



Food Supply and Distribution to Colombo



**Report of a workshop held in Colombo
on 22 and 23 September 1999**

organized by the Municipality of Colombo
under the auspices of
FAO's initiatives on "Food Supply and
Distribution to Cities" and
the "Integrated Food Security Programme
Trincomalee" of GTZ

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Summary of Workshop Deliberations

Some thirty participants from various Central Government institutions, the Municipality of Colombo, Moratuwa and Ratnapura, representatives of consumers, traders, food processors and transporters associations attended the workshop organised by the Municipality of Colombo, under the auspices of FAO's initiatives on "Food Supply and Distribution to Cities" and the "Integrated Food Security Programme Trincomalee" of GTZ.

The major objectives of the workshop were:

1. To identify problems and constraints affecting the food supply and distribution system to Colombo, presently and ten years hence.
2. To identify approaches and strategies to improve FSDS systems so as to enhance urban food security.

The population living in Colombo and its suburban areas is growing at 2.5 percent per year, so that by the year 2010, there will be over 2 million inhabitants. Such growth is expected to be accompanied by increasing levels of urban poverty, presently estimated by participants to vary from 20 to 50% according to the definition. Urban poverty is likely to increase further because of rural-urban migration and the present economic situation, which makes it difficult for people to find employment.



Manning Market, Colombo - Photo: O. Argenti

Most vegetables, particularly leafy vegetables, come from peri-urban areas which are likely to be lost because of urban expansion. Thus, food will have to come to Colombo from further afield at an obviously higher cost. To limit this, specific strategies and appropriately enforced regulations designed to maintain food production in peri-urban areas, are required. To ensure household level food security, increased home gardening should be promoted.

In order to increase food supplies reaching Colombo and to decrease marketing costs, rural-urban linkages need to be strengthened: roads, transport facilities, assembly markets and appropriate packaging and storage facilities. Off-season cultivation and improved production planning need to be encouraged. This requires not only selected market and road development investments but also information and training activities carried out through an efficient marketing extension system in collaboration with the concerned local authorities and private associations.

The city of Colombo does not have a dedicated wholesale market, the Manning markets fulfilling both wholesale and retail functions. All seventeen wholesale/retail public markets in Colombo are inadequate and badly located. A participant claimed that it takes two hours to enter and leave the central market with his lorry. Market management and supervision are also considered inadequate. Spontaneous food marketing activities have emerged which contribute to traffic, health and environmental problems. Ample parking facilities and space for loading and unloading activities are required and consideration should be given to building new, properly designed and located markets. Particular importance was attached to the need for retail market facilities in newly urbanized areas, which are likely to be inhabited by low-income consti-

tuencies. Local authorities need to incorporate such needs into their urban development plans for such areas.

Emphasis was also laid on the need to relocate pavement vendors to places where people frequently move to and to promote hawkers centers and weekly fairs, which are low-cost forms of food distribution.

The decreasing financial resources available to local authorities and the usual delays in implementation of activities, make it necessary for the private sector to take upon itself greater responsibility in the development of their trading surroundings, without waiting for the public sector to solve their problems. Private investments in market facilities should therefore be encouraged. This requires appropriate incentives and clear rules governing public interventions.

Ownership, construction and management of future markets should be the responsibility of the private sector with local authorities being involved in the regulation of markets.

Consideration was also given to the inadequacy of current legislation and regulations adversely affecting, directly or indirectly, food supply and distribution activities. The subject is very complex and requires specific attention in identifying constraints to efficient daily food marketing activities. The Municipality of Colombo may undertake this in collaboration with the Ministry of Trade, the Chamber of Commerce and private associations.

The need for well organized private associations (traders, transporters, consumers, etc.) able to voice their concerns and problems and promote adequate solutions, was considered essential. The Chamber of Commerce of Colombo could take an active part in this important process, in collaboration with the local authorities.

To adequately meet the food needs of Colombo and its suburbs, it is considered essential that a clear, technically sound and feasible food supply and distribution policy for the urban areas in and around Colombo be defined following a participatory and inter-institutional approach. Common goals and objectives need to be established as well as clearly identified institutional responsibilities for the implementation of the policy.

National food security policies designed by the Central Government were considered inadequate to solve problems at the local level. The Local Authorities, which are in close and direct contact with local problems, should formulate urban food supply and distribution policies in collaboration with the concerned central authorities and the private sector. In order to improve co-ordination of interventions at national and local level and ensure consistency, it was also suggested that the Local Authorities should be represented in the Weekly Food Security Meeting conducted by the Ministry of Trade, Food and Commerce.

