further, 02 blocks of lands which had been purchased by the Authority at a cost of Rs. 64,320,853 during 1984 – 1989 period, had not been entered into accounts.
- (e) Overstating of the final stock of Aralaganwila Seed Farm in 2016 had been rectified in 2017. However, since this overstatement had been again adjusted in the accounts during the year under review, profit for the year under review had been shown with an excess amount of Rs. 5,286,227.
- (f) An amount of Rs. 147,750,000 had been received by banks from the Treasury, for the purpose of granting loans to the settlers. The loans thus disbursed to the settlers out of this amount and the balance outstanding were not taken into account as Debtors and Cash Balances, respectively. Further, the details of amounts recovered and the interest income earned had not been disclosed in a Note.
- (g) A part of the fixed assets to the tune of Rs. 671,503,748, which had been transferred to the Authority from the Dam Safety and Water Resources Planning Project, had been revalued as Rs. 201,640,037 and entered into accounts. However, the rest of the assets had not been revalued and entered into the accounts. Further, Rs. 4,369,384 that had been received by the Authority from various contracts under project management facilities of the said Project, had not been entered into accounts.
- (h) The overdue taxes from the System ‘C’ for the year under review, had not been calculated and adjusted.
- (i) The deferred income had not been systematically identified in to regular income, owing to absence of an Accounting Policy to account for Grants, although the Authority received capital grants with a value of Rs. 2,188 million for the year under review. As a result, an increase was recorded in the Accumulated Fund and at the end of the year under review, it had reached Rs 24,647 million.
- (j) An appropriate Accounting Policy had not been introduced so as to identify and take into accounts assets of capital nature generated by the rehabilitation and improvement expenses. Rehabilitation and improvement cost incurred for the year under review was Rs. 2,182 million.
- (k) Maintenance and renovation activities in respect of lands to the extent of 637,810 hectares, , 12 reservoirs, 8708 km long canals, 463 tanks, roads with an extent of 1127.5 km and 1046 various water supply sources in the 10 Systems under the purview the Authority are being carried out and the relevant assets have been given to the possession of the Authority.

However, details of such assets had not been revealed through a Note in the Financial Statements.

- (l) The method of calculation of the value of a stock of agro and dairy resources valued at Rs. 156,572,000 and included in the Consolidated Financial Statements, was not disclosed through a Note, as per Sri Lanka State Sector Accounting Standard No. 01.
- (m) Arrears of tax income of Rs. 20,960,226, received during the year 2016, in respect of the previous years had erroneously been entered into the revenue of the year; When this error was rectified, it should have been debited to the Accumulated Loss Account and credited to the Lease Rentals Receivable Account. However, since the relevant amount was credited to the Consolidated Losses Account and debited to the Lease Rentals Receivables Account, during the previous year and the year under review, a decrease was recorded in the consolidated loss and a corresponding increase was recorded in the Lease Rentals Receivable Account, at the year end.
- (n) Royalties amounted to Rs. 5,373,634 due from small-scale hydropower plants had not been entered into accounts in the year under review.
- (o) Rs. 1,000,000/- had been invested in two Seven Day Deposits with a value of Rs. 500,000 each in the years 2009 and 2010, with the annual interest rates of 3% and 10.5% respectively. The interest income of these deposits had not been entered into accounts from the date of investment up to 2018.
- (p) The investment value of the Mahaweli Livestock Company (Pvt) Ltd. indicated a discrepancy of Rs. 2,694,781 in the Consolidated Financial Statements, when compared with the value mentioned in the financial statements of that Company.
- (q) Certificates of Shares related to an investment of Rs. 20,477,000, confirmation of balances, Bank Pass Book and the Certificate of Deposit related to a Savings Account and a Fixed Deposit a balances of Rs. 2,632,908 and Rs. 727,481 respectively, had not been submitted for audit and therefore could not be verified at the audit.

I have conducted the audit in accordance with the Sri Lanka Auditing Standards. My responsibilities under these auditing standards are further explained in this Report, under the Auditor's Responsibility on the auditing of the financial statements.

1.3 Responsibility of the Management and the Controlling Parties for the Financial Statements

Management is responsible for maintaining internal controls enabling the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error and to prepare those statements according to the Sri Lanka Public Sector Accounting Standards.

When the financial statements are made, the management is responsible for the perpetual succession of the Authority and it is responsible to maintain accounts and disclose facts to ensure the perpetual succession of the institution unless the management decides to liquidate the Authority or stop the operations, when there is no other alternative.

The controlling parties bear the responsibility for the financial reporting of the Authority.

The Authority should maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual periodic financial statements to be prepared in respect of the Authority, in pursuance of the sub section 16(1) of the National Audit Act No. 19 of 2018.

1.4 Responsibility of the Auditor in respect of the auditing of Financial Statements

My objective is to give a reasonable assurance that as a whole, the financial statements are free from material misstatements, whether due to fraud or errors and issuing of the Auditor's Report, alongwith my opinion. Though the reasonable assurance is a high level assurance, it does not always assure that auditing conducted according to the Sri Lanka Auditing Standards always reveals material understatements. Material understatements may occur due to individual or collective frauds and errors and it is expected that it may have an impact on the economic decisions made by the users based on those financial statements.

I have conducted this audit with professional judgement and professional skepticism, in pursuance of Sri Lanka Auditing Standards. Further, the basis for my opinion is the extraction of sufficient and appropriate audit evidence with a view to avoid risks that may arise due to fraud or errors. When the risks of a material misstatement due to fraud or error is identified and assessed, proper audit procedures that are appropriate to the circumstances are planned to avoid such risks. The impact of a fraud is higher than the impact of material misstatements. Collusion, preparation of forged documents, intentional omission or avoidance of internal controls can cause frauds.

- By planning appropriate audit procedures an understanding of the internal control of the Authority is required to plan appropriate audit procedures. However, it does not intend to express an opinion on the effectiveness of the Authority's internal controls.
- Fairness of the accounting policies and accounting estimates adopted and the appropriateness of the related disclosures made by the management were assessed.
- The relevance of using the basis of going concern of the institution for accounting is based on the audit evidence obtained to see whether there is sufficient uncertainty of the going concern status of the Authority, due to incidents or situations. If my opinion is that, there is a sufficient uncertainty, I should focus my attention to the disclosure in the financial statements and if such disclosures are not sufficient, my opinion should be modified. However, perpetual succession can end due to future incidents or situations.

- The presentation, structure and the content of the financial statements related to such disclosures were assessed and it was found that the relevant contributory transactions and incidents were appropriate and fair.

The controlling parties were made aware of the important findings of the audit, the main weakness in the internal controls and other factors.

2. Report on other Legal and Regulatory Needs

National Audit Act No. 19 of 2018 contains special provisions with regard to the following requirements:

- I have obtained all relevant information and explanations required for the audit and except for the impact of the matters described in the section which describes the basis for the opinion in my report, in terms of section 12 (a) of the, National Audit Act No. 19 of 2018 the Authority has maintained proper financial records as it is disclosed by my investigation.
- In terms of section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Authority are consistent with the preceding year.
- As per the requirement of section 6 (1) (d) (IV) of the National Audit Act No. 19 of 2018, the recommendations made by me during the previous year have been included in the financial statements, except for the following:
 - (a) The costs of 03 houses, 02 bed chambers, a Holiday Home and a building owned by the Udawalawa System, had not been entered into accounts.
 - (b) 12 Motor cycles, 02 multi chopper machines, a milk transportation lorry, 03 tractors, 04 poultry farm buildings, 02 electronic scales, 01 baling machine which had been transferred to the Niraviya Farm from the Moragahakanda Project and River Basin Office during the 2010 – 2016 period, had not been entered into accounts.

My attention was not drawn towards any matter that require following statements, based on the procedures that have been followed and the evidence obtained, subject to limitations:

- In terms of section 12 (c) of the National Audit Act No. 19 of 2018 that a member of the Board of control of the Authority has direct or any other connection what so ever with regard to any of the agreements related to the Authority, apart from the normal business condition.
- In terms of 12 (e) of the National Audit Act No. 19 of 2018, that action inconsistent to the general or special provisions issued by the Board of control of the Authority, except the following observations.

Reference to Laws and Regulations	Details
(a) Section 10 (b) of the Value Added Tax (Amendment) Act No. 17 of 2013	If the total value of the supply of goods and services exceeds Rs. 12 million within a period of 12 months, that entity should register for value added taxes under the Act. However, the entity had earned Rs. 93 million from the income sources in the previous year and generated Rs. 152 million in the year under review but action had not been taken to register for value added taxes.
(b) Section 6.5.1. of the Public Enterprise Circular No. PED 12 dated 2 nd June 2003	Financial Statements and Draft Annual Reports should be submitted for auditing within 60 days from the end of the financial year. Financial statements were submitted for auditing on July 31 st 2019, after a delay of 05 months. The draft annual report had not been submitted with that statements.
(c) Paragraph 2.3.3 of the Department of Management Services Circular No. 01/2016 dated 24 March 2016	An Officer can be released for a project upon the requirement of the government for a period of 05 years on full time basis or upon the request from the employee for a period of 5 years on no pay basis. However, 03 Officers had been released for more than a period of 10 years to serve in Dam Safety and Water Resources Planning Project.
(d) Paragraph 1.5.1 of the Financial Procedure of the Authority and para 05 of the Internal Circular No. 02/2020 of the Director General dated 15 March 2012.	Advance should be settled within 7 days after the completion of the task for which the advance was obtained; But supply advances amounting to Rs. 175,963,000 in respect 10 systems and 2 Divisions remained outstanding for more than a year.
(e) Sections 4.2.1 (b) and (d) in the Government Procurement Guidelines	Procurement Entity should prepare a main procurement plan including the expected procurement activities for a minimum period of three years. Procurement activities should be prepared in detail for the ensuing year, but the Authority had not done so. The procurement plan for the ensuing year had not been prepared and submitted for the approval of the Board of Directors, before the commencement of the relevant year.
(f) Guideline 4.1 (e) of the Procurement Manual	The original procurement plan should be regulated and updated on regular basis but it had not been done by the Authority in the year under review. There were discrepancies between the activities in the action plan and the activities in the procurement plan.

