

STUDY ON EFFECT AND IMPACT OF THE TEA OUTGROWER SYSTEM IN THE MATALE DISTRICT

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The outgrower scheme has been in operation in selected estates in the Matale district since January 2005. The scheme was introduced under the Plantation Development Project (PDP), funded and for the most part formulated by the Asian Development Bank (ADB). It is built on the Plantation Reform Project dating back to 1993 and is designed to transfer the ownership and improve the management of the plantation sector through the divestment of 23 regional plantation companies (RPCs); PDP sought to (i) enhance the profitability of the sector and (ii) improve living and working conditions of the estate workers. The PDP has several components including investment in plantation improvement, crop diversification, social development activities inclusive of capacity building of workers and management and housing improvement, environment initiatives, market development, institutional development and improving project management. The outgrower scheme (OS) was one of the sub-activities proposed under institutional development.

This assessment was commissioned by the Institute of Social Development. Its objectives are;

- (1) To examine how far and in what ways the outgrower scheme has been implemented in the selected study area.
- (2) To identify its benefits and any adverse outcomes from the viewpoint of the workers.
- (3) To identify ways and means of improving the implementation of outgrower schemes with a view to enhancing its benefits to the workers and promoting sustainability of the sector

This preliminary assessment mainly utilized qualitative research methods for investigation of the progress and impact of the OS.

Interviews were carried out among four different categories of people involved in the outgrower system; trade union leaders, representatives of plantation management (Elkaduwa plantation company), selected workers currently involved in outgrower programmes in selected estates, and Focus Group discussion with workers who were beneficiaries or non-beneficiaries of the scheme, in order to understand their opinions about the ongoing OS activities. In addition, some case studies are also presented.

The finding represents the views of three major stakeholders of plantation sectors, namely workers, trade unions and the management. There are many positives as well as negative effects that could be observed in this new outgrower system.