The workshop not only identified major constraints currently affecting FSDS, but it also underlined the consequences of both urban expansion on urban food security and lack of adequate interventions to solve present constraints. Furthermore, it stressed that urban food supply and distribution matters are the responsibility of Local Authorities and that their solution necessarily requires active involvement of all concerned public institutions at central and local levels, as well as that of the private sector.



Traffic congestion in
Manning markets
Photo: O. Argenti

An overview of the issues

Introduction

The workshop on Food Supply and Distribution to Colombo was held on 23 - 24 September 1999. Twenty-eight participants attended from various Central government institutions, the Municipality of Colombo, Moratuwa, Ratnapura and Galle, representatives of consumer associations, traders, food processors and transporters. The workshop was organised by the Municipality of Colombo, under the auspices of FAO's initiative on "Food Supply and Distribution to Cities" and the Integrated Food Security Programme Trincomalee of GTZ. The main objectives of the workshop were a) to discuss existing problems and constraints affecting the food supply and distribution system to Colombo and those that might arise over the next ten years and b) to identify approaches and strategies to be undertaken to enhance urban food security. This paper was based on the workshop findings.

Urban Growth

Sri Lanka's population was 18.8 million in 1998, 22 percent living in urban areas. According to UN sources, the urban population is expected to reach 43 percent in the year 2025. The population in Colombo is growing at 1.7 percent, higher than the country's growth rate of 1.2 percent. The urban growth rate is forecast to be 2.8 percent by the year 2010. The Urban Development Authority (UDA) has recently prepared a plan to develop Colombo as a commercial and financial center in South Asia. This should result in further population increases for Colombo and its suburban areas.

The increased urban population will result in an increased urban food demand. It was estimated that rice consumption would increase from 57,295 Mt. in 1998 to 70,550 Mt. in 2010, an increase of nearly 25 percent; vegetable consumption from 29,300 Mt. to 49,193 Mt., an increase of nearly 70 percent, and bread con-

sumption from 35,265 Mt. to 65,260 Mt., an increase of 85 percent over the same period.

Urban Poverty

According to available statistics, urban poverty in Sri Lanka was 12 percent of households in 1995/96, down from 16 percent in 1985/86. However, the urban poverty level estimated by workshop participants varied from 20 to 50 percent for different Municipalities. Many indicated that poverty has increased in urban areas due to a drop in economic activities and a decline in real wages with high inflation, which reached 15.9 percent in 1996. In Colombo, low-income families live in Mattakkuliya, Thotalanga and Kirulapana areas. Their main income is from daily wages. Urban poverty is likely to increase further because of increasing rural-urban migration, high food prices and the present economic situation which makes it difficult for people to find employment. Increasing food prices will have a severe impact and will increase poverty because over 70 percent of the incomes of the poor is spent on food.

Urban and Peri-urban Agriculture

Twenty percent of the Colombo Metropolitan Region is occupied by paddy fields and 35 percent by highland crops. Paddy is mainly grown for home consumption. Highland crops, particularly tropical vegetables and fruits such as pineapple, rambuttan, and mangosteen are grown for the urban market. These products have strong demand due to high consumer preference. During the last two decades many paddy fields have been converted into growing highland crops, especially leafy vegetables. At the same time, some lands have been lost to urban housing and factory construction, especially in Colombo. This trend has been on the increase because of accelerating demand for land for housing and industries. Thus, land values have gone higher. As nearby land is used for other purposes, food will have to come to

Colombo from distant areas at higher cost. This will have an adverse impact on household food security, especially that of low-income families.

Rural-urban Linkages

Food production is mainly concentrated in rural areas where land and labour are available. Demand for food comes mainly from cities where people are employed in the industrial and services sector. Food supply and distribution systems to Colombo consist of a set of complex activities, which include assembling, transporting, processing, wholesaling and retailing. In a country like Sri Lanka where food production is in the hands of small producers, a large number of intermediaries are involved in food supply and distribution activities.

Both the public and private sectors are involved in food supply and distribution to Colombo as shown in Figure 1 and 2 but, over 90 percent of food supply and distribution is handled by the private sector. At the farm level, paddy is mainly purchased by Collectors and Millers. Collectors sell paddy to millers who supply rice to commission agents in Colombo. The emerging trend is that millers supply directly to retailers, thus bypassing commission agents. Some millers have already established wholesale shops in retail markets. The Co-operative Wholesale Establishment (CWE) and the Multi-purposes Co-operative Societies (MPPS) are two government organisations involved in paddy purchasing and rice distribution. They purchase paddy from farmers through their collecting centres and mill paddy in their own mills. Rice is transported to wholesale centres by their own lorries and then distributed to retail outlets. Apart from rice, other grains, pulses and condiments are purchased by private collectors at farm level and sent to commission agents in Colombo. As with rice, direct selling to retailers has become more common. Government organisations are involved in purchasing these commodities on an ad-hoc basis, particularly in peak harvesting season.