- Whether the Authority has not performed according to its powers, functions and duties, as required by Section 12 (g) of the National Audit Act No. 19 of 2018.
 - That the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the section 12 (h) of the National Audit Act No. 19 of 2018.
- (a) A crane owned by the Kotmale Duty Engineer's Office was repaired at a cost of Rs. 8,550,788 in the year 2017; it remained inoperative from 29 December 2017 to May 2019, due to lack of proper repairs.
- (b) The model of the old dam in the Office of the Duty Engineer Office, Kotmale had been removed and a contract of Rs. 6,990,000 had been awarded in the year 2017 to prepare a new dam model and to renovate the existing observation point. However, the new model of the old dam proposed to be constructed at a cost of Rs.2060000, had not been completed even by the end of May 2019.
- (c) An amount of Rs. 2,580,000 was spent to construct a model structure of the Moragahakanda Reservoir in front of the Head Office of the Authority and that expenditure item was not included in the Annual Procurement Plan of the Authority or in the approved plan of the Moragahakanda Project. Although a request was made by the Secretary to the Ministry to the effect that a draft estimate to be submitted, in order release funds, that was not done. Though there had been a plan to get the costs reimbursed from the Moragahakanda Project, the project had not reimbursed, since a draft estimate had not been submitted to the Secretary to the Ministry. The Procurement Committee had approved the above procurement on 10 July 2018, violating the paragraph 2.5.1 (a) of the Government Procurement Guidelines, without an approved cost estimate. The Authority had settled the payments.

3. Other observations

- (a) Due to the failure in settling the lease amounts by the previous License Holder, the Land No. 6758 in Sooriyawewa Block Manager area had been given to two persons, without cancelling the previous license in a proper manner, as per Sections 107 to 112 of the Land Development Ordinance. One of the above two, has paid taxes with effect from 2013 based on the draft assessment and the amount of Rs. 53,600 to be recovered from the other person remained outstanding.
- (b) Walawa Resident Project Manager had informed that the License issued by Sooriyawewa Block Manager to the Land No. 6438 was a forged one. Though 80 perches from this land had been given to some other person under the regularizing of unauthorized lands, taxes had not been paid on due date and the amount outstanding as taxes on the draft estimate was Rs. 111,680. In spite of the default on payment, action was not taken to cancel the license.

- (c) The Authority had not taken any action until the year 2019, against the unauthorized possession of Land No. 6407 by a person in Sooriyawewa Block Manager area.
- (d) An amount of Rs. 48 million had been deposited in the Regional Development Bank in 2002 to establish a Revolving Fund to provide loans; However, action had not been taken to provide loans up to 2019. The value of the deposit at the end of the year under review was Rs. 88.2 million and these funds were kept in the bank at 4% interest, which is lower than a normal savings interest rate. No action has been taken to address this uneconomical activity.
- (e) The income of the Agricultural Management Centre of the System C had not been remitted to the Head Office on monthly basis and the balance of the bank account as at 31 December 2018 was Rs. 87,856,695. That money remained idle without being invested.
- (f) Though the Authority had projected an income of Rs. 1,193,155,190 in the year under review, the actual earnings had only been Rs. 753, 493,183, which is 63% of the said amount. The progress of income generation in systems H, Udawalawa and C remained less than 50% of the projected figure.
- (g) Mahaweli Authority had estimated to generate an income of Rs. 330 million from the mini - hydro power plants in the year under review and only 60% of that had been earned. As observed in the previous Audit queries, 70 small-scale hydro power plants in the Mahaweli upper catchment area and 3 power plants in Moragahakanda had not been included in the estimates and the Mahaweli Authority had failed to earn any income from such power plants until the day of auditing. An amount of Rs. 496.8 million was due from the Electricity Board in respect of 28,566,405 kW of electricity generated by three mini hydro power plants in Moragahakanda. However, this amount remained unpaid at the date of auditing. The total amount outstanding from CEB as at May 2019, including the arrears amount of 2018, was Rs. 964.1 million.
- (h) Although, an allocation had been made for the Maduru Oya South Bank Development Project (System B) from the annual budget estimate, there was no information regarding the implementation of this project. A resettlement project in Mahawelitenna and Malwenna Units in the Sinhapura Division (System B) in Maduru Oya Left Bank had been carried out since 2014 on an estimate cost of Rs. 935 million, utilising the said allocation. There was no Treasury approval for the said project. Though the time frame for the project had ended in 2016, time had not been extended and a request had been made in 2018 to the Secretary to the Ministry to extend the time up to 2019. In 2018, Rs. 5,145,000 had been allocated from the annual estimate to re- implement the Maduru Oya South Bank development, as a project funded by local and Chinese grants.
- (i) For the Weli Oya Consolidated Development Project, an estimate of Rs. 3,957 million has been approved for the period 2013 to 2018. However, since the time period had already been expired, there was no evidence to show that the approval had been obtained from the Line Ministry or the Treasury for an extension. Only a request had been made to the Secretary to the Ministry

for an extension. The accumulated cost of the project as at 31 December 2018 was Rs. 2018.2 and the physical progress was at a minimum of 66%. Project progress reports or performance reports had not been prepared to monitor the progress of the objectives of the project, namely, resettling 6,963 families who lost their lands and became displaced due to the war, developing 6,258 hectares of land, and to develop 150 km of roads and 132 km long by- roads. However, Project Progress Reports or Performance Reports were not prepared in this regard. Therefore, it is difficult to monitor the progress of these activities. As per the financial statement of the year under review Rs. 12,800,000 which had not been approved by the Treasury, had been spent for Kiwuloya reservoir project.

- (j) Six blocks of lands out of the eight blocks of lands that had been allocated for investment projects in Welikanda Resident Project Management area, had not been used for any type of development activity. Therefore, the expectations of the Authority were not met through that process. As the leasing proposal was not published in the government gazette, the general public are unable to raise their objections, as per the paragraph 199 (3) of the Crown Lands Ordinance No. 08 of 1947 on alienation of lands. The recommendations from the Land Utilization Planning Division of the Head Office had not been obtained to determine whether it is appropriate to allocate lands for the expected investment activity, after having conducted a study on the locations of the proposed lands indicated in the initial Mahaweli plans and the land use patterns, in the initial plan. Four blocks of land, out of those lands, had been allocated to settle the families in Rideetenna and Jayantiyaya Units. But these lands had been allocated for investment projects, contrary to original objective. As three plots of lands had not been properly developed, the tests to reconsider the selection had been carried out on several occasions, but the selection had not been cancelled properly even by the date of auditing.
- (k) A land in the extent of 35 acres had been given to Sri Lanka Hira Foundation in 2013, with the approval of the relevant subject minister, to construct a vocational training center. But, later this was changed by the Mahaweli Authority of Sri Lanka without the approval of the Minister in charge of the subject, and a long term lease deed was issued to the Chairman of the Batticaloa Campus Pvt. Ltd, which was a private company. Though the field visits revealed that they have acquired more than the allocated extent of 35 acres in an unauthorized manner, that portion had not been transferred to the Authority till to date. Hira Foundation had requested another 45 acres in 2017 and the Secretary to the Ministry has sought the prior approval of the Minister to initiate further action in this regard. The Minister had only placed his signature and the Board of Directors had given its approval to provide those 45 acres of land.
- (l) As at 31 December 2018, Rs. 31,114,866 remained outstanding from the investment projects, to which lands had been given in Welikanda area.
- (m) The rental payment of Rs. 9450000/- to be charged for the use of land, buildings and the machinery by the Department of Irrigation from the year 2016 to 2018 at the premises located in Kaldemulla, Ratmalana, had not been recovered and a proper system was not in place to calculate the charges for the use of electricity and water.

