

Federation of Chambers of Commerce and Industry of Sri Lanka

A graphic illustration on a yellow background. It features a large blue gear on the left and three smaller brown gears on the right. A large, light orange curved arrow points from the blue gear towards the brown gears. Three smaller white curved arrows show the brown gears meshing together and rotating. The text "EMPOWERING SRI LANKAN BUSINESS" is written in a dark red, sans-serif font, following the curve of the large orange arrow.

EMPOWERING SRI LANKAN BUSINESS

Annual Report
2007

Our Vision

“We the apex body of chambers and associations of commerce and industry, champion in promoting business excellence in Sri Lanka”

Our Mission

“We make Sri Lankan businesses competitive locally and globally providing comprehensive and innovative business support services in a socially and environmentally responsible manner while adding optimal value to stakeholders”

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Introduction



FCCISL's 'Back to Business' Project wins World Award and brings honour to Sri Lanka

The 5th World Chamber Congress voted the 'Back to Business' project of the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) the "Best Unconventional Project for SMEs". It was held from 4th to 6th July 2007, in Istanbul, Turkey. The project was one of 55 entries from 38 countries that competed for the award. FCCISL is the first and only Sri Lankan chamber to win a prestigious world award to date .

FCCISL is the rallying point for free enterprises in Sri Lanka. It has empowered Sri Lankan businesses, in these changing times, to develop and enhance their competitiveness and global reach.

With a nationwide membership of over 50 chambers of commerce and business associations, FCCISL espouses the shared vision of Sri Lankan businesses and speaks directly and indirectly for over 12,500 business units. Collectively, these chambers serve an expanding membership of enterprises drawn from large, medium, small and tiny segments of sectors such as manufacturing, distribution, trade and services.

Set up in 1973, FCCISL pioneered the establishment of regional chambers of commerce in Sri Lanka, establishing 21 out of the 30 such chambers functioning today. It is the largest and most representative apex Chamber body in the Country.

As an umbrella organisation of the private sector, the FCCISL, has been playing a key role in promoting business and industry in the Country by providing its members with a wide spectrum of services ranging from the advisory, lobbying, consultative, promotional and information sharing.

The FCCISL's commitment, drive and mission continue in the ever-changing economic landscape of Sri Lanka, always pursuing 'newer agendas' as they develop.

In the knowledge-driven, globalised economy, FCCISL stands for quality, competitiveness, transparency, accountability and partnership between business, government and civil society, to spread ethics-based business practices and to enhance the quality of life of the common people.

The FCCISL has brought singular honour to Sri Lanka by becoming the first Sri Lankan Chamber to win a World Award at the World Chambers' Competition which was held in Turkey, in July 2007.

Our Objectives

The FCCISL is guided by the following key objectives that have undoubtedly contributed towards the success it has achieved thus far. What's more the organisation has made a conscious effort to review these objectives at regular intervals and take appropriate action where necessary, so that the organisation is able to sustain the momentum and growth it has been able to bring into the business and industry sectors of this country.

- To promote the interests of its federating units, both Trade & Industrial Associations and Chamber bodies.
- To aid, stimulate and play a catalytic role in the business and industrial development of the country.
- To protect, encourage and safeguard the cause of the private sector through its effective participation in the process of consultation and intersection with the Government, Ministerial Consultative Committees and other inter-related bodies or agencies.
- Provide Advisory services to the Government, lobby and participate in the formulation and execution of business and industry related policies, acts and programmes.
- To assist in the creation of an organised private sector in Sri Lanka through a network of Chambers of Commerce & Industry and Commodity/Sectoral Associations.
- Provide up-to-date information services to business and Government and the community at large.
- Foster co-operation with related national and foreign organisations.

The Federation of Chambers of Commerce and Industry of Sri Lanka over the years has earned a reputation as a responsible organisation that play a genuine and progressive role for the upliftment of business and industry sectors of the country.

Core Competencies

- A wide experience and expertise in diverse fields
- Quality service provider
- Continuous Government-industry interface for evolving a shared vision on economic matters
- Rallying point for promoting regional and international trade and investment
- Highly trained, experienced and accomplished multidisciplinary intellectual capital as its Secretariat
- Professional approach for evolving quick solutions to economic and industrial issues
- Institutionalised services in quality assurance, energy auditing, sustainable and environmental issues, human resources and industrial relations and small and medium enterprise development
- Wildest outreach in the private sector with 29 district and provincial based Chambers of Commerce
- One-stop-shop for promotion of Small and Medium Enterprises
- A long standing track record of formulating and implementing donor supported business and economic development programmes
- Reliable and competent partner in public-private partnership

It is with great pleasure and pride that I present the Annual Report of the Federation of Chambers of Commerce and Industry of Sri Lanka for the year 2007 to our members, partners and to all stakeholders.

Year-on-year, I have seen the development of the organisation and happy to be associated with the growth of the organisation particularly during the last few years. FCCISL has today become the premier institution that represents the widest cross section of the Sri Lankan business community including the much vital Small and Medium-scale business sector.

The unique philosophy of FCCISL which emphasises on equitable and sustainable economic development by creating a conducive business environment while providing full range of business development services has proven to be effective in addressing some of the economic challenges faced by the country in the recent past.

In terms of some of the special interventions of FCCISL the 'Back to Business' project and the 'Business for Peace Initiative' have created a great social and economic impact deviating from the conventional chamber services. These initiatives have been recognised not only in the national platforms but in the global platforms as well. The Back to Business project winning the world award for the best unconventional project for SMEs at the 5th World Chambers Federation Competition in July 2007 is a clear evidence of the international recognition for FCCISL initiatives.

I am also very happy to note that the FCCISL has now a professional team in place to carry out the mission of being a centre of excellence in chamber services not only in Sri Lanka perhaps in the whole of South Asia as well. The process has taken a lot of time and trial and error to achieve this level which will be a continuous process even in the future which gives the Federation its competitive advantage in the delivery of services.

As I step down as the 14th President of FCCISL after three and a half years of being in office, I only have a sense of achievement and feeling of satisfaction. I do hope my successors will keep this momentum and take this organisation to greater heights in the future. I am indebted and grateful to all individuals and organisations

including the staff and council of FCCISL, the Executive Board of the Project SMED and the Secretary General in particular who extended wholehearted support to me as well as to the organisation without which my mission would have been much difficult and achievements would have been insignificant.

I wish FCCISL all success in the future.

Nawaz Rajabdeen
President



4 Secretary General'/CEO's Message

I am very happy to inform all our members, partners, supporters and well-wishers that the year 2007 has been yet another eventful and successful year with many achievements to the credit of our Federation. Many of those pioneering and far-reaching initiatives have been highlighted in this Annual Report in details.

As I have been mentioning in my messages in the Annual Reports in the past few years, the focus during the year 2007 also has been to develop demand driven services to the membership and the business community, developing internal and delivery systems and procedures and investing in the organisation's human capital. This consistent effort over the last few years has commenced paying back to the organisation and the results and the impact are quite visible now.

FCCISL has been able to improve its service portfolio quite significantly during the last year. This includes our regular services to membership and the business community and special interventions to address specific economic problems affecting the business community such as the Back to Business project and the Business for Peace Initiative. These interventions have been flagship projects of FCCISL that has created significant impact and earned a lot of credibility to the organisation. FCCISL also has developed its institutional capacity by introducing international quality management systems, particularly the ISO 9000:2001 and SA 8001:2000 in addition to streamlining much of the day-to-day internal management practices and service delivery systems. In terms of investing in the human capital, I wish to mention that the team members of the FCCISL staff have been given many opportunities to develop their professional capabilities and management skills during the year. This includes exposure programmes and professional development programmes overseas. This effort will continue in the future as well, in order to develop FCCISL as a centre of excellence and a benchmark Federation in the South Asian region.

Many of our member organisations have been quite satisfied about our value addition to them during the year 2007. This is reflected in the increase of number of members and the full retention of the existing members. The regional chamber network which gives a huge competitive advantage to FCCISL has been further developed and will be an area of further investment in the next few years. We will also strengthen our SME service portfolio which will cater to the majority of our member organisations. FCCISL will also continue to lobby with the Government both at national level as well as at regional level in order to create a more conducive business environment.

As we endeavour to develop creative, innovative and more productive and effective services to our members in the next year, we will constantly look for new partnerships, alliances and opportunities. With regard to all the achievements we made in the year 2007, I am so thankful and grateful to all my colleagues in the FCCISL team, the Council, Office-bearers and the President in particular for the encouragement and unstinted support extended to me all the way. I am also very grateful to all our donors, partners, supporters and well-wishers for their support in numerous ways in making FCCISL, what it is today.

We look forward to support from all those individuals and organisations in the future as well.

Samantha B. Abeywickrama
Secretary General/CEO





Steering the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) is its dynamic council comprising of eminent and respected professionals in the commercial and industrial sectors of the country. As the highest policy making body of FCCISL the Council ensures that the most appropriate policies, guidelines and directions are established and it also continuously reviews the operations of the FCCISL to ensure that the institution is able to meet predetermined, organisational goals.

The Council consists of two representatives of each member body which includes the President, Senior Vice-President and a Vice-President who serve a tenure of two years each. Among the many responsibilities Council Members are required to accomplish are matters such as representing its membership at various high-profile local and foreign forums, providing leadership/contributing to the deliberations at important sub-committee and standing committee proceedings and lobbying and acting as a conduit to facilitate information sharing between members and policy making bodies.

6 Regional Chamber Development

Introduction

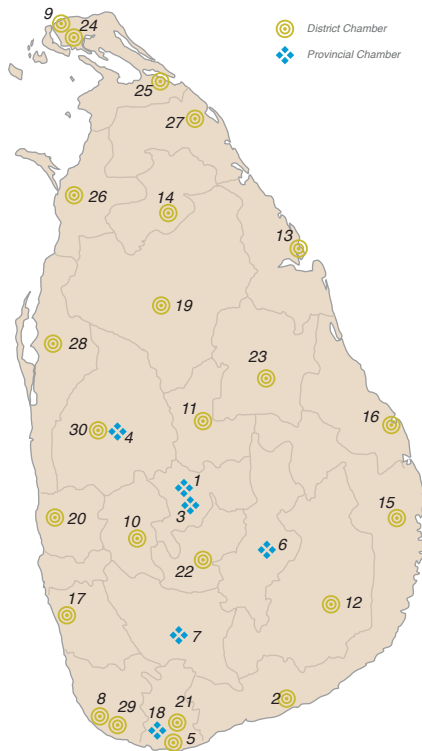
The Regional Affairs Division of FCCISL was initiated with the prime focus of supporting and facilitating private sector development in the regions. The absence of professionally managed institutional network, was identified as the main barrier for such development. When the Government declared the private sector as the engine of economic growth, a need was felt by both the Government and the private sector to organise the private sector at the regional level, in order to streamline the partnership for economic growth of the Country. Furthermore, the need to get nationwide representation and participation in the development process was highlighted. These objectives, thus prompted and encouraged the FCCISL to promote the establishment of Regional Chambers island-wide.