Temperate vegetables, which are mainly grown in the hill areas, are sent directly by farmers to commission agents in Manning Market through organised transporters. Meanwhile collectors purchase tropical vegetables from farmers at weekly fairs (polas) and send them to Manning Market. Farmers sell fruits to collectors who in turn supply the Colombo wholesale market. As with grains, direct supply to retailers by collec-

tors has been growing. The direct food supply arrangements to the urban retailers have reduced marketing costs and post-harvest losses through improved packing, handling, loading, unloading, and quicker delivery of products.

Although food should be available throughout the year at an affordable price to ensure urban food security, food prices in Colombo are highly seasonal. Rice prices are relatively high during the period November to January while vegetable prices register a sharp increase in May, June and December. This results in lower consumption especially in low-income urban household, thus affecting their nutritional levels. Participants observed declining food production in the country due to cheap imports, which resulted from import liberalisation implemented since the early 1980s. Although urban consumers benefit from low prices due to imports they would suffer in the long run if world market prices increase. This has already happened with some commodities, such as onions, the prices of which doubled in 1998.

Trucks are used in transporting food from producing to urban areas. Rail transport of food is not commonly used due to delayed delivery and inadequacy of rail wagons. Participants had different views of the proportion of transport charges in the consumer price, ranging from 5 to 30 percent. However, transporters claimed low transport charges. Further, local authorities in rural areas do not maintain roads properly. Bad roads in the producing areas increase travelling time, cause damage to commodities and delay the arrival of trucks in Colombo. This leads to spoilage of perishable products and deterioration of product quality. Overloading of trucks is common, doubling the rated capacity of the truck because truck owners can increase their incomes. Rates are set according to weight or piece basis. Long travelling times and overloading are major determinants of high food losses.

Wholesale markets

The city of Colombo does not have a market exclusively for the wholesale trade of food. All three wholesale markets, namely grains, vegetables/fruits and fish were originally established for wholesaling but now also undertake retailing. These wholesale markets are located within the central city area of Pettah as shown in Figure 4. Wholesaling of grains, pulses and dried food items occurs mainly along the narrow 4th Cross, 5th Cross, Keyser and Prince Streets

Figure 1

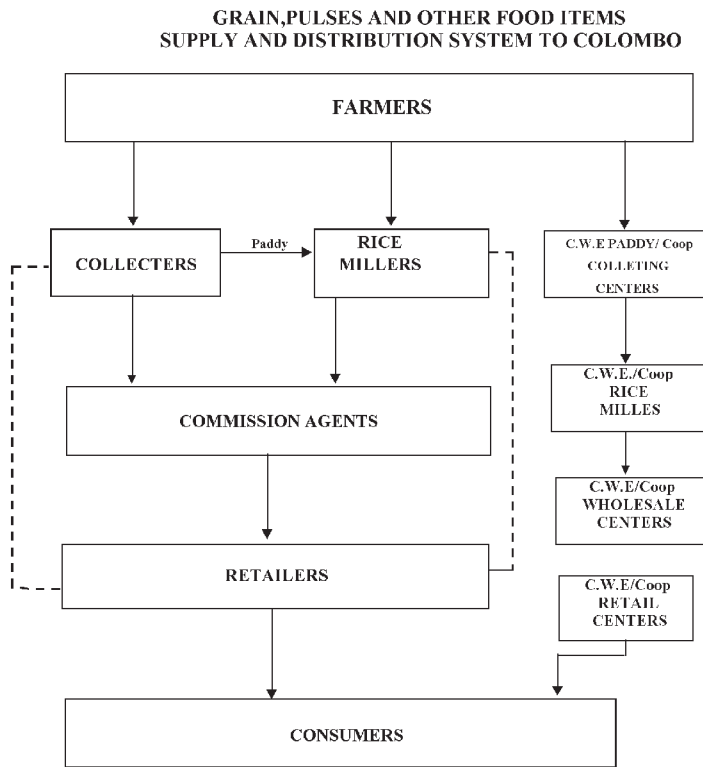
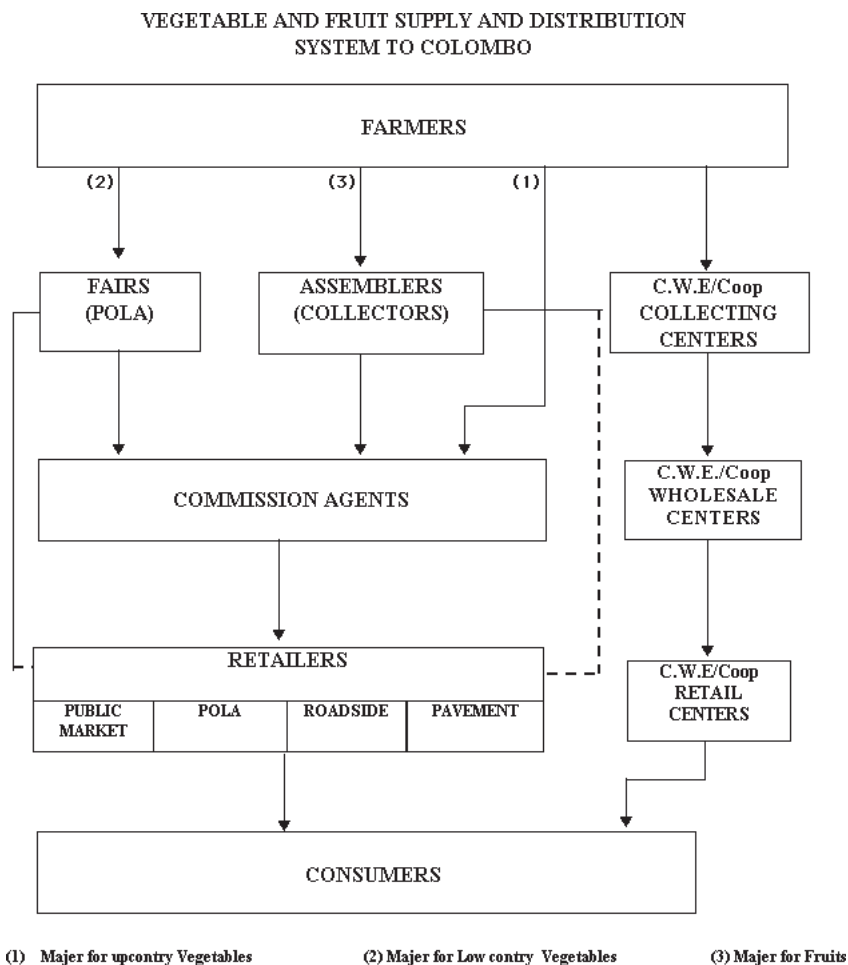