- (n) According to the assessment reports, Rs. 35,112,000 had to be collected as the rent for the 13 buildings used by outside parties in the Jawatta premises. However, this due amount was not recovered until September 2019. Rs. 10, 616,946 had been paid by the Authority for electricity and water of the building, but this had not been reimbursed by the relevant parties.
- (o) The Authority had handed over 19 buildings in the system B, 11 buildings in the Head Office, 07 buildings in the Walawe system and 49 buildings in the Headworks, Administration, Operations and Maintenance Division to external parties without entering in to any agreement.
- (p) At the end of the year under review, the overdue rent was Rs. 896,499,000 and out of that Rs. 428,065,000 had exceeded 5 years and Rs. 157,225,000 had exceeded between 03 to 05 years. The reason for the annual increase of overdue rent was due to the non-implementation of the relevant regulations and conditions, related to collection of rent.
- (q) At the end of the year under review, pre work advances amounting to Rs. 454,398,000 were outstanding and Rs. 3,467,000 out of that amounts had exceeded 05 years; but no action had been taken to recover those advances.
- (r) Overdue balances as at 31 December 2018 was Rs. 651,986,000 and Rs. 46,443,000 had exceeded 05 years. Action had not been taken to settle the retention money of Rs. 7,747,000, after having confirmed the completion of the relevant contract work.
- (s) Action had not been taken to identify and settle a pre work advance amount of Rs. 780,070, indicated as a current asset of the Headworks Administration & Maintenance division and a balance of Rs. 460,701 for more than 5 years.
- (t) 44 Officers who worked in the Mahaweli Security Corps owned by the Authority, had been released to various government institutions from 2015 and 12 out of them had reported to work in the Security Corps in 2018. The Authority, even by 13th February 2019, had failed to get reimbursed Rs. 66,141,532 that had been paid as their salaries and Rs. 31,448,940, paid as overtime payments and travel expenses, respectively, from the relevant institution.
- (u) 33 Officers including 28 Officers from the Head Office of the Authority, 1 Officer of the Moragahakanda Project, 03 Officers of the system B, and 1 Officer of the Huruluwewa System had been released to the line ministry and various other external institutions. Rs. 22,732,617 and Rs. 12,761,670 which had been paid as salaries, overtime payments and transport allowances to 19 and 14 officers, respectively, who had been released to the line ministry and external institutions, had not been reimbursed as at 31 December 2018.
- (v) Each public institution should implement activities, according to the United Nations 2030 Agenda for Sustainable Development. The Authority had not furnished information required by the audit with regard to the performance of functions that come under the purview of the Authority in this regard, pertaining to the year under review.



W.P.C. Wikramaratna
Auditor General

**Comments of the Director
General on the Report of the
Auditor General**

Part IV

Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the Mahaweli Authority of Sri Lanka and its Subsidiaries for the year ended on 31st December 2018, in terms of Section 12 of the National Audit Act No. 19 of 2018

I herewith submit my response to the Audit Report as per Section 12 of the National Audit Act No. 19 of 2018 forwarded to me under reference No. I E N / B/ MASL/ 01/ 18/ 41 dated 22.11.2019.

1.2. Basis of Qualified Opinion

- a) The impact on the financial statements due to the application of the Accounting Standards for Small and Medium Scale Enterprises by the Subsidiary Companies would be disclosed along with the Consolidated Financial Statements of 2019 and the years ahead.
- b) The costs of two fixed assets at Rs. 3,058,326.00 and Rs. 20,713,263.00 respectively, have been fully depreciated as at 31. 12. 2017. Instructions have been issued to the relevant Companies to review the useful lifespan of these fixed assets and make adjustments to the accounts from the 2019.
- c) Steps would be taken to clear the Suspense Account balance of Rs.14,117,550.00 appearing in the Financial Statements of the Mahaweli Livestock Resources and Agri Enterprises (Pvt) Limited, through a journal entry.
- d) The land in the extent of 34.70 perches located at No. 100, Kaldemulla Road, Ratmalana, along with the buildings constructed by the Mahaweli Authority, have been taken into accounts in the year 2018. However, the ownership of this land lies with the Divisional Secretariat of Ratmalana. This land had been handed over by the Machine Leasing Company along with the machinery and equipment to the Mahaweli Authority in March 1993. The amount of valuation obtained from the Valuation Department in order to lease out a part of this land for a period of 5 years for the mechanical workshop of the Irrigation Department has been taken into account. Since the ownership of this land lies with the Government (Divisional Secretariat, Ratmalana) steps have been taken to adjust the accounts after having removed the value Rs. 15, 80, 00,000.00 land from the Fixed Assets Register in the year 2019.

The land in the extent of 1 Rood and 1.11 Perches in which the Mahaweli Security Corps is being located at No. 04, Jawatta has been acquired by the Government Agent, Colombo from the Nelumkuliya Estate Company through the Gazette Extra Ordinary dated 16.06.1980. This land, as well, is owned by the Government. Buildings have been constructed in this land by Mahaweli Engineering and Construction Agency. According to a valuation report obtained for the purpose of leasing out this land to the Asian Development Bank, the value of Rs. 30, 83, 25,000.00 has been taken into the accounts. Since this land, as well, has been acquired by the government, steps were taken during the year 2019 to delete this property from the Fixed Assets Register and remove the value of Rs. 30,83,25,000.00 from the records so as to rectify this error.

Letters have been sent to the Chief Valuer, Department on 21.12.2015, 02.03.2016, 18.09. 2018, and 20.09.2018 respectively, in order to obtain the valuation of the two plots of land bearing No. 493 and 500 located at No. 10 T B Jayah Mawatha, Colombo. These lands which are owned by the Mahaweli Authority of Sri Lanka were purchased at the cost of Rs. 64,320,853.00 during the periods of 1984 and 1989. However, the relevant valuation reports have not been received yet. Steps would be taken by me to take them into accounts as soon as the valuation report is received.

- e) Adjustments have been made in the Financial Statements during the year 2019 through journal entries.
- f) When funds are received from the Treasury in order to provide loans to the settlers, such amounts have been taken into the account under “Capital Grants” in the Cash Book. Since it is an investment made by the Regional Development Bank, when remitting that money to the bank, adjustments should have been made and they should have been taken into the account as investment and capital grants. However, that has not been done. In rectifying that error during the year 2018, it has been entered as a current asset instead of an investment. This has been rectified under a journal entry in 2019 by taking under Cash and Cash Equivalents in “Bank and Cash Balance”.

Further, the interest income of Rs. 165,747.00 has been rectified during the year 2019 through a journal entry as an adjustment.

- g) Fixed assets of Rs. 671,503,748.00 was received by the Mahaweli Authority of Sri Lanka for the first phase of the Dam Safety and Water Resources Planning Project. Out of this fixed assets, Valuation Reports have been received by the Valuation Department as at 31st December 2018, in respect of fixed assets valued at Rs. 201,640,037.00 and they have been taken into accounts by the year 2018. In respect of the remaining assets Valuation Reports have been received from Department of Valuation during the year 2019. According to the following schedule steps would be taken to adjust the relevant amounts in 2019.

System	Valuation Value (Rs.)	The Date of Receipt of the Valuation Report
B	61,896,500.00	09.05.2019
L	19,750,000.00	09.05.2019

Request letters for the valuation of the remaining assets received by the Mahaweli Authority of Sri Lanka from the above Project have also been forwarded to the Valuation Department. However, since the relevant reports have not been received to date steps have already been taken to estimate the value of the assets received from the above Project as per sections 6 and 7 of the Asset Management Circular No. 04/ 2018 issued by the Ministry of Finance and Media under No. CGO /ASM / Cir / 2018 dated 31.12. 2018. The “Guidelines for Estimating Non-financial Assets” issued by the Comptroller General in the Asset Management Circular No. 04 / 2018

will be used to estimate the value of these assets. Accordingly, steps would be taken by me to estimate the value of assets of the Dam Safety and Water Resources Planning Project using the above methodology and take them into accounts when such valuations are received.

Further, out of the assets received by the System B from the above Project, the value of the computers for which the valuation report was not received from the Valuation Department, has been estimate as per instructions issued by Assets Management Circular No. 04 / 2018. The value of that estimate as well would be included in the Financial Statements of 2019 and relevant adjustments would be made.

All items received under the Project Management Facilities of the Dam Safety and Water Resources Planning Project are being estimated as of now by following the methodology indicated in the instructions of Asset Management Circular No. 04 / 2018. Steps would be taken to include them in the accounts once that process is completed.

- h) Action has been taken to adjust the Financial Statements in the year 2019 after reconciling the tax reports of the relevant Block Office of System C, Land Division of the Zonal Office and Land and Finance Division of the Zonal Office.
- i) & j) In case the value, life span and economic benefits of an asset is increased due to purchase of an asset or an expenditure incurred for a prevailing asset, such costs have been capitalised. The cost incurred to maintain any assets in the present status has been indicated as revenue. It has been disclosed under Section 3. 2.1 Of the Accounting Policies of the Consolidated Financial Statements as at 31. 12. 2018.
- k) Approval has been given by a decision made at the 316th meeting of the Board of Directors held on 11.11.2019 in order to present information regarding these 03 points through a Note. Accordingly, action would be taken to disclose it through the Consolidated Financial Statements for the year ended on 31. 12. 2019.
- l) Steps would be taken by me to disclose in the Consolidated Financial Statements of 2019 the method used to estimate the value of the stock of agriculture and livestock resource as Rs. 156,572,000.00 in Consolidated Financial Statements, as per the Accounting Standards No.01.
- m) Instructions have been issued requesting to properly identify the relevant tax amounts from year 2019 and take them into accounts.
- n) The amount of Rs. 5,373,634.00 receivable from the Mini Hydro Power Plants during the year under review, has been rectified through journal entries in the year 2019.

o) Two 7 day Deposits of Rs. 500,000.00 of each have been made during the years 2009 and 2010. Action has been taken to claim the interest of this deposit of Rs. 1,000,000.00 from the Bank as per letter MASL/ FIN/ BANK/ RE/ 2019 dated 02.10.2019. Accordingly, Manager Bank of Ceylon, Hyde Park Branch (Consumer Services) through his letter PBU/ RLR/ AU and dated 08.10. 2019 has informed that the interest due on these 7 Day Deposits would be only paid at the time of withdrawal of these deposits.

o) **(i) Investments in the Mahaweli Livestock Resources Company**

The reasons for the discrepancy that prevails between the Accounts of the Mahaweli Authority of Sri Lanka and the Mahaweli Livestock Resources and Agri Enterprises (Pvt) Limited, with regard to 'Investment' has already been identified. They are given below:

- i. The assets returned by the Mahaweli Livestock Resources and Agri Enterprises (Pvt) Limited Company to the Mahaweli Authority of Sri Lanka is valued at Rs. 8,967,600.00. This has not been adjusted in the Accounts of Head Office, System C and System H.
- ii. An Amount of Rs.628,000.00 with regard to the Giradurukotte Livestock Farm in the System C which was handed over to the Mahaweli Livestock and Agri Enterprises (Pvt) Limited, has not been taken into account.
- iii. Assets at the value of Rs. 1.256, 000.00 have been returned to the Mahaweli Authority of Sri Lanka by Mahaweli Livestock Resources and Agri Enterprises (Pvt) Limited and the relevant amount has not been included into the accounts by the Head Office.