The first Chamber in Sri Lanka was established in Colombo in 1845 during the British rule of 'Ceylon' as an exclusive business organisation of the elite of the business community. But for more than 150 years, it served and found members mainly from Colombo and suburbs. However, in 1991 an eminent group of businessmen in Kandy, successfully formed the Central Province Chamber of Commerce, with the support from the FCCISL. In the following year, 1993, the Hambantota District Chamber of Commerce was established as the first district level Chamber in Sri Lanka. Following the formation of this institution, the Chamber network expanded rapidly, largely on account of the significant involvement of the FCCISL and the assistance from the donor community. The expansion of the Regional Chamber movement was culminated in 1996 with the establishment of the Puttalam District Chamber of Commerce, Industry & Agribusiness in 2006. This coincided with the celebration of 15 years in operation of the very first Regional Chamber. Currently, all 25 districts in the country has a Chamber of Commerce, founded and managed by the local entrepreneurs. These Regional Chambers have proved their worth in the corporation and the development of the private sectors in the various regions of the country.

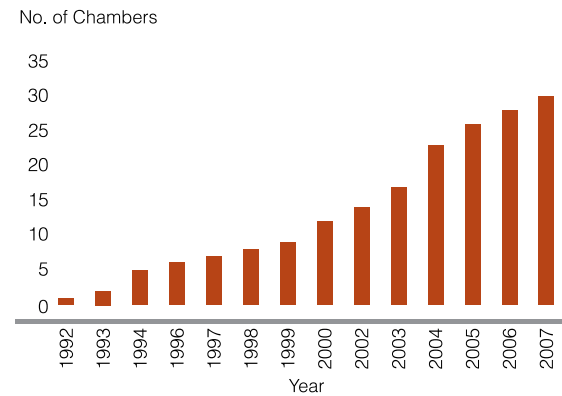
The ideal strategy for a chamber movement that seeks to aid the overall economic development of the Country entails several important aspects; Active participation by the members in terms of policy and regulatory decision making, the promotion of rural investments, local resource utilisation and value addition and the implementation of local economic development efforts through a partnership with the public sector. It will also facilitate the development and growth of local Small and Medium Enterprises (SMEs) and create rural employment opportunities that will contribute towards reducing the regional economic disparities. Given the appropriate support in order to enhance their capacities, the Chamber movement has the ability to significantly stimulate regional economic development.

Highlights - 2007

During the year 2007, the Regional Affairs Department had successfully achieved several significant milestones in its journey of developing the Sri Lankan Regional Chamber movement. During the year, the FCCISL came up with a regional chamber development programme titled, 'Regional Chambers Sri Lanka' in which 28 provincial and district chambers participated. The objective of the programme was the development of the regional chambers as a professional organisation; to be the voice of the business community in the regions, capable of delivering the growing and demanding needs of the business community. The establishment of the District Enterprise Forums (DEFs) in 17 districts as an effective method to improve the Public-Private Dialogue is considered to be one of the major breakthroughs in the area of regional policy advocacy. In formulating the regional policy advocacy process, a comprehensive research study was first carried out in order to identify the policy and regulatory issues that currently hinder regional economic development. The findings of study were presented to policy makers at the national conference held in Colombo.



Regional Chambers Development



Regional Chamber Development Interventions

Chamber Name	Year of Incorporation
1 Chamber of Commerce & Industry of Central Province	1992
2 Hambantota District Chamber of Commerce & Industry	1993
3 Central Province Women's Chamber of Small Industry & Commerce	1994
4 Wayamba Chamber of Commerce & Industry	1994
5 Matara District Chamber of Commerce & Industry	1994
6 Chamber of Commerce & Industry of Uva Province	1996
7 Sabragamuwa Chamber of Commerce & Industry	1997
8 Galle District Chamber of Commerce & Industry	1998
9 Chamber of Commerce & Industry of Yarpanam	1999
10 Kegalle District Chamber of Commerce, Industry & Agriculture	2000
11 Matale District Chamber of Commerce & Industry	2000
12 Moneragala District Chamber of Commerce & Industry	2000
13 Chamber of Commerce & Industry of Trincomalee District	2002
14 Vavuniya District Chamber of Commerce & Industry	2002
15 Ampara District Chamber of Commerce & Industry	2003
16 Batticaloa District Chamber of Commerce, Industry & Agriculture	2003
17 Kalutara District Chamber of Commerce & Industry	2003
18 Ruhunu Chamber of Commerce, Industry and Agriculture	2004
19 Anuradhapura District Chamber of Commerce, Industry & Agriculture	2004
20 Gampaha District Chamber of Commerce, Industry & Agriculture	2004
21 Matara District Women's Chamber of Commerce & Industry	2004
22 Nuwara Eliya District Chamber of Commerce, Industry & Agriculture	2004
23 Polonnaruwa District Chamber of Commerce, Industry & Agriculture	2004
24 Jaffna Women's Chamber of Commerce & Industry	2005
25 Kilinochchi District Chamber of Commerce, Industry & Agriculture	2005
26 Mannar District Chamber of Commerce, Industry & Agriculture	2005
27 Mullaitivu District Chamber of Commerce, Industry & Agriculture	2006
28 Puttalam District Chamber of Commerce, Industry & Agribusiness	2006
29 Galle District Women Entrepreneurs' Chamber	2007
30 Kurunegala District Women's Chamber of Commerce, Industry & Agribusiness	2007

8 Regional Chamber Development

Expansion of the Regional Chamber Network

During the year, the FCCISL successfully completed several programmes with the support of the donor community to develop the regional chamber network of the Country. The 'Regional Private Sector Development Programme' supported by the Royal Netherlands Government is one of the major programmes completed during the period under review. As part of this three-year programme, 9 new chambers were established and 2 chambers were supported for further development of its activities.

Two new chambers, Kurunegala District Women's Chamber of Commerce, Industry and Agribusiness, Galle District Women's Entrepreneurs were established during the year 2007 as exclusive women's chambers. The FCCISL welcomed this new development in the chamber movement, that has gained momentum with the formation of many businesses with women entrepreneurs at the helm.

Regional Chambers Sri Lanka Programme (RCSL)

The Regional Chambers Sri Lanka programme is focused on developing the organisational capacities of 28 Regional/District chambers and their service portfolios in a competitive, demand driven and sustainable basis with a solid business approach. Accordingly, lobbying and policy advocacy, service development, development of organisational capacities and professional competencies, income generation and peace building efforts have been identified as major areas of work of the programme. Emphasis is on overall organisational development, rather than on the development of individual services and management practices in an isolated manner.

The programme is planned for implementation in a period of three years from 1st December 2007 with the participation of all the major stakeholders. FCCISL strongly believes that the programme will

Puttalam District Chamber of Commerce, Industry and Agribusiness

Puttalam District Chamber of Commerce, Industry and Agribusiness was established by 10 committed entrepreneurs from the Puttalam District who pioneered and fostered the institutional presence of the chamber with the objective of serving the local business community with guidance from the FCCISL.

Delivering the demand-driven, high quality service had proved to be extremely challenging to this budding chamber in Puttalam. Yet, their determination to deliver the best service, that addresses the very needs of the district was highly commendable. This was evident in their chamber strategic direction; both in governance and management. Within a year, this chamber has become a progressive, result-oriented strategic unit that has a solid base of members and offers a diversified portfolio of services.

Among the many achievements of the Chamber, the University IT programmes takes the lead. The Puttalam District Chamber takes the credit for facilitating the decentralisation of the Colombo University Teaching programme. This was the first time, a national university, had out-sourced a Certificate course programme to another institute. Many students who had been deprived of these educational opportunities earlier, are now immensely benefiting from these innovative programmes. As a result of the continuous efforts of the Puttalam Chambers, the business community of the district is now provided with services, opportunities to take part in technical business discussion fora, awareness programmes, members' day events, and have an opportunity to share business information. Having proved their capacity to serve the business community efficiently, the Chamber has attracted many new members. The membership base has increased from 10 to 88 and is in the process of reviewing a further 29 for membership. The adoption of innovative approaches by the Chambers in offering membership was recently recognised by the FCCISL at the inaugural awards ceremony 2008. Despite the young, novice status of the Puttalam Chamber, it still managed to bag in the award for the second runner-up in this category. Today, the Puttalam District Chamber of Commerce, Industry and Agribusiness is not only a success story but also a role model for both the district and the entire country.

help to create a strong institutional framework for the private sector. It will be demand-driven, pro-active and futuristic, with good governance and the best management practices which will play an important role in creating a strong private sector in the Country.

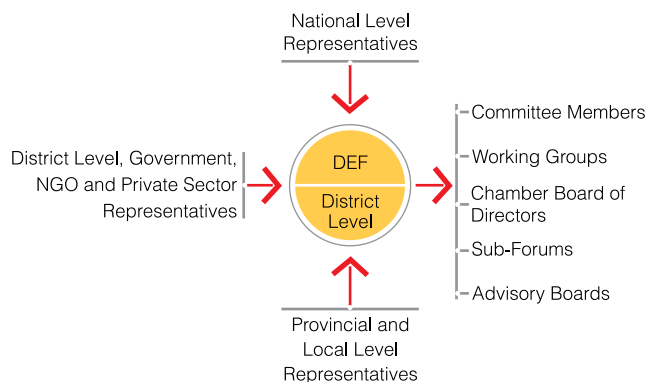
Regional Lobbying and Policy Advocacy

Strengthening the business organisations can create an effective mechanism to address and convey major business development issues with the relevant public sector stakeholders. The Chambers have a great role to play in this context. The role of the Chambers is to present an enlightened business leadership which recognises the best interest of the business community in order to achieve a prosperous future for the area. Unfortunately, many Chambers operating at the local level do not possess such capacity and mechanisms. As a solution to this, the FCCISL has facilitated the establishment of District Enterprise Forums (DEF) in 17 districts. The initial concept for this programme was borrowed from Sida supported ILO Entre-Growth Project. The District Enterprise Forum provides a platform for public-private dialogue at the district level where the private sector could have a direct and an uninterrupted dialogue with the public sector regarding various business issues. The District Secretary chairs the Forum and the District Chamber President serves as the Secretary. All key public sector officers and business leaders make up the Forum.