Figure 2



where over 325 traders have established shops. The Bazaar on 4th and 5th Cross Streets where the bulk of wholesaling takes place does not have adequate space to accommodate the large volume of goods traded there each day. After import liberalisation in 1994 a large volume of imported items, such as onions, lentils and potatoes, enter the wholesale market in addition to the local supplies. For instance, over 10,000 Mt. of imported potatoes arrive at the market every month ; imports were almost non-existent 10 years ago. Most of the shops are very small and can only store limited quantities of food items. Traders have rented stores outside the markets thereby increasing their costs.

A fish market was recently built near the grain wholesale markets. It has cool storage facilities, water supply and electricity, but toilets and parking space are inadequate. There are over 200 traders in that market.

The largest wholesale market for fresh vegetables and fruits has been temporarily housed by the Colombo Municipal Council (CMC) for over 15 years within an old dilapidated and abandoned warehousing complex. There are reportedly over 1,000 traders in that market. Of this, about 700 traders are commission agents (600 for vegetables and 100 for fruits) and the rest undertake both wholesaling and retailing. However, this place is inappropriate for wholesale activities because there is no adequate space for buyers to move , no open space for ventilation and not enough space for parking incoming and out-going lorries. A participant claimed that it takes him two hours to enter and leave the market with his lorry.

Existing wholesale markets are congested due to increased supply and demand for food, which is further, increased due to rapid urban population growth. Buyers often spend over two hours in the market to purchase their requirements. Within the wholesale market facility, there is inadequate drainage which easily leads to flooding, damage to interior road ways, erosion around structures, deterioration to whatever goods are stored, and

poor hygiene conditions, which are hazardous to the health of traders and their customers. Wholesalers have already lost many of their big customers, such as exporters and hotel suppliers who now deal with registered suppliers. Also, trading activities contribute to severe traffic congestion. Over three hundred lorries per day enter the bazaar on 4th and 5th Cross Streets to load and unload goods. Similarly, over 100 lorries carry fresh vegetables to Manning Market each day during the peak harvesting periods. Each day over 300 three-wheelers enter the Manning Market to pick up vegetables for roadside shops in and around Colombo. Many of the food wholesaling activities occur during the period between 6 - 10 a.m. when much of the floating population arrives in the city for employment, commercial activities and education purposes. The estimated floating population was 1.5 million on any working day in 1998. Vehicles entering the city on a working day have been estimated at 275,000. The traffic problem has been aggravated by the concentration of all forms of economic, commercial and administrative functions in the central city area. The average vehicle speed has been reduced to around 10 km per hour within most parts of the city during the day. Nearly 50% of the lorries carrying vegetables to the Manning Market reach Colombo before 4.00 am though the market opens at 6.00 a.m., to avoid the traffic congestion. However, keeping vegetables in trucks for long hours results in increased spoilage.