The numerical values involved in the above transactions are given below:

Exchange of Assets (2016)	Rs.
○ Head Office	(2,441,808.00)
○ System C	(628,000.00)
○ System H	(7,336,850.00)
Acquisition of Assets	<u>8,967,600.00</u>
	<u>1,439,058.00</u>
Exchange of Assets (2017)	
○ Head Office	<u>1,256,000.00</u>
	<u>2,695,058.00</u>

Accordingly, steps would be taken by me to rectify this error in the Financial Statements of 2019.

p) **Investments- Mahaweli Livestock Enterprises (Pvt) Limited**

A balance certificate letter with regard to the investment made by the Mahaweli Authority of Sri Lanka at the Mahaweli Livestock Enterprises (Pvt) Ltd has been obtained from the Secretaries of the above Company.

Assets – Savings Account – Steps would be taken to submit after verifying the facts.

Assets – Fixed Assets – Steps would be taken to submit after verifying the facts.

2. Report in respect of other Legal and Regulatory Requirements

- a) A letter MA/ ASSET/ 2019/ 09 dated 31.01. 2019 has been sent to the Department of Valuation in order to get a valuation for the relevant buildings owned by the Udawalawe System. Few such valuations have been received during the year 2019. Accordingly, steps would be taken to make adjustments in the accounts during the year 2019, with respect of buildings for which valuations are received so far. Action also would be taken by me in order to get down the remaining valuation reports without any delay and make required adjustments in the accounts of the Authority, once they are received.
- b) 02 Motor Cycles, 01 Milk Transport Lorry, 02 Tractors (36 – 7113 and RD – 8619) 02 Electronic Scales and 04 Poultry keeping buildings were revalued after formally acquiring them. The relevant amounts have been included in the Accounts. The values of 02 Multi Chopper Machines, 01 Daling Machine and a Tractor (37 – 5740) would be taken into the accounts in the next year.

Non-compliance to a Written Law or other Common or Special Regulations issued by the Board of Directors of the Authority

- a) Steps would be taken by me to obtain registration for the Value Added Tax.
- b) 10% depreciation has been made annually in respect of furniture and fittings. Accordingly, furniture and fittings have been revalued in the year 2008 for the last time. The value of the furniture and fittings which were revalued and included in accounts in 2008 has shown as “0” as at 01.01.2018 (The items revalued in 2008). Accordingly, the relevant furniture and fittings had to be revalued and included in the accounts as at 01.01.2018.

Accordingly, approximately 703 items of furniture and fittings and more than 68, 000 sub items of 10 Systems, 6 Divisions including Head Office were to be revalued. Therefore, a delay occurred in making adjustments to the accounts in respect of the above items due to absence a computerised accounting system at the Authority, as of now. Hence, a delay occurred in the preparation and submission of the Financial Statements.

- c) During the initial period there were certain issues with regard to releasing of officers for projects. However, the following actions have been taken in respect of the Audit Query No. LP/ H /MASL/ 01/ 14/ 40 dated 16. 10. 2015: Steps were taken to recall officers who have exceeded the maximum period of 5 years for which an officer could be released to a project on full time basis (as per section 2.3.3 (a) of Management Services Circular Number 01/ 2016). However, the Project Director of the Dam Safety and Water Resources Management Project had informed us that the expected outcome of the project could not be achieved by recruiting new officers, since the Project was at its last phase. Accordingly, recruitment of new officers for the remaining two year period was not practical and therefore the relevant officers were released for the remaining period on no pay basis as per section 2.2.3 (b) of the Management Services Circular No. 01/ 2016. On this basis action has been taken to rectify the situation with regard to the staff

of the Authority released to the Project since the year 2015, as per the Management Services Circular 33 (New Circular 01/ 2016).

However, given the hands on experience of the officers who have been released from the Mahaweli Authority of Sri Lanka to the World Bank funded Dam Safety and Water Resources Planning Project, it was convenient to coordinate with the World Bank representatives. Therefore, I have forwarded my letter No. MA/ APM/ 24/ SWRPM/ Staff dated 04.07.2019 to the Director General – Management Services Department, seeking approval to deploy the same officers for the Integrated Water Resources Management Project implemented with the World Bank support.

- d) As of now, these advances have been settled. An Internal Circular has been issued drawing strict attention so as to settle future advances within seven days.
- e) and f) Accepted. Instructions have been issued to the relevant officers requesting them to act as per the regulations included in the Government Procurement Guidance Manual.

With regard to failure to utilise the resources of the Authority in an efficient and productive manner within the given time frames, in compliance with the rules and regulations governing procurement

- a) The engine which was brought on 29.12.2017 was initially fixed to the main engine and operations were carried out. Subsequently, it was fixed to the Hydraulic System and operated. During that stages it was operated without any fault. When operating the Boom of the crane the main Hydraulic Hose blasted at two instances and at that stage it was observed that the entire Hydraulic Operation System which includes actuator, hoses, jacks, seals etc. needs to be repaired and serviced with spare parts. Therefore, it is informed that steps have been taken to obtain situation reports from the agents.

As per the recommendation submitted by the agents, an estimate was obtained on 18.08.2018 to service the main engine used for transport, and all Hydraulic Hoses (Swing Control Unit, Outrigger Jack, Control Unit, Electrical System, Valves, and Actuator etc.)

Although, the approval was expected in the year 2018 as per the approximate estimate, it could not be obtained because of the inability to get allocations. It is further informed that it has been submitted to obtain financial allocations in the year 2019.

- b) Since this construction work is involved with a specific artistic design, there was a practical difficulty in preparing an approximate estimate. Steps have been taken to forward relevant specifications and details to 06 organisations which possess such skills to enable them to submit quotations.
- c) A five member Technical Evaluation Committee, including a member nominated by the Ministry was appointed for this task and as per the recommendation of the members of that Committee, the relevant construction work has been offered to Livework Creation, the company which submitted the lowest quotation. Approval for this task has been given by the Procurement Committee at its meeting held on 01.07.2018 under paper No. 2018/ 09.12. Project Director of the Moragahakanda Kaluganga Project has been

informed by letter MA/ HO/ PM/ B/ 47 dated 25.04.2019, requesting him to reimburse the total amount of Rs. 2,580,000 with regard to this project. A request to reimburse the due amount to the Mahaweli Authority of Sri Lanka has been made through my letter MASL/ FIN/ ACC/ 2019 dated 02.08.2019. The relevant amount has been included in the Financial Statements for the year ended on 31.12.2018, as a relievable balance.

3. Other Observations

a) It is informed that this commercial land bearing No.6758 has been divided into 02 lots in the extent of 0.0065 hectares and 0.0064 hectares, respectively, and was legally handed over to Sudusinghe Wijeyakanthi Nayana and Hettiarachichi Sandya Kanthi Weharagoda. Resident Business Manager (Walawe System) has informed us that action would be taken to initiate legal action against them since they have failed to settle the arrears, in spite of the reminders.

Surveying work related to the lands alienated by the Mahaweli Authority of Sri Lanka under the Crown Lands Ordinance has not been carried out to date. Further, the Resident Business Manager (Walawe System) has informed that such surveying activities have to be carried out at the cost of the land allottee. Therefore, issuing of the long-term lease deed could not be carried out since the allottee has defaulted payment.

b) and c) On the formal land inspection Mr Ratnayake Weerakoon Jayaweera has been selected as the allottee for this land. However, since there is a long standing dispute between two parties in respect of this land, neither it was handed over to him nor a permit issued in this regard. Recovery of taxes also could not be made due to this dispute. Resident Business Manager (Walawe System) has informed that already relevant officers are being deployed to carry out field inspections in this regard.