Success Story - District Enterprise Forum - Moneragala

An uninterrupted telephone service of consistent quality and Broad Band Internet access are identified to be absolutely important for the smooth running and the growth of businesses. However, the business community in the Moneragala District has been facing difficulties in carrying out their businesses with the desired efficiency due to the lack of these essential telecommunication services. This issue was taken up by the Chamber in the District Enterprise Forum. The issue was referred to the Telecom Authority in Bandarawela and as a result of which, the Broad Band facility was installed in the Moneragala area.

District Enterprise Forum (DEFs) - Public-Private Dialogue Forum



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1. Secretary General of FCCISL, Addressing Government Agents Forum in Colombo
2. District Enterprise Forum at Ratnapura chaired by Government Agent

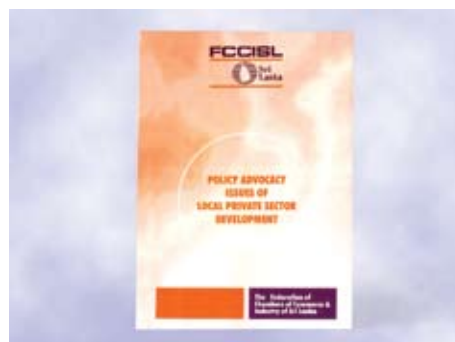
10 Regional Chamber Development

Research Study on Regional Policy Issues

Professional advocacy should always be supported by solid facts and figures in order to effectively convince the policy makers. As such, the FCCISL conducted an island-wide research programme covering all the 25 districts with the objective of identifying the policy advocacy issues of the local private sector in Sri Lanka. It also sought to offer recommendations on how the local chamber could effectively contribute to a policy dialogue through which a more private sector-friendly business environment could be put in place at the national and at the district level. The findings of the study assisted the chambers and associations to develop short and medium-term lobbying agendas and advocacy strategies that needed to be achieved. This particular research has clearly identified the issues faced by the regional private sector. The research has clearly revealed that the majority of the issues faced by the regional business community could in fact be sorted out within the existing policy framework with an effective co-ordination process.

National Conference on 'Policy Constrains, Regulatory Barriers and Regional Economic Development'

The National conference was organised by the FCCISL to serve two purposes - to create awareness among the national level policy makers about the policy constrains and the regulatory barriers faced by the regional business community and to facilitate the dialogue and interaction between policy makers and the regional business community. Key national level policy makers including the Minister-in-charge of Enterprise Development, Diplomats, Heads of NGOs and other national level organisations, national level and Regional Chamber Heads and regional level policy makers were invited to participate in the conference. A video documentary was produced and presented to the audience in order to highlight the current issues faced by the regional entrepreneurs and its impact on business operations.



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1. FCCISL Publication on Research - Regional Policy Issues
2. Inauguration of National Level Conference on Policy Advocacy
3. Dr. Saman Kelegama at the National Conference

Sri Lankan Entrepreneur of the Year

The 'Sri Lankan Entrepreneur of the Year' Awards identified as Sri Lanka's highest national honour to the business sector was organised for the 12th consecutive year by the Regional Development division of FCCISL to recognise the efforts and valuable contributions made by all categories of entrepreneurs from all parts of Sri Lanka during 2006.

The long running national award scheme organised by the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCIISL), is the first and the most comprehensive award scheme, that evaluates local businesses based on a multifaceted requirements list. This includes their financial strength, management style, employment generation capacity, technology used, competitiveness and the future viability of the company. The awards have also been a pioneer in recognising latent business talent. Laugfs Holdings Ltd., Nippolac Paints and K.I.K. Group of Companies have all been identified and felicitated by the National Entrepreneur of the Year Awards in the past. Since then, these entrepreneurs have grown in strength and financial clout to become global players.

Hence, the entrepreneur is recognised at two levels: at the provincial and at the national level by the awards programme. Plans are also under way to stage a provincial awards ceremony in each of the provinces. The number of regional awards ceremonies are to be decided upon based on the number of winners in each province. The grand event, the National Awards Ceremony for 2006 was held on 30th November 2007 at the BMICH, Colombo.

Selection Process

The application form used in the selection process is designed to accommodate a 360 degree evaluation of the candidate. It is designed to capture entrepreneurial qualities including vision, mission, innovation, strategies used, business success in terms of financial growth, future plans and response to social, environmental and statutory commitments as an entrepreneur. The evaluation is carried out by an eminent panel of judges comprising 10 members, representing diverse disciplines, nominated from prestigious institutions from the Government and the private sector in Sri Lanka. The evaluation process is comprised of four stages: preliminary screening and elimination, desk review, site inspection and individual interviews with the entrepreneurs.

Awards Presentations

North-Central & North-Western Provinces

North-Western and North-Central Provinces Award Show was held on 14th November, at the Seasons Hotel, Kurunegala. Chief Minister, North-Western Province Hon. Athula Wijesinghe was the Chief Guest while Mr. Brian Angunawala, Chairman, EDB was the Guest of Honour.



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1. Panel of Judges for the Entrepreneur of the Year Awards - 2006
2. Mrs. S. Liyanage
Gold Winner - North-Central Province
3. Mr. Bandula Gunawardena
Gold Winner - North-Western Province

12 Regional Chamber Development

Eastern Province

Eastern Province Award Show was held on 18th October at the Daya Apparels Auditorium, Ampara. Chairman, Daya Group of Companies Mr. Daya Gamage was the Chief Guest.

Uva & Sabaragamuwa Provinces

The Regional Award Ceremony for the Uva & Sabaragamuwa Provinces was held on 19th October at Victory Inn, Moneragala. The Chief Guest on the occasion was the Minister of Nation Building and Infrastructure Development, Hon. Jagath Pushpakumara.



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1. Mr. Donald Ratnajeewa
Silver Winner - Eastern Province
2. Mr. S. Lalan Perera
Silver Winner - Sabaragamuwa Province
3. Mr. D. Walter Lewis
Gold Winner - Uva Province

Southern Province

The Regional Award Ceremony of the Southern Province was held on 16th November at the Tangalle Bay Hotel. The Chief Guest on the occasion was the Governor of the Southern Province, Mrs. Kumari Balasuriya.

Central Province

The Regional Award Show for the Central Province was held on 15th November at the Grand Hotel, Nuwara Eliya. The Chief Guest at the occasion was Mr. S.B. Ratnayake, Chairman of the Central Province Council.

Western Province

The Western Province Awards Show was held on 30th November at the BMICH together with the National Awards. The Chief Guest at the occasion was the Norwegian Ambassador, Hon. Tore Hattrem.

National Awards - Sri Lankan Entrepreneur of the Year 2006

The Sri Lankan Entrepreneur of the Year National Awards was held on 30th November 2007 at the BMICH with the presence of a distinguished large

Message from the Platinum Winner

The 'Sri Lanka Entrepreneur of the Year' Award is the most important reward that I have received for the long and arduous journey in my life. It's a great pleasure to know that the moments of anguish and the moments of almost giving up have in the end lead to success and being recognised. In fact, it would be fair to say that this award is the ultimate honour that can be given to a Sri Lankan Entrepreneur. An award like this encourages and pushes us to achieve more success in our business. I urge all persevering persons to participate in this national tribute to the real entrepreneurs and get rewarded.

Mr. W.K.H. Wegapitiya

Chairman
Laugfs Holdings Ltd.

gathering. The Norwegian Ambassador, Hon. Tore Hattrem, was the Chief Guest at the event. A total of 26 entrepreneurs were presented with national awards for their entrepreneurial achievements.



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1. Mr. W. Jinadasa
Gold Winner - Southern Province
2. Mrs. Vagdevi Wimalangi
Gold Winner - Central Province
3. Mr. W.K.H. Wegapitiya
Gold Winner - Western Province

14 Special Projects

Special Projects Division currently manages the Back to Business Project and the Business for Peace Initiative (BPI). 'Back to Business' is an exemplary project that has set world standards and is considered to be a model on enterprise rehabilitation in post disaster context. It has made considerable progress in terms of achieving its targets ahead of time. Several key initiatives undertaken by the Business for Peace Initiative, to serve the affected entrepreneurs in the North and the East of the country have achieved considerable progress, despite being put under tremendous pressure by parties with vested interests and the extremely adverse operational circumstances.

FCCISL Back to Business Project wins World Award and brings honour to Sri Lanka and the FCCISL

The 5th World Chamber Congress voted the 'Back to Business' Project of the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) the "Best Unconventional Project for SMEs" at the 5th World Chambers Congress, held from 4th to 6th July 2007, in Istanbul, Turkey.

Organised by the World Chambers Federation (WCF), it is the only global awards programme to recognise the most innovative projects undertaken by Chambers of Commerce and Industry from around the world. The competition provides a unique opportunity for chambers around the world, to showcase their originality and ingenuity; to demonstrate their determination to strengthen the SMEs and to improve the services it provides its members.

The Back to Business Project, Sri Lanka's most innovative and comprehensive private sector led project to rehabilitate tsunami-affected livelihoods, and aiding the micro, small and medium enterprises is primarily supported by the Embassy of Netherlands. The project was one of 55 entries from 38 countries that competed for the award. The six finalists under the category of Best Unconventional Project for SMEs were, the Chamber of Economy of the Federation of Bosnia and Herzegovina, Liverpool Chamber of Commerce and Industry-UK, Massif Central Chambers of Commerce and Industry Union, France, Mongolian

National Chamber of Commerce and Industry, Victorian Employer's Chamber of Commerce and Industry in Australia.