Fruit and vegetable wholesaling in Manning markets - *Photo: O. Argenti*

Retail markets

The retail marketing system includes public markets, fairs, groceries, vendors, hawkers, co-operatives, and Co-operative Wholesale Establishment (CWE) shops. Supermarkets are just beginning to develop but are limited to high-income residential areas. The share of Co-operatives and CWE shops is estimated at less than 10 percent of the retail trade. Seventeen public markets mainly provide daily necessities to city dwellers, but their importance is being reduced due to an inability to compete with fairs, street vendors and roadside shops. Fairs originally developed in the rural areas to buy and sell farm produce. They have become increasingly popular in cities due to low prices and availability of a different variety of goods. Similarly, groceries on the roadsides have been on the increase for selling dried goods. Pavement traders are increasing due to easy entrance to business and strong demand for street food. Many pavement traders purchase items on a credit basis and payment is made after each day's sales. Some borrow money at a high interest rate, i.e., 10 percent per month in order to do this business. Market competition at the retail level appears to have increased rapidly during the last decade. The recent trend is that food wholesalers retail at lower prices than before. Many retailers reported that their margins dropped to 6-5 percent from the 10 percent level. Although the entry of more retailers is generally seen as a sign of a healthy competitive marketing system, it has the disadvantage of reducing the possibility for innovative behaviour and can lead to atomistic competition.

During discussions a number of points were raised. Many public markets and weekly fairs lack basic facilities, such as electricity, water, toilets, drainage services and parking facilities because these are not priorities of the Municipal Council and officials did not have a dialogue with traders at the time of market construction. Retailers are involved in sorting, washing and cleaning of vegetables because such activities are not undertaken by the farmers. However, there is no space in the public market for such activities. Inadequacy of physical facilities in the retail markets reduces efficiency in transactions, which adversely affects the food cost. Food quality may be poor due to the absence of standards. The Standards Bureau has imposed standards only for rice but they are not implemented. Also, retailers are not sensitive to food

safety and food quality, hence they display foods without any protection, especially on the pavement. This creates health problems, such as food-borne diseases (diarrhoea), and in some cases, epidemics like cholera. The main problem confronting pavement traders is the absence of a permanent place to sell, though they provide food at low cost. The local authorities have not acknowledged that street food vendors are part and parcel of the urban food distribution system.

In Sri Lanka, farmers do not undertake cleaning, sorting, washing and grading. These activities take place either at wholesale or retail level. This results in huge garbage collection in and around the urban markets. The total cost of solid waste management in the Colombo municipality amounts to approximately Rs. 62 million or Rs. 330 per ton per year. At present, 800 Mt. of waste is collected per day by the Colombo Municipality. The majority of the municipal solid waste was deposited at the landfill site at Welampitiya (12 Ha.). The operation of this landfill by the Council has now been terminated as it had reached saturation. A proposal has been prepared to dump garbage at Meepe, 20 miles away from Colombo, but it had to be dropped because of environmental problems in the area. Garbage disposal will be a severe problem in the future as the amount is expected to increase to 2,630 Mt. per day by the year 2010.

Most retail markets in Colombo are poorly designed and badly located. Many have been constructed by the Municipality at high cost, as two-three storey buildings, even though Sri Lankan consumers want to do quick shopping on the way home. As a consequence, pavement traders and weekly fairs are crowded while public markets built by the Municipality are underutilised. Examples of partially abandoned, poorly designed retail markets include Mount Lavinia, Maradana, Dematagoda and Thotalanga. All stalls in the markets are of a uniform size and a trader is given one stall only. This prevents economies of scale in business because those who want to expand their business cannot get larger stalls. The best example of a badly located market is the market at Delkanda. It has three stories although the town is small. Consumers prefer the fair near to the market so market occupancy is as low as 50 percent. The local authority has banned the fair operating in the evenings following a request made by market traders.

The participants were critical about high food prices. The reason given was the small-scale of business because of too many retailers in the market. Due to increasing unemployment many youths have entered retail trading. This is especially true for vegetables and fruits because of easy market entry conditions. Vegetable and fruit trading in Sri Lanka is a highly specialised activity. Each trader handles a few varieties only. Small-scale business and highly specialised trading compels traders to set high mark-ups to their buying prices. Vegetable retailer gross margins often exceed 30 percent of the retail price. Increasing food prices reduce consumer's purchasing power, particularly low income families because an average consumer spend over 60 percent of his income on food. Additionally, high vegetable prices seriously influence nutrition because vegetables are the cheapest source of many nutritional elements.