Resident Business Manager (Walawe System) was asked take necessary steps to initiate with legal action.

d) As per the decision No. 2019/ 304/ 4550 made at the 304th meeting of the Board of Directors of the Mahaweli Authority of Sri Lanka held on 12.02.2019, it was informed to withdraw this money from the Regional Development Bank and make arrangements utilise same in a productive purpose. Accordingly, General Manager of the Regional Development Bank was requested by my letter MASL/ ENT. Dev/71 dated 13.03.2019 to take steps to release this money to the Authority without any delay. However, since a satisfactory response was not received for that request, again a letter dated 28. 06 2019 was sent requesting him to remit that deposit money to the Authority without any delay. Accordingly, Additional General Manager/ Micro Finance and Special Projects of that Bank has informed us by his letter dated 15. 08. 2019 that a letter has been submitted to the Assets and Liabilities Management Committee of that Bank for approval, so as to pay the relevant amount and the interest there on.

e) Earlier, it has been decided to utilise the income of the Agricultural Management Centre of System 'C' for the development activities of that centre. Accordingly, although action was taken to keep these revenue as deposits, these monies have been credited to the Revenue Account of the Head Office as Cash Income.

- f) Accepted. Targets have been allocated for the relevant officers at the Progress Review Meetings, as well as in writing so as to enhance the revenue of the Authority. Arrangements were made to continuously monitor the progress in this regard. However, the income of the Authority has increased to Rs. 903,712,048.00 during the year 2019.
- g) All monies due from the Ceylon Electricity Board in respect of electricity generated by 03 Hydro Power Stations of Moragahakanda for the years 2018 and 2019 have now been recovered.
- h) Maduruoya Right Bank Development Project (System B)

For the development of the area which come under Malwenna and Mahawelithanne Units in the Left Bank of Maduruoya, System B a development proposal with the cost of Rs. 935.5 million was submitted to the National Planning Department in the year 2013 for approval. The approval of the General Treasury was given for this project under the recommendation of the National Planning Department. However, in the implementing stage of that Project instructions were received to implement it as a sub component of the Maduruoya Right Bank Development Project. Accordingly, funds have been allocated by the General Treasury through national budget for this Project under the Revenue Head 162- 5- 8- 2506 in order to implement it under the name Maduruoya Right Bank Development Project.

- i) The Secretary of the Ministry has submitted a request dated 31.12.2018 to the National Planning Department for the extension of the time period above Project. Director (Policy Planning), Minister of Mahaweli Development and Environment has telephonically informed that the relevant request has been forwarded to the General Treasury after having obtained the approval of the National Planning Department. Provisions have been approved for the year 2019 in the regard.

The information related to the progress of this Project have been reported under the stipulated formats to the Ministry and other institutions on monthly and quarterly basis. Performance reports, as well, have been submitted.

A provision of Rs. 12.8 million under the Welioya Integrated Project was not made for the Kiwuloya Reservoir Project. It was made for the development activities of Welila located within System L. It was required to maintain officers and operational activities for this purpose. Kiwuloya Reservoir has been proposed as a solution to the water issues faced by System L. However, the construction work of this reservoir was not commenced due to environmental issues and during the intervening period arrangements were made by the Deputy Director (Kiwuloya) in order to sort out the issues in the Environmental Assessment Report. During that period development activities were carried out utilising the members of staff. As of now, environmental clearance has been obtained for this project and budgetary allocations have been made for same through the budget.

- j) The projects in which large amounts of monies are being invested by the investors and that continue to make a substantial contribution for employment creation at rural areas are considered as investment projects. For such special purposes crownlands are being allocated by the Minister in charge of the subject, without gazetting such land grants for

public objections. Accordingly, the relevant lands they were allocated without calling for objections from the general public.

Out of the 8 plots of land which were alienated for investment projects, development activities were not been carried out in respect of 3 lands. Therefore, cancellation inspections have conducted in respect of such lands and the progress of that inspection is given below:

- 1) Mrs M N Indrani Mallika – 5 Acres, Jayanthiyaya: Six months period was requested in order to develop this property at the inspection held on 30.07.2019. As per the decision of the Inspection Board, 6 months period has been granted to carry out development activities. All relevant rents have been paid up to the year 2019.
- 2) M M Muththu – ½ Acre fruit cultivation: As per the decision taken at the inspection held on 30. 07. 2019, it was decided to cancel this grant due to the failure to develop this land. Accordingly, steps are being taken to implement this cancellation. Rents have been paid full.
- 3) S H Rahman – 40 Perches: Arrangements are being made to cancel this grant.

In respect of these investment lands arrangements have been made to alienate land on the recommendation of the Zonal Physical Planning Committee.

As per the initial plans, lands have been granted for residences within the land allocated for home gardens. However, due to terrorist attacks, lands allocated for cultivation purposes bordering of the main road were given to settle the families of the village. Accordingly, home garden lands which were deserted by people were used for the cultivation activities of the relevant investment projects.

- k) Sri Lanka Hira Foundation has made an application on 02.05.2013 requesting 35 acres of land from Mahaweli System ‘B’ in order to establish a Vocational Training Engineering University, as a new investment project.

As per that request approval has been obtained to provide 35 acres of land from Mahaweli System ‘B’ for this project at the 245th meeting of the Board of Directors held on 12.07.2013.

For the purpose of obtaining registrations from the University Grants Commission for the project to be launched by Hira Foundation, an application was made to change the name of investment as “Batticaloa Campus (Private) Limited”. Approval has been given for that request at the 278th meeting of Board of Directors held on 27.10.2016.

Accordingly, the approval of the Minister in charge of the subject has been obtained on 08.12.2017 in order to lease out a land in the extent of 14.1646 hectares to the Batticaloa Campus (Pvt) Limited. Based on that approval, arrangements have been made to grant the relevant extent of land to the Chairman of the Batticaloa Campus (Pvt) Limited through 4 lease agreements. The relevant lease agreements were certified by the Presidential Secretariat on 01.02. 2018.

In addition to that, the Hira Foundation has made a request that further 45 acres of land is required for the residential facilities and other requirements of this university. In order to obtain the concurrence of the Minister in charge of the subject to grant that land, letter dated 18.04.2017 has been submitted by the Director General.

At the 285th meeting of the Board of Directors held on 25.05.2017, the initial approval was given to grant a land in the extent of 18.2109 hectares to the Hira Foundation on lease basis. It was also indicated that before the relevant land is being given, approvals from Sri Lanka Board of Investment, University Grants Commission and the Ministry in charge of the subject were to be obtained.

It was reported that a land approximately in the extent of 08 acres have been utilized by the Batticaloa Campus (Pvt) Limited without any approval. In order to identify the approximate extent of that land and reacquire it, approval was given by the 311th meeting of the Board of Directors held on 13.08.2019 to initiate legal action.

- l) Within the System 'B' lands have been allocated for 411 investments projects and out of such projects, steps were taken to cancel 96 projects due to non-commencement of the project activities and non-payment of the lease amount.

Accordingly, arrangements have been made to cancel 41 projects. Similarly letter of demand have been sent in order to recover rent arrears in respect of 77 projects. Arrangements have also been made to file cases against 7 project investors.

From the investment projects for which lands have been allocated within System 'B' arrears of Rs.31, 114,866.59 remain to be recovered as at 31.12.2018. Steps have been taken to recover an amount of Rs. 20,557,691.80 as at 31.08.2019. Accordingly, the outstanding balance of the lease arrears is Rs. 10, 557,174.79.

Arrangements have been made to send letters of demand and initiate legal action in order to recover these rent arrears.

- m) A discussion was held between the Mahaweli Authority of Sri Lanka and the Department of Irrigation on 04.07.2019 with regard the payment of arrears of rent due from 2016 to 2018. At the discussion, the Director General of Irrigation indicated that at the moment Irrigation Department does not have funds or allocations in order to settle the estimated arrears of rent. Further, he said that funds are being received by the Department of Irrigation from the General Treasury and once these rents are paid to the Mahaweli Authority of Sri Lanka, again such funds are being diverted to the General Treasury by the Authority. Therefore, he requested to make an arrangement to settle 50% (Rs.15,75,000.00) of the estimated total rent (Rs. 31,50,000.00). He also further said that the Department would agree to manufacture gates for Irrigation Systems which undertake repair work at Mahaweli Zones at concessionary rates. He also agreed to manufacture iron gates at concessionary rates to the proposed 3 story office building complex at Hasalaka, Mahaweli System 'E'.

In order to obtain approval for the above suggestion a board paper was prepared and submitted to the 311th meeting of the Board of Directors held on 13. 08. 2019. At that meeting the Board

of Directors has requested the Director General of Irrigation to forward a letter to the Mahaweli Authority of Sri Lanka seeking approval to settle 50% of the estimated rents. The board also instructed the Mahaweli Authority of Sri Lanka, to obtain the approval of the General Treasury once that request is received. Further, since funds and allocations are not made by the Director General of Irrigation during the year 2019 in order to settle the relevant rents, we have been informed that steps would be taken during the year 2020 to get allocations and settle the above rents.

- n) Out of the total amount of Rs. 10, 616, 946 paid by the Authority as electricity and water charges for the buildings at Jawatta premises, the Authority has got reimbursed an amount of Rs. 1,815,490.55. The relevant institutions have been informed with regard to the reimbursement of the balance amount of Rs. 8,801,455.45.

o) 11 Buildings of the Head Office

S. No		The party to which it was rented out	Steps already taken
	At the Head Office Building		
1	08 th Floor		
2	10 th Floor		
3	11 th Floor		
4	12 th Floor	Ministry of Mahaweli Development and Environment	A letter has been sent to the Chief Valuer under reference MA/ MT/ 08-03 B dated 09.08.2017 in order to get Valuations about the rent estimates of the above buildings. Since the relevant valuations have not been received to date A delay has occurred in signing the relevant lease agreements. Steps would be taken to sign the relevant agreements and recover all rents along with arrears once the relevant valuations are received.
5	493	Mahaweli Water Conservation Investment Project	
	493/1		
6	Jawatta	Mahaweli Consultancy Bureau	A letter under reference MA/ MT/ 08-03 B dated 24.06.2019 has been forwarded requesting the settle the arrears of rents due from 01.01.2018. To date the rents have not been paid.