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1. World recognition for the Chamber movement in Sri Lanka for the first time at the 5th World Chambers Competition held 4th-6th July 2007, in Istanbul, Turkey
2. The Chief Guest and the Guest of Honours at the Stakeholder felicitation ceremony of the Back to Business Project
3. The Back to Business Project team

The FCCISL President, Nawaz Rajabdeen, Immediate Past President of SAARC Chamber and past President FCCISL, Macky Hashim and Secretary General/CEO of FCCISL Samantha Abeywickrama, received this award on behalf of the FCCISL, amidst

the cheers of over 1,600 delegates representing over 300 chambers from 118 countries, at the World Chambers Congress dinner held in Istanbul, Turkey on 5th July 2007.

This is the first time in history that a Sri Lankan chamber has won such a prestigious world award.

Stakeholders of the Back to Business Project Felicitated

On 17th August 2007, a spectacular event was organised to recognise and felicitate all stakeholders of the Back to Business Project. This was held at Hotel Taj Samudra. Mr. Avijit Mazumdar, Chairman of the jury of the 2007 World Chambers Federation Competition, graced the occasion as the Chief Guest. Members of Diplomatic Missions, Representatives of the Donor Community and several key Ministers were in attendance among other distinguished invitees.

Back to Business Project - Overall Objectives and Achievements

Bring back to business, 10,000 Tsunami and conflict affected enterprises including livelihoods with 35% of these businesses are to be women lead enterprises

The project brought back to business, 13,984 enterprises including livelihoods by end December 2007. This is an achievement of 140% of the target.

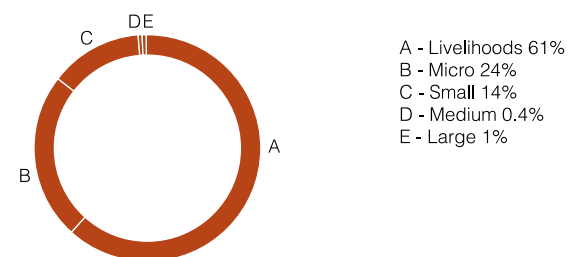
The project also worked on rebuilding and rehabilitating the conflict affected enterprises in the Jaffna Peninsula. Through the project to facilitate trade in the North, 2,415 trading enterprises, livelihoods, and two industries were supported to come back to business.

With the establishment of the wholesale distribution network in Kilinochchi and Mullaitivu and by facilitating the movements of goods to private traders in these areas, 95 enterprises and livelihoods have been brought back to business. Continuous lobbying of Government officials has to be carried out, so that trade in these areas could be facilitated by the project. The project co-ordinators have to face considerable setbacks due to the prevailing situation in the uncleared areas.

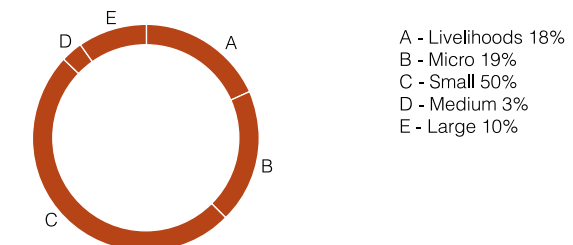
Create 50,000 Employment Opportunities by end 2008

5,501 new/re-employment opportunities were created through 1,994 micro enterprises and 516 livelihoods supported in Jaffna, Mullaitivu and Kilinochchi, during the period under review. This brings the total new/re-employment opportunities created under the project to 42,887, which is 86% of the target with a time lapse of 71%.

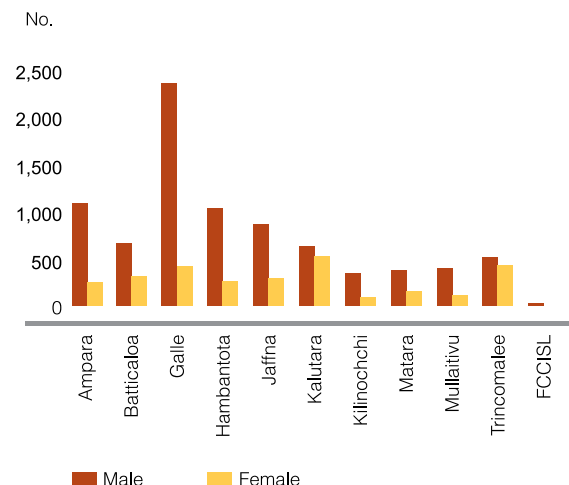
Enterprises Rehabilitated (Sector-Wise) as at December 31



Sector-Wise Employment Creation as at December 31



Women Lead Enterprise Development as at December 31



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Provide Business Orientation which includes Trauma Counselling and Similar Training to 10,000 Enterprises including Livelihoods

The project has successfully provided business orientation which includes trauma counselling to 16,538 enterprises, which is an achievement of 165% of the target. Livelihoods receive training for one day whilst the micro, small and medium enterprises receive 3-day or 5-day training. In order to ensure continuity of their operations, in certain instances, additional persons from these enterprises were trained. It is mandatory for all direct beneficiaries to undergo training before receiving assistance.

Interventions

Market Linkage

www.metamart.biz

www.metamart.biz, an interactive global e-marketplace and a convenient e-store to Sri Lankan customers and the diaspora is being planned to be launched shortly.

Objectives of www.metamart.biz are to:

- Provide new markets to the members of MetaMart.biz and assist the growth of their businesses.
- Provide a global marketplace and a 'one stop, on-line convenient e-store' for buyers and sellers.
- Be 'Sri Lanka's chamber leader' in facilitating market linkages for its members.
- To educate, train and provide confidence to members to independently and directly trade via Metamart.biz.

Both local and overseas buyers, could visit www.metamart.biz and transact business on-line. They could either make retail purchases using credit cards through the payment gateway provided or negotiate via e-mail for purchases of commercial quantities.

Many other service components such as payment of utility bills, telephone bills, booking airline tickets, super marketing, on-line banking will eventually be offered on www.metamart.biz, making it a truly convenient store for its visitors.

www.metamart.biz would strongly promote local sales as well as overseas sales.

Management Technology Transfer

A key initiative under this category was the Management Technology Transfer Programme (MTTP) carried out with USAID as the core partner.



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1. Training sessions on empowering tsunami-affected MSMEs with Management Technology
2. Their Excellencies, Reynout van Dijk and Robert O Blake at the Launch of Management Technology Transfer Programme

Objectives of this Initiative are:

- a. Introduction of 60 MSMEs who were given assistance to come back to the formal, mainstream business with good business practices and greater transparency. A minimum 40% of these enterprises had to be women-lead ones.
- b. Introduce basic technology for management decision making and as a tool of transformation.
- c. Contribute to building back national and regional economic development which was severely affected by the tsunami disaster.

Operational Aspects

- Back to Business Project (BtoB) selected 60 enterprises for the TMT Project with 40% being women-lead units. The criteria for selection was:
 - (a) The business unit had already received assistance to come back to business and are currently in operation.
 - (b) It had received international/national/and or regional market linkage exposure.
 - (c) It has successfully followed a formal training (SIYB/CEFE) provided by the BtoB project or on its own initiative has followed similar training.
 - (d) It is agreeable to provide periodical information to the BtoB office.
- BtoB purchased 60 units of 'ABHYUDAYA' software (trilingual software) from the private sector IT Solutions Company, Simula Corp.
- USAID/OTI supplied 60 units of computers completed with the operating software (Microsoft XP + Microsoft Office), a printer and a UPS.
- Training sessions on computers, software and accounting were provided to all sixty participants on 10th and 11th February. Two persons from each beneficiary enterprise were trained in order to ensure continuity in the TMTP.
- Launched the programme on Monday, 12th February 2007 at the Grand Oriental Hotel, Colombo with the presence of their Excellencies, Reynout van Dijk, Ambassador of the Kingdom of the Netherlands and Robert O Blake, US Ambassador.
- BtoB together with the partnering chambers and Simula Corp organised regional training programmes to substantiate knowledge already provided, in order to ensure the smooth operation of the project at the beneficiary level.
- The BtoB project continues to maintain individual files for each of the beneficiaries with their feedback.
- BtoB, Partnering Chambers of BtoB, along with Simula Corp, continue to follow up at the regional level and to ensure monthly statements of accounts of each enterprise and data produced for management decision-making is sent to the BtoB office to monitor the TMTP progress.

- USAID contracted PricewaterhouseCoopers to carry out an evaluation of the project in July 2007. In the concluding remarks PWC states that 'In the short-term analysis the beneficiaries are of the opinion that they have better control over the business and its operations. The project has positively contributed to the business of the beneficiaries. Immediacy of impact is evident in certain benefit indicators'.

BPI Initiatives

Public-Private Interaction for Peace and Economic Rehabilitation

Public-Private Interaction for Peace and Economic Rehabilitation is one of the key interventions of BPI, which resolves the issues the business community of the North, East and the bordering villages in the adjoining districts. Issues submitted by the district chambers are discussed at the monthly Core-Group Meetings. Matters that cannot be resolved by the Government representatives present at the meeting are then taken up with the policy makers. BPI facilitates such dialogue with policy makers and authorities and has successfully resolved many such issues during the past one year.

Following are some of the noteworthy facilitations:

- On 17th July 2007, BPI facilitated a discussion at the Presidential Secretariat between Hon. Basil Rajapaksa M.P., Special Advisor to His Excellency the President and Chamber representatives of Trincomalee, Batticaloa and Ampara Districts to discuss priorities on development of the Eastern Province and issues faced by the business community in these regions.