Market Management

Wholesale and retail markets owned by the Municipality of Colombo are managed by the council itself. A market supervisor, who is responsible for market management, has been appointed for each market. It was reported that he has no managerial skills and his presence in the market is rare. Similarly, some of them are vulnerable to corrupt practices. Even the Municipal Council has placed little priority on market management. As a result, many markets are in a bad condition; with no cleaning or any renovation. Even previously open spaces in the markets have been occupied by illegal traders, causing physical congestion, traffic, health, and environmental problems.



Market Legislation and Regulations

The municipality of Colombo has legal powers to impose rules and regulations pertaining to urban food supply and distribution. The representative of the municipality argued that existing legislation and regulations are adequate. The problem is enforcement due to political, social and technical constraints. However, some consideration was given to the inadequacy of current legislation and regulations, which adversely affect the food supply and distribution system. Although street food traders play an important role in low cost food distribution, there are no specific rules and regulations to protect them. Existing regulations undermine their role.

It was also pointed out that regulations are not reviewed and updated to cater to present requirements. Many laws were formulated during the closed economic period (1948-1977) and may not be applicable to today's context where open economic policies are in operation. Market access is a prerequisite to a successful market economy, but there are some practices adopted by the local authorities that adversely affect market entry conditions. The Municipal Council uses the traders money to build a public market by collecting non-refundable deposit fees termed "key money". The key money is a "once and for all payment" giving the tenderer "user rights" to his stall into the future. He has a right by law to get a new stall "free of charge" if the market is replaced by a new one. This practice has two limitations for entering this business. First, a large sum is required as key money. Second, the use of the stall goes from one generation to another. If one is not interested in undertaking business, the practice is to sub-let his stall to someone else, although this is illegal. This informal rent can be ten times higher than the formal rent. The formal rent charged by the Municipality does not represent the economic value because it is difficult to increase rents due to "user rights". All public markets in Colombo operate at a loss today. The danger is that the Council will not have adequate money to invest in market development activities even when they become imperative in the future.

Inadequate facilities and poor hygienic conditions in Manning markets cause health problems - *Photo: O. Argenti*



The lack of toilets in Manning markets means that market users have no choice

Photo: O. Argenti

Urban Food Supply and Distribution Policy

During the closed economic period (1948-1977) the government was directly involved in food supply and distribution. Essential food items, such as rice, flour, sugar and lentils, were distributed through a public distribution program at subsidised prices. A price control program was implemented for essential food items. Also, the government implemented various programs, such as fertiliser subsidy, credit at subsidised rates, irrigation facilities and guaranteed price scheme to increase food production in the country. The aim of these policies was to increase food self-sufficiency through the development of domestic food production.

After 1977, the government continued the food self sufficiency policy but has not undertaken direct interventions. Fertiliser subsidy, public food distribution program and food price controls were removed. In the case of food supply and distribution, the government's role changed from direct intervention to indirect intervention where its role was to monitor food supply and distribution in the country, especially in the urban areas. To undertake this, the government appointed two committees, namely the National Food Policy Committee (NFPC) and the Cost of Living Committee (CLC) in 1979. These two

committees consisted of representatives from all the ministries, departments and institutes related to food production and distribution. In addition, a Market Research Unit (MRU) was established within the Agrarian Research and Training Institute to provide necessary information and guidelines. The MRU regularly collects wholesale and retail prices in Colombo and submits them to the CLC, which met every week to discuss food supply and distribution, especially in the urban areas. If policy decisions, such as food imports under tariff concession, were required the CLC informed the NFPC, which met once a month, chaired by the Prime Minister. In 1994 these two committees were combined into the Weekly Food Security Committee (WFSC) chaired by the Food Minister in order to take decisions without delay.

Another important policy pursued after 1977 was the maintenance, by the private sector, of buffer stocks for essential food items. The Food Commissioner provides stores at a subsidised rate and requests the private sector to maintain minimum stocks as a buffer. Stockholders are allowed to import these items without import duty and duty is payable when stocks are released to the market. This policy is highly successful and cost effective compared to the government holding the stocks.

However, the participants criticised the present policy of importing food items at a low tariff rate. In 1996, the government removed all quantitative barriers in the importation of food items and allowed a 35 percent import duty. This resulted in decreased domestic production, especially over 50% for potatoes, chillies and onions due to cheap imports from India. However, consumers benefited from cheap imports by increasing their consumption levels. For instance, consumption of potatoes doubled (10,000 Mt. per month) after import liberalisation. However, participants viewed that too much dependency on world market for food items is not desirable and self-reliance is more appropriate as far as food security is concerned.