7	Jawatta	Ministry of Irrigation and Water resources Management	A letter under reference MA/ MT/ 08-03 - B dated 05.02.2019 has been forwarded requesting to settle the arrears of rents due from 01.05.2018. To date the rents have not been settled.
8	Jawatta	Central Engineering Consultantancy Bureau (CECB)	A letter under reference MA/ MT/ 08-03 - B dated 24.06.2019 has been forwarded requesting to settle the arrears of rents due from 01.01.2018. To date the rents have not been settled.
9	Jawatta	Climate Resilience Improvement Project (CRIP)	A letter under reference MA/ MT/ 08-03 - B dated 05.02.2019 has been forwarded requesting to settle the arrears of rents due from 01.05.2018. To date the rents have not been settled.
10	Jawatta	Moragahakanda Kaluganga Development Project	A letter under reference MA/ MT/ 08-03 - B dated 24.06.2019 has been forwarded requesting to settle the arrears of rents due from 01.01.2018. To date the rents have not been settled.
11	Dematagoda, Baseline Road (206/20)	Marine Environment Protection Authority	The approval of the Ministry has been obtained in order to hand over this land and part of the building to the Department of Coast Conservation and hand over the other part to the Marine Environment Protection Authority on a long term lease. Accordingly, further steps were being taken. However, a decision has been taken by the Ministry to cancel the earlier decision and to hand over that land to Mahaweli Authority of Sri Lanka.

Buildings of the System B

Although it was informed that agreements have not been signed in respect of 39 buildings in System B, as per the Schedule submitted number of buildings for which agreements were not signed stands at 19. The steps taken with regard to those 19 buildings, by the year 2019 are given below.

S. No.	No. of the Building	Building Category	The Party to which it was rented out	Steps taken as at 2019
1	SB/PO/RQ/08/BD/Q4/242	AO2	Mr S.H. Thushara Premalal	Legal Action has been taken to evict from the official quarters.
2	SB/PO/RQ/08/BD/Q4/246	AO6	Chairman, Sri Lankan Telecom, Head Office, Lotus Road, Colombo 01	Agreement has been signed
3	SB/SE/BM/08/BD/QS/577	Grade II	Mr M.P.K Jayasinghe	The relevant residents have been informed to sign the agreement.
4	SB/SE/BM/08/BD/QS/581	-	Mr B. Kingsly Sirirathne	Signing process is in progress.
5	SB/SE/SU/08/BD/Q3/549	Grade III	Mrs H.A. D Susilawathi	
6	SB/SE/BM/08/BD/QS/577	Guest House	Mr P. R.B Nawaratne	
7	SB/SE/BM/08/BD/QS/581	Guest House	Mr W. M Weerasekara	
8	SB/SI/BM/08/BD/SQ/136	Temporary House	Mr K. B.S. Ruwan kumara	
9	SB/SI/BM/08/BD/SQ/137	Temporary House	Mr A. A. Saman Kumara	
10	SB/SI/BM/08/BD/SQ/138	Temporary House	Mr M.A. Piyadika Karunaratna	
11	SB/SI/BM/08/BD/SQ/141	Temporary House	Mrs S. L. Priyadharsani	
12	SB/SI/BM/08/BD/SQ/143	Temporary House	Mr A. A. Tharindhu Lakshman	
13	SB/WJ/08/BD/Q3/	Grade IV	Navy	
14	SB/EL/PA/08/BD/Q2/811	Grade II	Mr R.M Jayaratne	
15	SB/EL/PA/08/BD/Q2/820	Grade II	Mr P. V. Mahipala	
16	SB/EL/PA/08/BD/Q3/810	Grade III	Mr R. Wijeratne	
17	SB/EL/PA/08/BD/Q3/812	Grade III	Mrs H. G Nilanthi Priyangika	

18	SB/EL/PA/08/BD/Q4/826	Grade IV	Mr R. A. Senewiratna	
19	SB/EL/PA/08/BD/Q4/828	Grade IV	Mr W.A. Susantha Kumara	

Head Works Operations and Maintenance Division (49 Buildings)

Out of the above buildings 13 buildings have been given to the Central Engineering Consultancy Bureau and steps are being taken to hand over those buildings to the Central Engineering Consultancy Bureau.

In respect of the remaining buildings agreements have been signed with regard to 09 buildings. The relevant parties have been informed that they should come to sign the agreements regarding the other buildings. Since they have not come to sign the agreements, steps have been already taken to initiate legal action against such persons.

Walawe System (07 Buildings)

Arrangements are being made to sign the agreements with the relevant parties.

- p) Accepted. Action would be taken to rectify the situation.
- q) Accepted. Action would be taken to rectify the situation.
- r) Retention monies amounting Rs. 7,747.000 in respect of the work completed contracts that exceeded 5 years have not been claimed by the relevant parties. Therefore, steps would be taken to treat such retention monies as revenue and take them in to accounts, accordingly.
- s) The contractor had abandoned this contract in 2018 and again he had recommenced work in 2019. Therefore, arrangements would be made to rectify this in the year 2020.
- t) Letters have been sent to the Presidential Secretariat and the Ministry of Defence requesting to reimburse an amount of Rs. 31,448,940.00 paid as over time and travelling allowances to the officers released to the government institutions from the Mahaweli Security Corps, as at 31.12.2018.

- u) In respect of officers of the Head Office of the Authority released to the Line Ministry and the Projects, salaries of 28 officers have been reimbursed as at 31.12.2018. Further, letters have been sent to the Division requesting to reimburse the salaries, overtime payment and travelling allowances paid to the officers who have been released to the Line Ministry and other ministries.
- v) The relevant information is with the Director (Planning and Regulation).



Eng. B. A. Sunil S. Perera
Director General
Mahaweli Authority of Sri Lanka

Performance Report of the
Mahaweli Authority
Investment Plan
2018

1. Development Activities carried out in year 2018

1.1 Cumulative Financial Progress

The total capital budget for the financial year 2018 was SLRM 2,733.50. Financial progress for the period is given below.

Rs. Million

Description	Budget Provision	Expenditure (Up to end of December 2018)
Mahaweli Projects	1,158.00	1,109.18
Mahaweli Consolidated Project (CF)	290.00	290.00
System B Maduru oya RB Development project (CF)	60.00	60.00
Redeemaliyadda Integrated Development Project (CF)	76.00	64.00
Rambakenoya Integrated Development Project (CF)	108.00	94.00
Welioya Integrated Development Project -System L (CF)	260.00	260.00
Rehabilitation of Major and Medium Irrigation Schemes including emergency infrastructure rehabilitation works (CF)	150.00	142.50
Agriculture & Livestock Development Project (CF)	214.00	198.67
Administration and Maintenance (CF)	1,575.50	1,498.18
Total	2,733.50	2,607.34

1.2 Mahaweli Projects

1.2.1 Mahaweli Consolidated Project

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 290.00 (Revised Budget)

Project Period : 2007-2018

Mahaweli Consolidated Project has been commenced with the objective of increasing income levels of rural communities settled in the Maduru Oya Left Bank area assuring irrigation water supply for their agriculture. Project activities include rehabilitation of irrigation network that was built during 1982- 1986. (a) Maduru Oya Left Bank for improving water management including 52km of main channels, 65km of branch channels, 459km of distributary channels, 1,138km of field channel, 54km of drainage channels, 80km of operation and maintenance of rural roads, and small tanks (b) Improve selected water supply schemes built under the Village Self-Help Project, (c) Supporting agricultural development and strengthening farmer organizations (d) Implementation of appropriate environmental conservation programmes. Financial allocation for the year 2018 was SLRM 290 (Revised) and the allocation has been effectively fully utilized during the year.

No.	Description	Physical Progress as at 31.12.2018
01	Construction/Rehabilitation of Distributary Canal	13.2 km
02	Construction/Rehabilitation of Field Canal	70.4 km
03	Rehabilitation of Causeway	3 Nos
04	Repair & Improvement Building	2.5 Nos
05	Participatory Rehabilitation of FC Canals	2.1 Km



1.2.2 System B Maduru Oya RB Development Project (Malwenna and Mahawelithanna)

Source of Funds : Domestic Funds
Total Estimated Investment : SLRM 935.49
Project Period : 2014-2018

The Mahawelithanna and Malwenna Mahaweli system Units are falls within the upper part of the Singhapura Block of the Mahaweli System B covering Polonnaruwa and Batticaloa administrative Districts are being developed under the Project. Due to the internal conflict situation during last few decades within this area, most of the settlers were internally displaced. As a result, there were approximately 1200 families left for their original native places from the settlement areas.