FCCISL, BPI delegates from Northern & Eastern Provinces meeting with H.E. the President, Mahinda Rajapaksa at the Temple Trees

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- On 17th July 2007, BPI facilitated a meeting of the Chamber representatives of Northern and Eastern Provinces with Hon. Maithripala Sirisena, Minister of Agriculture & Agrarian Services at the Mahaweli Centre, Colombo to discuss issues related to agriculture and agro produce in North, East and the bordering districts.
- On 7th September 2007, BPI team met Hon. Basil Rajapaksa M.P. Special Advisor to His Excellency the President, to discuss ways of improving shipping operations to Jaffna.
- The BPI too was invited by the Ministry of Ports and Aviation on 11th September 2007 to attend a discussion on improving and reducing the cost of shipping operations to the Jaffna Peninsula. Representatives of the Sri Lanka Ports Authority, Sri Lanka Shipping Corporation, Commissioner General of Essential Services and private ship operators to the North were present at this meeting. The meeting was chaired by Mr. D.T.P. Collure, Secretary to the Ministry of Ports and Aviations. Some of the recommendations proposed by the BPI were considered positively by CGES.
- On 21st September 2007, BPI facilitated a discussion with the Senior DIG Range III, Mr. M. Balasuriya of Police Headquarters to resolve issues related to transport matters of the business leaders of Batticaloa, Vavuniya and Mannar Districts. The Senior DIG made arrangements with the Senior Superintendent of Police of Vavuniya & Batticaloa Divisions to have regular discussions with leaders of the Chamber of their respective districts, on business-related issues in those areas. As a result of the discussion, especially in the Batticaloa District, the building contractors were able to resolve issues of transportation of building materials to Batticaloa.
- BPI had regular consultative meetings with the Commissioner General of Essential Services (CGES) on improving the availability of goods to the Jaffna and Wanni Regions. BPI, in consultation with the CGES, developed a proposal to improve shipping activities to the North with special emphasis on cost

reduction at a time when bunker cost was on the rise. This proposal was submitted to the CGES and handed over to higher officials for necessary action. BPI also attended meetings organized by the CGES on various issues pertaining to shipping of cargo to Jaffna. Following are some of the meetings attended by BPI:

- Meetings held on 8th January 2007 and 1st February 2007, on issues regarding loading of cargo into private vessels.
- Meeting held on 11th July 2007, regarding discrepancies in the measurement of cargo by the Sri Lanka Ports Authority and the resulting direct impact on end prices in Jaffna.
- Meeting held on 23rd July 2007, to examine the causes contributing to higher sale prices of essential food items in Jaffna.
- Meeting held on 25th September 2007, regarding shipping matters and pricing of goods in Jaffna.

BPI Core Group Meetings

The BPI Core Group meetings are held every third Thursday of each month, to discuss issues faced by the entrepreneurial community of the North and East of Sri Lanka and to consider possible solutions to these.

Twelve such meetings were held during the year and following were the key decisions taken and implemented:

- Reactivating the private trader network in Jaffna by facilitating the shipment of essential goods to Jaffna, using the vessels chartered by the Commissioner General of Essential Services
- Facilitating a meeting of the business community with bank officials operating in the North to discuss banking issues
- Enhance knowledge and skills of the business leaders on conflict resolution
- Intervention of the Ministry of Defence on issues regarding night fishing
- Study the mechanisms of transportation of goods through entry/exit points to the North
- Implement a comprehensive package to rehabilitate 1,000 conflict affected livelihoods and micro enterprises in the North-East and the bordering villages in the adjoining districts



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1. The BPI Core Group Members
2. 'Nimalawa' vessel chartered by FCCISL for reactivation of private trader in the Jaffna Peninsula

- Hold meetings with the Security Commanders of the area to discuss security issues affecting the business community, with the support of SCOPP
- Meeting with Hon. Maithripala Sirisena, Minister of Agriculture & Agrarian Services to discuss issues pertaining to agriculture and agro products marketing
- Teaching of Tamil/Sinhala to business persons
- Issue of Indian fishing trawlers fishing in the Mannar waters is to be taken up with the authorities
- Possibilities of establishing an Industrial Estate in Jaffna was considered
- Launch of the official BPI website
- Meeting with the DIG, Northern Range to discuss issues on transportation of goods and building materials and the issue of permits.

Reactivation of the Private Trader Network in the Jaffna Peninsula

The escalation of the shadow war in August 2006 lead to a drastic increase in the general price levels of all food and essential items in Jaffna, as the closed A9 Road was the only life-line available to Jaffna.

The Commissioner General of Essential Services (CGES) chartered ships to supply essential goods to Jaffna and distributed these goods through the co-operative society network, under the supervision of the Government Agent, Jaffna. Although this measure ensured the availability of at least a certain quantity of these essential goods to the people, long queues were a common feature and black marketers began to thrive.

The Government's priority was to ensure the maintenance of adequate stocks of essential goods, so that scarcity and black markets could be minimized. It was with this aim that the Government encouraged the private sector to transport goods to Jaffna by ship. Despite the Government's willingness to grant duty waivers for direct imports of essential goods to Jaffna mainly from India, the private sector had their reservations regarding this, due to the escalation of hostilities. Their reservations regarding this issue increased further with the attack on the ship chartered by CGES by terrorists during the latter part of 2006.

BPI's continuous lobbying of all the stakeholders to the conflict paved the way for the private sector to commence transportation of goods by ship, which has helped to maintain price stability of commodities. The Chamber of Commerce and Industries of Yalpanam (CCIIY) - member of the BPI Core Group, was a dynamic partner in this humanitarian endeavour. Together with the Government Agent of Jaffna and the BPI team, they worked hard to achieve this task.

On 16th March 2007, BPI supported the traders to transport goods in CGES chartered ship M/V Induruwa Valley. This ended the deadlock and the wheels of change started to turn. Prices of goods that had hitherto being rising in Jaffna, started a reversed trend to the relief of the people in the area.

Since then the BPI has facilitated the private sector to ship approximately 11,000 shipping tons of cargo through CGES chartered vessels. Priority was given to reactivate livelihoods, including that of the agriculture and fisheries sectors.

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With the renewed activity of the private sector in shipping goods to Jaffna, the demand for ship space was also on the increase. Apart from ferrying essential food items, the CGES chartered ships were not in a position to allocate sufficient space to the private sector for their shipping, due to their obligation to accommodate Governmental and Non-Governmental requirements as a priority. This paved the way for private vessels to enter the business of sea transportation which became a preferred method of transporting goods to Jaffna. Hence, a few private sector companies that has the Sri Lankan Ship-Registry entered into the shipping operation.

As per the directives of the Director General of Merchant Shipping, ships operating in coastal trade should have Sri Lankan Registry (Sri Lankan Flag). This is one of the key factors that limit the entry of vessels for this operation. There was a heavy demand for building materials in Jaffna as pending projects such as the Tsunami Re-Settlement Housing Schemes, North-East Housing Reconstruction Programme and urgent Government construction works, had to be completed within the stipulated period. Though

the construction industry possessed the labour requirement, they had difficulties in completing these projects due to the shortage of building materials including cement. A few private vessel operators were capitalising on this situation, which meant that the benefit could not be reached by the ordinary citizens in Jaffna. The CCIY which represents the business community of Jaffna urged the BPI to salvage their members from this exploitation by chartering a vessel so that livelihoods including construction industry, agriculture and other MSMEs could be reactivated. Accordingly, the BPI chartered the vessel M/V Nimalawa, owned by a Sri Lankan company, SKR Shipping (Pvt.) Ltd., on 29th August 2007, bringing an end to the 'Northern Shipping Cartel' operations.

BPI facilitated the shipping of 19,000 shipping tons of essential goods, building materials, industry raw materials using CGES vessels and M/V Nimalawa, during the year. This resulted in a drastic drop in the prices of essential items in the Jaffna Peninsula.

FCCISL Facilitated Voyages to Jaffna/Colombo and Shipping Tonnage

Vessel Name	Voyage	Loading Port	Departure Date	Unloading Port	Arrival Date	SHIPPING TONS
Induruwa Valley	Voy 05	Colombo	28/03/2007	KKS	30/3/2007	2,106.00
	Voy 14	Colombo	30/10/2007	KKS	1/11/2007	154.00
Merics Ruhunu	Voy 08	Colombo	6/4/2007	KKS	7/4/2007	2,157.00
	Voy 09	Colombo	11/4/2007	KKS	15/4/2007	2,533.00
	Voy 10	Colombo	28/5/2007	KKS	31/5/2007	1,950.00
	Voy 12	Colombo	28/8/2007	KKS	30/8/2007	1,384.00
Merics Yala	Voy 09	Colombo	11/4/2007	KKS	13/4/2007	390.00
Nimalawa	Voy 01	Colombo	19/9/2007	KKS	21/9/2007	3,352.00
	Voy 01Rt	KKS	7/10/2007	Trinco	8/10/2007	360.00
	Voy 02	Trinco	24/10/2007	KKS	27/10/2007	2,188.00
	Voy 03	Chennai	23/12/2007	KKS	24/12/2007	2,428.00
Total						19,002.00

Observation of Regional Price Levels - Jaffna as at 31st December 2007

No.	Items	Quantity	Thirunelvely Market	Chunnakam Market	Jaffna Town Market	Average Price	Price in Colombo	Price Variation
1.	Soap - lux	01	30.00	31.00	30.00	30.33	28.00	2.33
2.	Soap - sunlight	01	28.00	29.00	28.00	28.33	24.00	4.33
3.	Gingili	1 kg	200.00	195.00	180.00	191.67		
4.	Margarine (Turkey)	1 kg	230.00	240.00	240.00	236.67	325.00	(88.33)
5.	Tamarine	1 kg	100.00	95.00	65.00	86.67	115.00	(28.33)
6.	Lentils	1 kg	130.00	135.00	135.00	133.33	116.00	17.33
7.	Coconut (medium)	01	50.00	50.00	35.00	45.00	26.00	19.00
8.	Sugar	1 kg	68.00	65.00	65.00	66.00	48.50	17.50
9.	Coconut milk powder	350 gr	170.00	165.00	165.00	166.67	200.00	(33.33)
10.	Wheat flour	1 kg	80.00	80.00	80.00	80.00	90.00	(10.00)
11.	Egg	01	26.00	25.00	27.00	26.00	8.00	18.00
12.	Yeast	1/2 kg	SNA	SNA	SNA	SNA	925.00	
13.	Bread (450 gr)	01	44.00	44.00	43.00	43.67	40.00	3.67
14.	Rice	1 kg	75.00	80.00	85.00	80.00	66.50	13.50
15.	Potatose	1 kg	150.00	155.00	160.00	155.00	94.00	61.00
16.	Onions	1 kg	90.00	80.00	90.00	86.67	83.00	3.67
17.	Brinjals	1 kg	300.00	300.00	280.00	293.33	52.00	241.33
18.	Carrots	1 kg	80.00	90.00	100.00	90.00	74.00	16.00
19.	Green gram	1 kg	150.00	150.00	150.00	150.00	114.00	36.00
20.	Kadala gram	1 kg	SNA	SNA	160.00	160.00	142.00	18.00
21.	Black gram	1 kg	160.00	160.00	160.00	160.00	144.00	16.00
22.	Dried red chillies	1 kg	210.00	220.00	240.00	223.33	260.00	(36.67)
23.	Salt	1 kg	40.00	45.00	45.00	43.33	28.00	15.33
24.	Panadol	01 card	18.00	18.00	18.00	18.00	24.00	(6.00)
25.	Corriander	1 kg	260.00	270.00	270.00	266.67	192.00	74.67
26.	Box of matches	1 doz	30.00	30.00	37.50	32.50	30.00	2.50
27.	Canned fish (medium-Turkey)	01 tin	110.00	115.00	130.00	118.33	110.00	8.33
28.	Candles	01	5.00	5.00	5.00	5.00	4.00	1.00
29.	Mosquito coils	01 box	45.00	50.00	47.50	47.50	46.00	1.50
30.	Coconut oil	01 ltr	250.00	240.00	240.00	243.33	210.00	33.33
31.	Vegitable oil	01 ltr	220.00	220.00	200.00	213.33	285.00	(71.67)
32.	Milk powder - Anchor	01 box	290.00	295.00	295.00	293.33	270.00	23.33
33.	Milk powder-Lakspray	01 box		290.00	290.00	193.33	275.00	(81.67)
34.	Tea	1 kg	300.00	360.00	300.00	320.00	248.00	72.00

Note - SNA (Stock Not Available)

Reactivation of Private Trader Network in Wanni

Although the Wholesale Distribution Unit (WSDU) at the Kilinochchi Chamber continues to function, the operations had to face many difficulties in transportation, mainly due to the unrest in the area. BPI's independent, non-political, non-sectarian approach in facilitating economic activity in the area, not only helped to harness the support of both warring factions for a common cause but also to redress the day-to-day needs of the innocent civilians of Kilinochchi and Mullaitivu Districts.