It was also highlighted that the country does not have a clear food supply and distribution policy and ad-hoc decisions are taken whenever problems arise. This reactive policy does not encourage private sector investment in promotion of food supply and distribution because of uncertainty in government policy. For instance, rice imports suddenly made by the government in 1997 caused considerable losses for those

who had paddy stocks, especially millers. Consequently, the private sector is reluctant to invest in rice milling. Urban consumers often complain about the quality of rice which they have to wash several times to eliminate its bad smell and to remove foreign matter.

Institutional Set Up

The major institutions involved in food supply and distribution to Colombo and their major responsibilities are listed in Table 1.

The common problems faced by ministries, departments and institutes are inadequate

funds, lack of qualified staff, absence of co-ordination among organisations and political influence. No proper coordination between central government and provincial councils (i.e. local authorities under the Provincial Council) was also reported at the workshop. Although local authorities are responsible for urban food supply and distribution, decisions are taken by the central government without consultation with the Provincial Council and local authorities. For instance, central government has made a decision to import poultry products recently, but it has adversely affected urban poultry farmers. The decision was made without any consultation with the Provincial Council.

Table 1

Institutions	Role
1. Colombo Municipal Council	<ul style="list-style-type: none"> • Management of Municipal Public Markets • Supply of Clean and Healthy Food to City Dwellers. • Ensure Food Quality and Enforcement of the Food Act. • Management of Traffic • Removal of Garbage
2. Urban Development Authority	<ul style="list-style-type: none"> • Urban Development Planning
3. Road Development Authority	<ul style="list-style-type: none"> • Road Construction
4. Department of Internal Trade	<ul style="list-style-type: none"> • Implementation of Consumer Protection Act • Development of Consumer Awareness • Support to Establish Consumer Society
5. Fair Trading Commission	<ul style="list-style-type: none"> • Control Monopolies, Mergers and Anti-competitive Practices Operating Against Public Interest.
6. CWE	<ul style="list-style-type: none"> • Supply of Food Items at Reasonable Prices
7. Department of Co-operatives	<ul style="list-style-type: none"> • Supply of Food Items at Reasonable Prices
8. HARTI	<ul style="list-style-type: none"> • Provision of Market Information
9. Department of Agrarian Service	<ul style="list-style-type: none"> • Maintenance of Minor Irrigation Scheme
10. Ministry of Agriculture	<ul style="list-style-type: none"> • Development of Urban Agriculture
11. Ministry of Trade	<ul style="list-style-type: none"> • Monitoring of Urban Food Supply

Conclusions

The major conclusions drawn from the workshop are as follows.

1. The present urban food supply and distribution system is unable to adapt to the changing situation in the city. Therefore, urban consumers do not have a timely and stable availability of good quality, low cost food products. This will become more acute if corrective actions are not taken soon because the population living in Colombo and its suburban areas is rapidly growing. Urban poverty and food borne diseases will increase, nutritional deficiencies can be expected, more unhygienic food would be available and environmental problems would increase.
2. Progress of urban and peri-urban agriculture is unsatisfactory. More and more lands are cleared for urban housing and factories. Land productivity is low due to neglect of urban agriculture in development plans. Due to all these factors food will have to come to Colombo from further areas at a higher cost.
3. Due to poor rural-urban linkages, production is not in line with market demand. This is the cause for food gluts and shortages in the market. Also, food moves from rural areas at a high cost because of poor infrastructure facilities, such as roads and assembly markets, and lack of support services such as transport, packaging and storage facilities.
4. The city of Colombo does not have a designated market exclusively for wholesale trading. The wholesale markets, originally established for wholesaling also undertake retailing. All public markets in Colombo both at wholesale and retail levels are inadequate, poorly designed and badly located. As such, many are underutilized. Market management and supervision are insufficient. Operation of public markets by the Municipality of Colombo is not cost-effective.
5. Economies of scales have been limited due to the very large number of traders both at wholesale and retail level. Although the increasing number of traders is generally considered as a sign of a healthy competitive marketing system, it has the serious disadvantage of reducing the possibility for innovative behaviour while overcrowding market facilities.
6. Street traders play an important role in food distribution, but they are not considered as part of the system.
7. Inadequacy of current market legislation and

regulations adversely affects food supply and distribution activities. Enforcement of legislation and regulations has been a problem due to political, social and technical constraints. Existing rules and regulations have not been updated.

8. National food security policies designed by the Central Government are inadequate to solve problems at the local level. Private sector investment in food supply and distribution has been reduced due to the government's ad-hoc approach to policy, rather than maintaining a systematic, stable policy framework.

Recommendations

The workshop participants made the following recommendations towards the development of the food supply and distribution system to Colombo.