Once the conflict was being over, resettlement & rehabilitation work of the area has once again commenced under this special project in 2014. It is proposed to develop 859 homesteads and 859 irrigated land plots within the area of Mahawelithanna and Malwenna Units in Singhapura Block. Major activities of the project are, (a) Resettle 859 displaced families in Singhapura block and reestablishment of the settlements (b) Develop 521 ha of existing underutilize lands

for irrigated agriculture purpose and 174 ha of homesteads (c) Construction of Mahawelithenna Tank and related irrigation channels.

Financial allocation for the year 2018 was SLRM 60 (Revised) and its fully utilized during the year.

No.	Description	Physical Progresses as at 31.12.2018
01	Construction of FC Canal	6.8 km
02	Construction of D Canal	3 km
03	Construction of Hamlet road	4 Km
04	Reforestation- Plants	2000 Nos



1.2.3 Redeemaliyadda Integrated Development Project

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 1,100

Project Period : 2012-2018

Redeemaliyadda Divisional Secretary's Division in the Badulla Administrative District has been identified as one of the most remote and poorest DS division's in the country as per the Household Income and Expenditure Survey of the Department and Census and Statistics. Therefore, five-year investment plan has been prepared to development this DS area by the Mahaweli Authority. Main objectives of this project are to develop infrastructure facilities and to open up agriculture-based production and sustainable income avenues for the families in the area. Thus, this project mainly focuses on (a) Development of commercial crop production (b) Livestock development and (c) Entrepreneurship development.

Allocation for the year 2018 was SLRM 76 (Revised) and out of which SLRM 64 has been utilized during 2018 Jan. – December.

No.	Description	Physical Progresses as at 31.12.2018
01	Rehabilitation of Irrigation Infrastructure	2 anicuts completed
		3.3 Km irrigation canal completed
02	Rehabilitation of Roads	5.2 Km macadam road
		150 m Concrete road
03	Construction & Maintenance of common Buildings	9 Nos
04	Training Programmes	74 Nos
05	Agriculture and Livestock Development	Extension services for 1,439 families



1.2.4 Rambakenoya Integrated Development Project

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 1,086

Project Period : 2012-2019

Rambaken Oya integrated Development Project is implemented within the Ampara District covering Mahaoya and Padiyathalawa DS Division focusing of reservoir and irrigation development in the area. Main objectives of the project are (a) Rehabilitation of small and medium tanks and anicut (b) Rehabilitation of 70 km of village roads (c) Increased agriculture production of the project area by 50% (d) Provision of Drinking water through construction of wells and (e) Sanitary healthcare improvement programme (Construction of toilets)

Allocation for the year 2018 was SLRM 108 and Financial allocation out of which SLRM 94 has been utilized during this year.

No.	Description	Physical Progresses as at 31.12.2018
01	Rehabilitation of Irrigation Infrastructure	2 Nos anicut
		1.925 km F Canal & D canal
02	Rehabilitation of Roads	0.55 Km macadam road
		4.0 Km Asphalt road
03	Construction & Maintenance of common Buildings	6 Nos
04	Land and Land Improvements (Paid compensation)	22 lots
05	Agriculture and Livestock Development	Extension services for 1,557 families



1.2.5 Welioya Integrated Development Project -System L

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 3,957

Project Period : 2012-2018

This project is implemented focusing the development in Mahaweli system “L” covering administrative districts of Anuradhapura, Vavunia, Mullative and Tricomalee. This project is aimed to provide homestead, irrigated lands and necessary physical and social economic infrastructure for 6,788 displaced families.

Major project activities are (a) Resettle 6,788 farmer families within 11 villagers (b) Development of 4,187 ha. of agriculture lands (c) Construction and improvement of market and hamlet road network and (d) Improvement of social infrastructure facilities.

Allocation for the year 2018 was SLRM 260 (Revised) and it was fully utilized during this period.

No.	Description	Physical Progresses as at 31.12.2018
01	Land Marking and survey	2000 lots
01	Rehabilitation of irrigation canals	5 km
02	Construction of Building	23 Nos
03	Construction of roads	55 Km
04	Construction of Agro wells	19 Nos
05	Construction of water supply scheme	80 over head tanks
06	Training Programmes	157 Prg
07	Agriculture Development	Extension services for 3,000 families



1.2.6 Rehabilitation of Major and Medium Irrigation Schemes including emergency Infrastructure Rehabilitation Works

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 825

Project Period : 2015-2018

The project focuses for (a) Repair and maintenance of major head works and reservoirs, (b) Rehabilitation of irrigation infrastructure and (c) Construction and rehabilitation of roads along the irrigation distribution channels in Mahaweli Systems B, C, H, L, Huruluwewa, Udawalawa and EIC units under Head works and Maintenance Division of MASL. Financial allocation for 2018 is SLRM 150 (Revised) out of which SLRM 142.50 has been utilized during this year.

No.	Description	Physical Progresses as at 31.12.2018
01	Rehabilitation works of major reservoirs related infrastructure works	98 % of 8 major reservoirs
01	Rehabilitation of downstream irrigation related infrastructure for the year 2018	100%

1.2.7 Agriculture & Livestock Development Project

Source of Funds : Domestic Funds

Total Estimated Investment : SLRM 220

Project Period : Annual (01.01.2018 – 31.12.2018)

The project has been initiated to entire enhancement of local food crop cultivation and livestock production which will lead to reduce agricultural imports to the country thus establishing country's food security in line with National Food Production Programme.

Agriculture priorities in 2018 are, Crop diversification, Identification of chili varieties suitable for the Mahaweli L Zone, Programs for producing quality seeds, Rehabilitation programs for fruit trees, increasing use of organic fertilizers, Construction and renovation of agricultural wells in face of drought weather, Programme for domestic economic development and Program to increase water efficiency. Awareness programmes and workshops were held on improved Dairy production, poultry production, inland and ornamental fish production activities were conducted under the livestock development programme.

Financial allocation for the year 2018 was SLRM 214 (Revised) out of which SLRM 198.67 utilized during January – December 2018.

Agricultural Crop Cultivation

Extent of paddy cultivation in Mahaweli areas recorded 84,460 ha with production of 469,176 mt of paddy production were recorded in 2017/2018 Maha season. The extent of paddy cultivation in 2018 Yala season were 80,960 ha with the production of paddy were recorded as 436,875 Mt. The total paddy production for 2017/2018 Maha and 2018 Yala were 906,052 Metric Tons. The average yield in terms of paddy was 5.5 mt/ha in Mahaweli areas.

The extent of Other Crop Cultivation (Other Field Crops, Fruits, Vegetables and Perennial crops) were approximately 36,164 ha consist 1,510 ha of Soya Bean, 3,805 ha of Maize, 535 ha of Big Onion, 683 ha of Chili, 137 ha of Black Gram, 443 ha of Cowpea, 704 ha of Ground Nuts. Further 13,557 ha of Fruits and 6,312 ha of Perennial Crops were also cultivated.

According to the Department of Agriculture data, MASL plays an active role in local agriculture production and development of the country while it accounts to 24% of Paddy, 85 % of Soya bean, 6 % of Groundnut production and 9% of Chilies during this period.

Dairy Development Programme

Dairy farming is promoted in Mahaweli areas as an additional income generation source and supported to provide high nutrient level among Mahaweli settler community. Livestock Development Division of MASL is responsible for the implementation and monitoring of dairy development programmes in the Mahaweli systems.

It was recorded as 109,060 Cattle population in the Mahaweli areas while produced 27.1 million liters of milk during January – December 2018.

During this year, 98 cattle sheds were built and upgrade while 2 breeding centers were established to upgrade genetic potential of dairy cattle population in the systems, 22 mobile milking machines were distributed for the demonstrate farms and further 42 animal clinics and vaccination programs were held.

Inland Fisheries and Ornamental Fish Culture

Inland Fishery Development within Mahaweli reservoirs was a key initiative implemented which helped farmers to increase the income levels and to upgrade the nutrition consumption level among Mahaweli Settlers. 13.7 Metric Tons of inland fish production reported during this year. In order to improve the fish production, 20 breeding centers were constructed.

In order to improve the ornamental fish production 41 mud ponds and 26 cement tanks were constructed during the period. Furthermore, to strengthen the fishery communities 36 training programmes were conducted during this year.

1.3 Maintenance and Development

Mahaweli Authority of Sri Lanka responsible for the Operation and Maintenance of approximately 10,202 km of irrigation channel network, 484 large, medium and minor tanks and reservoirs to ensure the efficient irrigation water management and supply for 106,971 ha. of agriculture land area in its 10 Systems for the purpose of agriculture enhancement in line with the country's National Food Production Programme. Maintenance and rehabilitation of road network and other infrastructure facilities in the Mahaweli areas coming directly under the purview of MASL for the benefit of approximately 330,000 families.

Further, effective land management, entrepreneurship development, environment conservation and institutional development and facilitation of cultural and sports development activities in Mahaweli settlement areas for the benefit of current and future generations of Settlers areas also key activities of MASL. Financial allocation for the year 2018 is SLRM 1,575.50 out of which SLRM 1,498.18 utilized during this year.

1.3.1 Irrigation System Maintenance

Secondary growth clearing, de-silting, repairs and improvement of irrigation systems and structures, graveling roads etc. are coming under Mahaweli irrigation systems maintenance tasks. Financial allocation for the year 2018 is SLRM 482.65 out of which SLRM 430.31 utilized during this year.