Achievements

- Facilitation of transport of 5,747 MT of food items, general hardware, calicut tiles, squatting pans, bicycles and related items
- Bringing 27 essential items under price control
- Making many products available at reasonable levels
- Increasing the efficiency of co-ordination, by working closely with the Commissioner General of Essential Services, Ministry of Defence, Wanni Command and Police with the assistance of SCOPP.

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Conflict resolution skills development for regional business leaders

Conflict Resolution Skills Development for Regional Business Leaders

The business community, particularly in the North, East and border villages in the adjoining districts of Sri Lanka are the worst affected social segment due to the current conflict. The risks taken and the role played is commendable. If not for the business communities' involvement, authorities would have faced innumerable difficulties in their poverty alleviation programme.

Considering the mammoth task that had befallen the business community, and upon the request of its Core Group members, BPI decided to embark on a mission to enrich business leaders with appropriate skills to interact with the different stakeholders to the conflict. To this effect, BPI collaborated with the Bandaranaike Centre for International Studies (BCIS) to provide the "Skills for Conflict Resolution" to Regional Business leaders of conflict affected regions. Towards this end, the FCCISL, entered into a MoU on 23rd May 2007.

This course in Skills Development places a special emphasis on globally accepted conflict resolution methods and techniques, aimed at improving the skills of the practitioners. Skills development in negotiation and mediation are important means to support societies that are in the midst of war or shifting away from war. The course encompasses a familiarisation of different concepts of conflict and different ways of thinking about conflict resolution to skills-training, that allow participants to be positive contributors to the sustainable transformation of conflicts.

The first in the series of week-long workshops for the business community was held from 31st May to 6th June 2007 at the Goldi Sands Hotel, Negombo, with the participation of 31 business leaders representing various chambers. The methodology of the course was highly participatory; with numerous simulation exercises, role-playing and other opportunities to put the skills learnt into practice being offered. Numerous case studies from around the world added rich diversity to the course, ensuring that the best international thinking and best practices drawn from exemplary international cases were made available through lessons learnt. The course was nevertheless highly specialised to meet the needs of conflict resolution in the Sri Lankan context. Numerous Sri Lankan case studies were analysed and skills contextualized in potential or real situations that the participants may face or have faced.

On the successful completion of the 1st workshop, so much enthusiasm was shown by the participants and many requests were made mainly by regional business leaders. Therefore the BPI decided to conduct the 2nd workshop which was held from 11th October to 17th October 2007 at the same venue in Negombo. 23 members representing small and medium scale businesses from various District Chambers participated and were awarded certificates jointly issued by BCIS & FCCISL with the UN - Peace logo. The week-long workshops on 'Skills for Conflict Resolution' enriched the business leaders with skills to perform their day-to-day functions in their environment well and to interact with various stakeholders to the conflict such as the regional peace initiators/ambassadors.

The Business for Peace Fora

The BPI Forum is a platform for dialogue on business and peace building related issues, between the business community and the important stakeholders in the peace building effort in the country. The forum provides the platform for the business community to raise their voice, concerns, views, comments and suggestions that portray different dimensions from the different schools of thought with regard to creating lasting Peace in Sri Lanka. The following dignitaries addressed ten forums held during the year.



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1. & 2. The guest speakers at the monthly Business for Peace Fora
3. Grant distribution programme for war affected entrepreneurs in Mannar District

Hon. Ranil Wickramasinghe Leader of the Opposition, Hon. Prof. Tissa Vitharana, Minister of Science & Technology, Hon. Wimal Weerawansa Propaganda Secretary – JVP, Member of Parliament, Mr. Udaya Gammanpila, Deputy Secretary, Jathika Hela Urumaya – JHU Representative at the All Party Representatives Committee, Hon. Maithripala Sirisena General Secretary, SLFP, Minister of Agriculture & Agrarian Services, Hon. Rauf Hakeem, Minister of Posts and Telecommunications and Leader of the Ceylon Muslim Congress, Hon. R Sampanthan MP, Leader of Parliamentary Group of Alliance of Tamil

Parties, Mr. Vasudeva Nanayakkara, Secretary, Democratic Left Front, Hon. Dr. Keheliya Rambukwella, Minister of Foreign Employment and Government Spokesman for National Security and Defence, Hon. D.E.W. Gunasekera, Minister of Constitutional Affairs and National Integration.

Rehabilitation of Conflict affected Livelihoods and Micro Enterprises in the North-East and bordering villages in the adjoining districts

Business for Peace Initiative started addressing the issue of increasing economic marginalisation of people in the Northern and Eastern Provinces and adjoining districts due to the ongoing conflict, by facilitating business and entrepreneurial activities in this region. This initiative is the 'Conflict-affected enterprise rehabilitation' component of the World Award winning "Back to Business" Project and is funded by the Embassy of the Kingdom of Netherlands, Colombo.

The main objectives of the enterprise rehabilitation component are to reorganise and rebuild 1,000 conflict-affected micro enterprises and livelihoods and create over 1,500 new employment/re-employment opportunities.

The approach/methodology used in the selection of the conflict-affected enterprises was decided on, in consultation with partnering chambers in several consultative sessions. The representatives of the chambers collectively decided on the targets for each chamber and the composition and the criteria of selection within the financial allocation limits available for the enterprise rehabilitation component.

Anuradhapura District Chamber of Commerce, Industry & Agriculture, Ampara District Chamber of Commerce & Industry, Batticaloa District Chamber of Commerce, Industry & Agriculture, Chamber of Commerce and Industries of Trincomalee District, Chamber of Commerce and Industries of Yalpanam, Jaffna Women's Chamber of Commerce, Industry & Agribusiness, Kalmunai Traders' Federation, Kilinochchi District Chamber of Commerce, Industry & Agriculture, Mannar District Chamber of Commerce, Industry & Agriculture, Moneragala District Chamber of Commerce, Industry & Agriculture, Mullaitivu District Chamber of Commerce, Industry & Agriculture,

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Polonnaruwa District Chamber of Commerce, Industry & Agriculture, Puttalam District Chamber of Commerce, Industry & Agribusiness, Vavuniya District Chamber of Commerce, Industry & Agriculture are implementing partners of this initiative.

Businesses directly affected by the conflict and/or disturbances since August 2004 were considered. The programme does not provide assistance for repairs and purchase of buildings.

The package of assistance includes trauma counselling, business orientation and business management and/or similar training to entrepreneurs including livelihoods, and extends assistance to secure fixed and working capital in the form of commodity grants. No applications were entertained from indirectly affected and or unaffected enterprises/entrepreneurs/livelihoods. Those war-affected entrepreneurs who did not wish to continue in the same business, were encouraged to start up a new business under the guidance of the respective Chambers.

Enterprise rehabilitation component of the BPI will focus attention on strengthening livelihood activities and micro level enterprises, as BPI believes in the bottom-up approach in strengthening the regional economy. BPI will not rest its efforts at this level and will also support the long-term sustainability of these small businesses by linking them with more affluent southern markets, as this plays a significant role in building peace. Regional chambers play a very significant role in these exercises, as they are the representatives of the enterprises of various ethnicities scattered within the region and helps in bringing them together.

BPI anticipated to conclude work in this component in the first half of 2008.

Improving the movement of cargo through entry/exit points of the North

The security environment in Sri Lanka has created difficulties for the business community and the civilian population working, living, and travelling to and from the Northern Province. The Police and the Sri Lankan armed forces have established several, closely located checkpoints along the A-9 and A-14 highways. In addition, new regulations passed in June 2007



Meeting held with security officials - regarding Improving the movement of cargo through the entry/exit points of North

prohibited the movement of trailers and lorries across checkpoints (outside the Northern Province).

There are two major checkpoints in the Northern Province. One located in Madawachchiya and the other located at the Forward Defence Line (FDL) in Omanthai. At checkpoints, all persons and their belongings are searched manually by the security personnel. At Madawachchiya, all trailers and lorries are inspected, which involved the unloading of cargo, checking, and reloading of cargo for trans-shipment (into another lorry) for its onward journey. Reloading into another lorry for onward journey does not occur in Omanthai, as the same lorry is unloaded, searched and then reloaded.

Precautions has to be taken to reduce damages to cargo. Manual inspection is a timely process; trailers and lorries with cargo must queue up, and often wait for several hours and even days, for checking by security authorities. Such delays increase the risk of causing damage to the cargo.

The BPI Core Group decided to hire experts to investigate and recommend ways of improving the movement of cargo at entry and exit points of the North and to submit their recommendations to the Government of Sri Lanka for necessary action. Considering their significant experience in handling similar assignments, the Applied Research Unit of UNOPS (United Nations Office for Project Services) was commissioned by the Core Group to provide this service.