1. Urban and peri-urban agriculture should be strengthened in order to provide food to urban consumers at low cost. The Ministry of Agriculture, both at central and provincial level, should endorse a development plan to increase productivity and production. It is proposed that home gardening be developed to ensure household food security. The Department of Agrarian Services should formulate legislation and enforcement of rules and regulations to prevent fertile land from being utilized for non-agricultural purposes.
2. In order to increase and stabilize food supplies reaching Colombo and decrease marketing costs, rural-urban linkages need to be improved. A market led production system to ensure year round production should be established through an efficient and effective extension mechanism. In order to reduce distribution costs, special efforts have to be made to develop group actions between both farmers and traders. Forward marketing arrangements should be established with producers by traders. The efficiency of market transactions is dramatically higher when larger quantities are handled. The level of trust between farmers and traders could be promoted through the development of such integration. The absence of trust results in extended transactions, the use of valuable floor space to repack and measure, and wastage of produce through spillage. Marketing infrastructure facilities and support services, such as roads, transport facilities, assembly markets, appropriate packaging and storage facilities need to be developed in order for

smooth functioning of the marketing system. The Municipality of Colombo has to play a leading role in implementing these activities and should negotiate with relevant organizations both private and public.

3. Market facilities at both wholesale and retail levels should be developed. The decreasing financial resources available to local authorities and the usual delays in implementation of activities, make it necessary for the private sector to take upon itself a greater responsibility in the development of their trading surrounding, without waiting for the public sector to solve their problems. Private investments in market facilities should be encouraged. This requires appropriate incentives and clear rules governing public interventions. Traders should identify suitable locations for storage and the local authority should then be able to release under-utilized markets for the purpose.
4. There is a real need to relocate pavement vendors to suitable areas and to promote hawker's centers and weekly fairs, which are low-cost forms of food distribution.
5. In order to address physical and traffic congestion, a few more wholesale markets need to be set up taking account of key factors, such as retail structure, geographical size of the area, size of the population, available transport facilities and the nature of the commodities involved. Also, new retail markets need to be set up in the newly urbanised areas. The design of markets (location and layout) should be finalised after consultations with users such as traders.
6. The need for well organised private associations (traders, transporters, consumers, etc.) able to voice their problems and promote adequate solutions, was considered essential. The Chamber of Commerce of Colombo could take an active part in this important process, in collaboration with the local authorities.
7. To adequately meet the food needs of Colombo and its suburbs, it is considered essential that a clear, technically sound and feasible food supply and distribution policy for the urban areas in and around Colombo be defined following a participatory and inter-institutional approach. Common goals and objectives need to be established as well as clearly identified institutional responsibilities for the implementation of the policy. The Local Authorities, which are in close and direct contact with local problems, should formulate urban food supply and distribution policies in collaboration with concerned central authorities and the private sector. In order to improve national and local level intervention co-ordination and ensure consistency, it was also suggested that the Local Authorities should be represented in the Weekly Food Security Meeting.
8. The workshop suggested further studies to examine legislative and regulatory constraints and food transport difficulties.



Fruit and vegetable retailing in Manning markets - Photo: O. Argenti

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FAO's Initiative
Food Supply and Distribution to Cities



FAO provides assistance to City and Local Authorities in developing countries and countries in transition to implement the recommendations previously indicated for urban food security through improved food supply and distribution systems.

Various national and international institutions have collaborated with FAO: International Union of Local Authorities (IULA7, World Union of Wholesale Markets (WUWM), Italo-Latin American Institute (IILA), Information Centre Food into Cities (CIAV), etc.

Numerous partnerships have been established with research institutions and development organisations world-wide to strengthen the impact of ongoing activities.

FAO has developed an interdisciplinary methodology for analysing complex food supply and distribution systems in a dynamic context.

Institutions, individual researchers and professionals from any country can join the Food into Cities Network. Members have privileged access to documentation, CD-ROMs and information about planned activities.

Further information can be obtained from the Web Site, the local FAO Representative Office or from the Focal Point.

Subject to external funding, FAO:

- conducts information and sensitisation activities for decision-makers at regional and national levels;
- undertakes and promotes research on selected themes;
- publishes technical documentation through its *Food into Cities* electronic Collection;
- conducts information and training activities for technical staff of City and Local Authorities, market managers, food traders, transporters, etc.;
- promotes dialogue and collaboration between City and Local Authorities and the private-sector;
- promotes North-South and South-South technical assistance partnerships among City and Local Authorities and facilitates the exchange of their experiences;
- provides direct technical assistance:
 - in the analysis of food supply and distribution systems to specific cities;
 - in the formulation of urban policies, strategies and action plans for the alleviation of urban poverty through the development of food supply and distribution systems.

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- *Food into Cities* Collection: more than 5000 pages of technical documentation freely available
- Sensitisation workshops in selected cities
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- Opportunities for sponsorships
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