1,014 registered farmer organizations are operating in the Mahaweli areas and operation and maintenance of distribution channel network. Programmes conducted upgrading for 16 farmer organizations to the commercial level during the year 2018 under the guidance of Institutional development division.

1.3.2 Land Alienation

Progress of land deed programme shows below table.

System	Target (2018)	Progress up to 2018.12.31 Grants/Permit/Long term lease
B	9,174	8,270
C	8,440	8,440
D	1,198	1,990
H	5,230	4,240
L	2,750	2,750
Moragahakanda	1,857	1,857
Victoria	920	255
Huruluwew	1,302	1,300
Walawa	8,570	8,570
Rambakenoya	1,500	1,500
Total	41,741	39,172



Deed granting Programme

1.3.3 Institutional Development

Upgrading socio – economic conditions of Mahaweli settlers through providing entrepreneurship opportunities, capacity building, institutional strengthening, women empowerment, social and cultural development were major initiatives implemented as post settlement programme of MASL. Accordingly, Institutional Development Division of MASL has organized series of programmes and workshops covering above subject areas for the betterment of second and third generations of Mahaweli settlers.

It was able to conduct 3,090 institutional development programmes, 651 Community development programmes and 88 programmes related to women development during the period of 2018 January – December.

1.3.4 Forest & Environment

Forest & Environment Conservation

Environment Division continues to manage and coordinate all environmental activities within Mahaweli areas. Assigning priorities for the “Punurudhaya (පුනරුදය)” the three-year action plan under the national environment programme with the Environment Ministry for the implementation of green concepts practically in all Mahaweli areas.

Financial allocation for the 2018 was SLRM 35 out of which SLRM 30.66 utilized at the end of this year.

Under the natural resource conservation for the soil conservation 15367 m m of on farm soil conservation were completed. During the year, 357,934 plants were produced under the nursery management and plant production programme while 33,595 of trees were plants to increase the tree density of the area. In order to measure and improve the quality of water 19 water quality measurement points and 7 sedimentary measurement points were established during this year. Furthermore 23 nos of Environmental Education and Awareness programmes were conducted with the participation of school children and to control and manage the intensive alien species programme was in carried out in 24 tanks in Mahaweli areas. To control the human elephant conflicts of the Mahaweli areas 18.6 Km of elephant fence were constructed and 666 Km of elephant fence were maintained (299 Km in Moragahakanda Project) during the end of year 2018.#

Renewable Energy Production Enhancement (Mini Hydro Power Projects)

Letters of intents have been issued for the construction of 21 mini hydropower stations in Mahaweli areas with a total capacity of 56.03 MW of hydropower. 12 projects have been already commenced for commercial operation up to end of December 2018 with the capacity of 39.85 MW.

1.3.5 Business Development

Renovation of 08 circuit bungalows with modern furniture has already been completed and 4 circuit bungalows furnish completed without renovation. 12 bungalows were already available on online booking.



Kothmale



Maduruoya



Ruhunuketha

Mahaweli Hela Bojun Hala

Established 03 “Mahaweli Hela Bojun Hala” with commodity sales outlets in Welikanda, Dehiaththakandiya, and Moragahakanda.



Investments opportunities for Private Sector in Mahaweli Areas

Approvals were granted to 36 new Investment and other development projects in Mahaweli lands during January to December 2018.

Investment Projects	29
Renewable Energy Projects (Solar/ Dendro)	07

Promotion of Small and Medium Scale Enterprises (SME's)

With the collaboration of Regional Development Bank (RDB) MASL was able to assist 1722 entrepreneurs in Mahawali areas amounting of SLRM 285 under the “Mahawali Saviya” (මහවැලි සවිය) special loan programme. Under the new SME programme of “Moragahakanda Athwala ” (මොරගහකන්ද අත්වැල) it was able to assist 33 entrepreneurs for their business development accounted SLRM 9.6 since 2017 up to end of 2018.



Boat Services

Environment friendly boat services are another key income generation project of business development division. There are 6 boat services in operation up to end of 2018 in Victoria, Polgolla, Dambuluoya and Loggal oya under the authority of Mahawali which are generating SLRM 1.1 income based on year levy.

1.3.6 Facilitate the Convenient Working Environment

i. Human Resource Development / New Recruitments / Staff Promotions

To provide efficient and effective service the authority was able to complete most of its carder recruitments in line with revised SOR during the period of January to December 2018.

Number of Vacancies Fulfilled		Promotions	
Senior Management (HM)	1	Senior Management (HM)	02
Middle Management (MM)	26	Middle Management (MM)	14
Junior Management (JM)	5	Junior Management (JM)	33
Management Staff (MA 3, MA 2-2, MA 1-2)	109	Management Staff (MA 3, MA 2-2, MA 1-2)	77
Primary Level (PL)	70	Primary Level (PL)	04
Total	211	Total	130

ii. Training

To improve the strengthen of the employee while bringing them to the higher level of skills and knowledge several training programmes were conducted under varies subject by the training division of the authority.

Training Programmes Conducted (Jan. – Dec, 2018)		
	Programmes	Participants
Senior Management (HM)	10	40
Middle Management (MM)	27	151
Junior Management (JM)	24	218
Management Staff	35	447
PL	4	202
Total	100	1058

1.3.7 Legal Enforcement

During this period, 160 court cases were following up by the legal division under the guidance of Attorney General Department while the head works division involved in 32 case hearings were conducted to solve some of the pending legal cases of MASL. Furthermore 03 new cases have been filed.

1.3.8 Water Management

The Water Management Secretariat (WMS) ensured the efficient utilization of the water resources of Mahaweli reservoirs. While coordinating with CEB, Water Board, Dept. Irrigation, and Metrology Dept. to meet the countries' Agriculture, Hydro energy, Drinking and water requirements. WMS also provided information and recommendations to the Water Management Panel to assist it in reaching its operational policy decisions.

Water Storage Capacity of MASL Reservoirs

Reservoirs/ Tanks	Live Storage (MCM) (2018.12.31)	Active Storage (MCM) (2018.12.31)
Kotmale	143.5	121.3
Victoria	593.8	559.8
Randenigala	770.1	376.7
Rantembe	5.2	0.8
Bowatenne	17.2	14.9
Udawalawa	266.2	237.9
Moragahakanda	556.3	503.7
Dambulu Oya	10.8	5.4
Kandalama	31.4	27.6
Kalawewa	116.9	101.9
Ulhitiya/Rathkinda	124.6	61.2
Maduru Oya	521.3	402.3
Total	3,157.3	2,413.5

1.3.9 Internal Audit

To ensure the effectiveness of the functions of the authority under the Internal Audit division issued 17 audit reports and 17 investigation reports during this year.

2. Power Generation Capacity of Mahaweli Reservoirs

Reservoir	Gross Storage (MCM)	Generating Capacity (MW)	Power Generation July - December 2017	Power Generation Jan - June 2018
Kotmale	174	201 (67 x 3)	230.44	208.79
Victoria	722	210 (70x3)	193.59	250.48
Randenigala	860	126 (63x2)	53.53	118.36
Rantambe	7.001	49 (24.5x2)	38.37	66.26
Ulhitiya/Rathkinda	146	-	-	-
Maduru Oya	596	-	-	-
Bowetenna	23.5	40 (40x1)	47.21	23.13
Udawalawe	268.65	6 (LB- 2x2+RB- 2x1)	1.25	8.98
Ukuwela	-	40 (20x2)	99.36	84.44
Polgolla	4.112	-		
Moragahakanda	570	25	-	28.57
Sub Total	3,371	697	664	789

3. Punarudaya National Programme (2016-2018)

Field		Programme and Strategies	Indicator	Performance for the past years			Targets
				2016	2017	2018	2019
Summary of the sustainable Land Management field	1	Natural resource conservation and upper watershed management	13. Salt, watver, Contour line, Yeti drains, Check Dam	16574m	14754m	15, 367m,	16000m
				19.36m ³	30.48m ³	176.17m ³ (80 acer)	100m ³
			Plant Production (Plant)	332705	169178	143,619	240000
			Education and awareness programs	68	29	23	80
			Tree Planting (Plant)	118701	13360	33,595	25000
	2	Improve the biodiversity, quality of	Tissue culture Bamboo plant production	387574	114813	166558+ Planting	100000

		the nutrient area and the sustainability of water resources				containers 25275	
			Hydrology, sedimentation and water quality records (Mahaweli River Purification Program)	Seven measurement locations have been reported	Seven measurement locations have been reported	Water quality is measured in 19 recording stations on Mahaweli Upper watershed	7 sedimentation monitoring stations and 19 water quality measurement points in Mahaweli upper catchment
			Removing of invasive alien plants	2.5 hec	-	10.75 hec	15 hec
	3	Joint program to prevent invasive plant propagation in reservoir areas	reservoir	15	26	Reservoirs 24, invasive alien plants 6.8 hec	50
	4	Tree Planting Program for Mahaweli systems	Plant Production (plants)	279369	325383	214315(Funding under the Environment section is only 2 system)	300000
			Tree Planting (Plants)	61320	35563	352590	200000
	5	Programme to control Human Elephant conflict	Construction of electrical fence (Km)	2.5	7	1.6	10
			Maintenance of electrical fence	55	75	666 Km(Including 299 km from Moragah	350

						akanda Project	
			Construction and Maintenance of live fence -km	12	7	17	50