UNOPS was requested to investigate and recommend ways that the current process could be changed so as to bring about reductions in transaction costs and improve the overall procedures with regard to the movement of cargo and passengers through the checkpoints (i.e., services/facilities for civilians). The Ministry of Defence endorsed this endeavour of the BPI. The Secretariat for Co-ordinating the Peace Process (SCOPP) facilitated this initiative by liaising with the related State authorities.

On 3rd July 2007, a joint mission of the BPI, SCOPP and UNOPS visited Madawachchiya, Vavuniya and Omanthai areas to verify the current procedures first-hand and to hold discussions with all parties involved in the operation, so as to establish the scope and the nature of the problems involved.

The draft report of findings and recommendations were discussed and the final report of the study is expected by January 2008.

Teaching Sinhala/Tamil Languages to the Business Community

Teaching of the official languages to the Business Community is another involvement of the Business for Peace Initiative in its endeavour to create peace and harmony in this country. BPI believes that better understanding of each other's language would aid the peace process by facilitating business among different ethnic groups. Sinhala language is to be studied by the business community in the predominantly Tamil areas and Tamil language is to be studied by the business community in the predominantly Sinhala speaking areas. This, they hope would eventually create a bridge connecting the two communities and would be a major step towards achieving peace.

This programme facilitates the teaching of either Sinhala or Tamil to the business community as appropriate, in 10 districts through their Regional Chambers. The districts involved are Puttalam, Anuradhapura, Vavuniya, Polonnaruwa, Ampara, Batticaloa, Mannar, Jaffna, Trincomalee. Realising that the lack of knowledge of the respective languages has been a hindrance to communication between the communities and thus its negative effect on peace and business, the BPI Core Group proposed that teaching languages would be of vital importance to achieving peace in the country. Their suggestion was well taken up, all possible avenues were studied, and the project was launched.

This Course extends to 108 hours of teaching. The Department of Official Languages (DOL) provides technical assistance to this programme by way of curriculum development, training of instructors, provision of textbooks, teaching aids and material and by carrying out mid term and final evaluations. The course spreads over a period of six months, covering 18 hours per month. At the end of the course, participants' competence is tested and certificates issued jointly by DOL and FCCISL.

BPI expects 1,000 business persons, 100 from each district, to take advantage of this course. 16 instructors, recommended by the DOL were trained initially, at a two-day work shop held at the Ashok Hotel Anuradhapura.

The first Tamil Language class commenced on 7th October 2007. The progress of the programme is encouraging, as much interest and commitment has been shown by the regional chambers. The selected instructors too have provided satisfactory services.

26 Small and Medium Enterprise Development

Introduction

SMED - Small and Medium Enterprise Developers is the technical arm of the FCCISL which was jointly established in collaboration with the Friedrich-Naumann Stiftung of Germany (FNst).

Vision

SMED will be a Centre of Excellence and the leading service provider to the Sri Lankan Business Community.

Mission

To promote and foster business enterprises to be competitive, socially responsible and environment friendly and thereby to contribute to the socio-economic development of Sri Lanka, adhering to the principles of free market economics and to create an effective political impact.

Primary Objectives

The primary objectives of the SMED is the development and promotion of a market economy in Sri Lanka through the improvement of the competitive performance of individual Small and Medium Enterprises, as well as the strengthening of the organisations which represent the SME sector in the country.

Strategy

SMED services are client based. It stratifies SMEs into four development stages: potential and emerging entrepreneurs, existing SMEs afflicted by the economic crisis, those with fair sustainability of operations, and those with high competitiveness. Its services are customised to meet the different needs of SMEs at each of these stages. The services also take into account the sizes of SME's organisations, business areas (production, agribusiness, technology transfer, trading, service, consultancies, etc.) and the attending persons (executives, employees, business successors, etc.). The services have to be effective, time-affordable, and economical for the SMEs of each of the target groups.

To assure high quality of service, SMED comprehensively monitors and evaluates the services on inputs, processes, outputs and the outcomes. By 'hand-holding' SMEs, it tracks the (individual???) and responds to its changing parameters.

Projects/Type of Work handled by the Division

Industrial Engineering Services

Gap Analysis

- Need assessment analysis of tsunami-affected MSMEs - industries were identified and data handed over to the B2B project for further assistance.
- The completion of surveys for the Advanced Technology Project for CNC and Mechatronics applications to identify further skill training requirements.
- Cleaner Production Assessment in Industries for National Cleaner Production Centre.
 1. Alumex (Pvt.) Ltd.
 2. McCallum Breweries Ltd.
 3. Issabella (Pvt.) Ltd.
 4. Milco Company Ltd.



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1 & 2 Value Chain Development Programmes in Vavuniya

Production and Supply Chain Management

Capacity Development Programme for Partners of German Technical Co-operation GTZ

The officers of Provinces (The Provincial Councils, Provincial Departments, Provincial Public Service), Districts (District Secretariats/Government Agencies, District Department, CEOs of District), (Divisional Secretariats), Urban Local Government Agencies (Municipalities, Urban Councils), Rural Local Governmental Agencies (Pradeshiya Sabhas and Divisional Departments), Village (Grama Niladharis, NGOs, Community Based Organisations (CBOs), Co-operative Societies) were trained in three Value Chain Development Programmes. [Partners of German Technical Co-operation (GTZ) in Vavuniya, Pottuvil, Batticaloa.]

Productivity Improvement

Waste Management

Publishing the Handbook on Plastic Recycling for National Cleaner Production Centre

Mobile Business Clinic

- Conduct of mobile business clinics were done at Gampaha to the business
- Community on request of the Gampaha District Chamber

Total Productive Maintenance System, Quality Assurance Systems & ISO 9000, 5 S', 'Kaizen',

Establishment/TQM/Quality Management System (ISO 9000) conducted for S.A. Perera & Company

Performance Measurement & Benchmarking

- Seminar on Successful Entrepreneur on 'Explore Opportunities - A Window to Your Success'
- Seminar on **'Strategies to Become a World Class Businessman'**



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1. Exposure Seminar on CNC
2. Exposure Seminar on Mechatronics
3. Entrepreneurship Development Workshop - Gampaha

Energy & Environmental Services

Following Energy & Environment programmes were conducted successfully.

Seminar on Energy Conservation for Plastic Industry, JICA Energy Efficiency Base Line Survey of Industries, Environmental Training Sessions for Kelanitissa Power Station, Port Authority Energy Efficiency Briefing Seminar, Environment Pollution Control Seminar, Environment Pollution Measurement for M/s. Melwire Company Ltd. and Environmental Report for International Beverages Company Ltd.

28 Small and Medium Enterprise Development

Agri-business Development Services

Monaragala Agri-business Development Project - Attracted at least 80 participants for Plant Nursery Management

Composting and eco-friendly drip irrigation systems, Papaw, Beetle, Pineapple, Mango farming with modern technology, Fruits & vegetables preservation, Cattle farm management & implements, Pest controlling, Home gardening, Seed and plant management, Packaging industry, Networking on different aspects on plant & seed management, packaging industry, machinery handling new technology.

Encouragement for quality packaging, materials, fertilizer, distribution centres, Industries located - bees honey, jiggery, Implementation of a farmer organisation, women farmer movement on preservation, instant juice manufacturing, fruits and vegetable processing, home gardening.

Market centre closer to village through chamber market centres, Information centres. Export market quality selected, Media announcement on the prizes. Quality and quantity of the products.

Completed the awareness campaign including two days hands-on training programmes. Farmers trained at Gannoruwa Agriculture School, Post-harvesting development, Found donor agency for providing grants to establish plant nurseries and compost manufacturing.

Made a solid recognition and confidence towards agribusiness development with the farmers and the SMEs through District Chambers, Analysis and rectification of the problems and needs of the SMEs and farmers in relevant districts.

Enterprise Development and Management Services

Participatory Planning Workshop for Capacity Development Programme for Partners of German Technical Co-operation GTZ

Participants were of the Ministry of Nation Building & Estate Infrastructure Development, GA Vavuniya, Amapara, Batticaloa and Divisional Secretaries with GTZ and FCCISL officials.

Capacity Development Programme for Partners of German Technical Co-operation GTZ

Administration Workshop for GTZ Partners in Pottuvil, Vavunia, Batticaloa.

- Entrepreneurship Programme for GTZ Partners in Pottuvil, Vavunia, Batticaloa
Each of the participants was given a task to identify at least 5 micro enterprises and develop five business plans with the identified micro/small entrepreneurs.
- Management Competency Enhancement Training
GTZ Partners in Pottuvil, Vavunia, Batticaloa.



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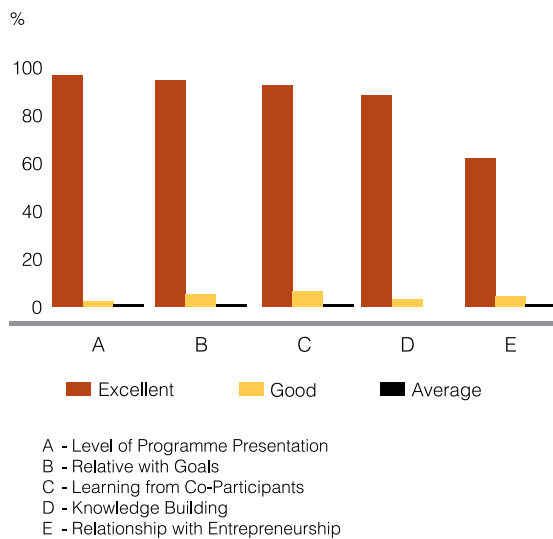
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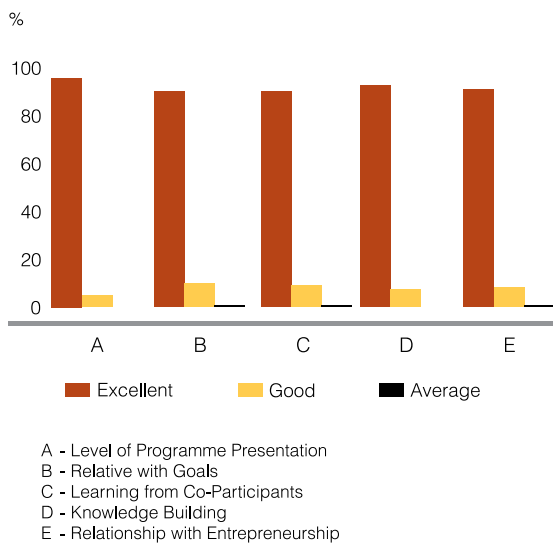
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1. Administration Workshop for GTZ Partners - Pottuvil
2. Administration Workshop for GTZ Partners - Vavuniya
3. Administration Workshop for GTZ Partners - Batticaloa

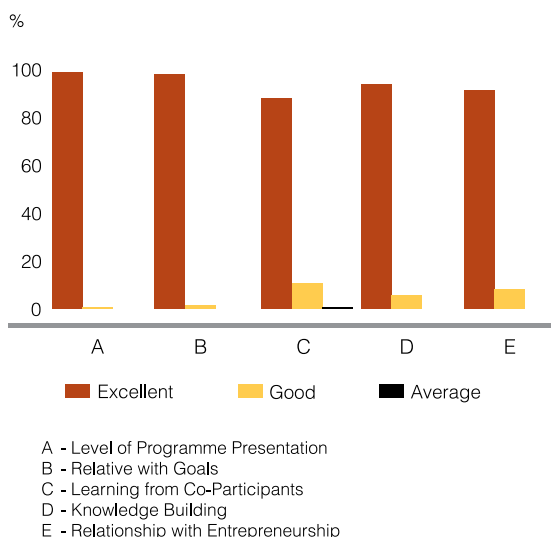
Overall Customer Satisfaction Rate in Batticaloa



Overall Customer Satisfaction Rate in Vavuniya



Overall Customer Satisfaction Rate in Pottuvil



Technology Transfer Services

- One-day Workshop on Blow/Injection Molding operation and the Production of Plastic
- Productive improvements in Silver/Gold & Rhodium Plating in the Jewellery Industry
- One-day Workshop on Heat Treatment of Metal
- (3 days) Seminar on 'Jewellery Design & Production Techniques' at Mawaramandiya in Gampaha District (SMED Assistance to Export Development Board in a Technology Transfer Workshop)
- Jewellery Electroplating Project at Punarodaya Jewellery Society - Galle
- Setting up an Electroplating Unit at Galle

Good Governance/Events

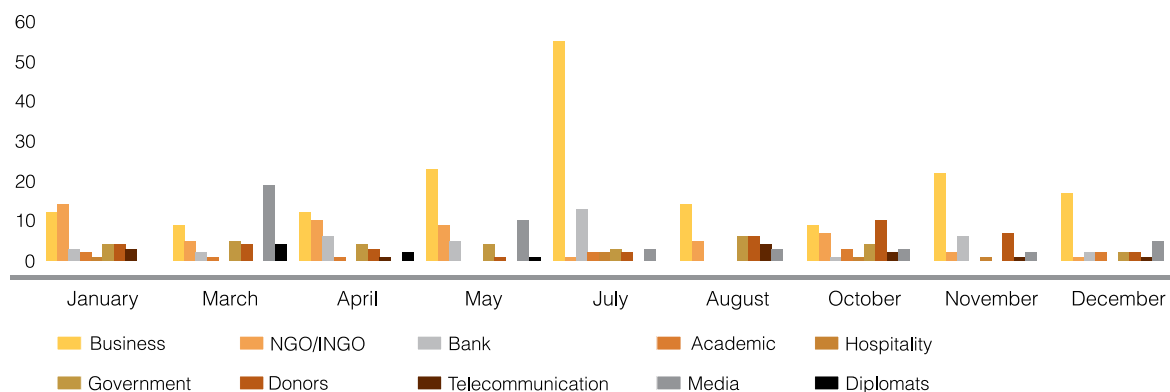
Key Persons' Forum -

January 2007 - December 2007

1. 'The Role and the Potential Contribution of the Private Sector in Provincial & Urban Planning and Development' - Mr. Cashian Herath, Secretary, Ministry of Local Government & Provincial Councils
2. 'Maintaining Sri Lanka's International Competitiveness - Policy of the Government' - Hon. Minister Prof. G.L. Peiris, Minister of Export Development & International Trade
3. 'Rural Development, ADB and Role of the Private Sector' - Mr. Richard Vokes, Country Director, Asian Development Bank (ADB)
4. 'COPE Report, Corruption in State Agencies & Impact on Business Sector' - Mr. Wijeyadasa Rajapaksa, Chairman of COPE
5. 'Amendments to the Companies Act and its Impact to the Business Community' - Mr. D.K. Hettiarachchi, Registrar General of Companies
6. 'Business Friendly Environment Management & Regulations Leading to Sustainable Development' - Mr. Udaya Gamampila, Chairman, Central Environmental Authority
7. 'Commercialisation of Research & Development - Policy of the Government' - Prof. Tissa Vitharana, Hon. Minister of Science & Technology
8. Foreign Employment, Skills Migration & Competitiveness of Sri Lanka Economy' - Hon. Keheliya Rambukwella, Minister of Foreign Employment Promotion & Welfare
9. 'Perspectives on Standardisation and Business Competitiveness' - Mr. Alan Bryden, Secretary General, 'ISO' (Organisation for International Standards)

30 Small and Medium Enterprise Development

Sectoral Attendance for the Forums Held



- A Key Persons' Forum was held with the Commissioner General of Excise as the Guest Speaker. Subsequent to this forum, and at the request of the participants, SMED formed an Advisory Committee to advise the Excise Department to develop and amend the outdated excise rules and regulations. Acting on this advice, the Excise Department recommended to the Ministry of Finance & Planning that the rules on closing the liquor bar times were waived off.

- Publishing a booklet compiling all the speeches of the Guest Speakers at the Key Persons' Forum

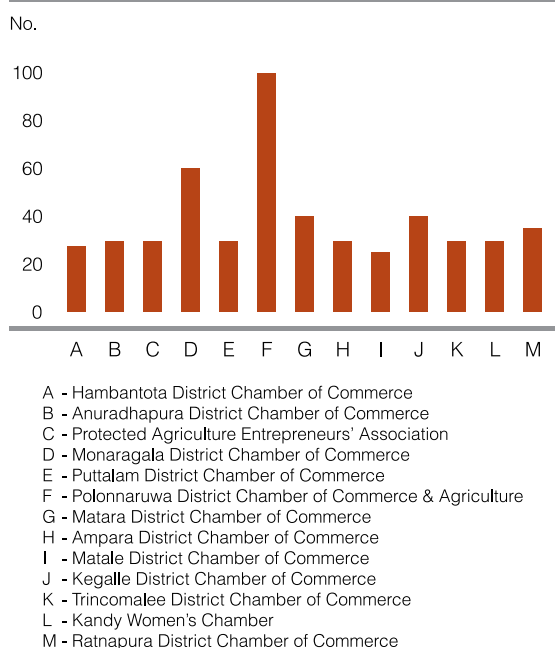
SME Machinery Exhibition

The SME 2007 Machinery Exhibition held on 2 - 4th November 2007 at the Sirimavo Bandaranaike Exhibition Centre was a great success. Over 125 companies and agencies participated and displayed a wide variety of machinery, accessories, raw materials and services in 136 stalls. More than 6,000 SME representatives and entrepreneurs visited the exhibition.



1. & 2. Key Persons' Forum in Progress

Participation of Regional Chamber Members and Entrepreneurs





SME Machinery Exhibition 2007

Almost all exhibitor companies rated the exhibition highly, in terms of providing an excellent opportunity to establish good business contacts and to promote their products/services. Visitor turnout was beyond expectation. Almost all the visitor reviews carried out by the Project SMED team during the exhibition have been commendations on SME 2007 as an excellent show case of SME Machinery and know-how.

Product Sectors Represented by Exhibitors

Representations of Product Sectors included tea, rubber and coconut related equipment/food processing machinery including dairy equipment, rice powder crushers etc./lathe, drilling, milling, pressure machinery and power tools/safety equipment software solutions/IT services/wood working machinery/agricultural equipment including water pumps/laboratory testing including water treatment/engineering/constructional/casting equipment and tools, gems & jewellery equipment (trimming, grinding)/gold, silver plating/candle making machinery/silver extraction plants/hydraulic systems, transformers & electronic equipment/clay refiners and cement block making machines/shoe manufacturing machinery/coir processing machines/automobile testing and maintenance equipment.

32 Policy Support, Economic Affairs and Export Documentation

Originally named the Policy Support Unit, this division was established in 2002 with the primary objective of promoting and advocating economic policies conducive to the growth and propagation of private enterprises in Sri Lanka.

The unit bore a research orientation from the outset, and had devoted considerable resources to constantly examine different aspects of the economy. In particular, the attention of the unit was focused on matters that threatened to impinge on the efficacy of the Private Sector.

The unit which was established with a financial grant given by CIPE, which is an important arm of the US Chamber of Commerce, expanded its scope and services to include matters relating to general economic affairs during the last financial year.

The unit made several representations on key areas of economic policy, trade and industry and also approached relevant Government agencies to address issues and problems affecting its members.

One of the principal forums that the State conducts on a monthly basis is the Export and Enterprise Development Forum. During the year under review the unit placed the following issues before the forum:

A. The first related to the widening of the road in the town of Matale, which had posed a serious problem to the business community in Matale. The original representation in this regard was made by the Matale Chamber of Commerce, which is a member of the Federation.

The Matale Chamber sought the provision of adequate time before the demolition of business premises and adequate compensation so that the cost of reconstruction of such premises could be met by the affected parties.

B. The Federation also sought to extend the provision of incentives by the Rubber Development Department to modernise the factories of small and medium-scale industries in the Kegalle District. This representation originated from yet another of FCCISL's constituents - the Kegalle District Chamber of Commerce & Agriculture.

C. Customs Export Statistics

The unit also brought up a matter relating to Customs Export Statistics at the forum. Up to the year 2003, the Customs Department operated a scheme which enabled exporters to obtain statistics of exports of various products, including the quantity shipped, the name of the shipping agent, destination, the name of the ship/vessel and the date of shipment.

This information had proved to be of significant importance in the past to many businesses in enabling them to gain a clear insight into their competitors' export performance.

This popular scheme also enabled the Chambers of Commerce to earn an income by duplicating the statistical data and distributing them among their members for a fee.

The scheme was inexplicably and suddenly terminated. The unit initiated its revival at the forum. The representations were successful and the Customs agreed to make the scheme available to interested parties as before.

Trade Fairs Selection Panel

The Export Development Board selects firms for participation in International Trade Fairs on the basis of a set of criteria such as the suitability of the firms, and their products in terms of their ability and capacity to compete in the markets in the host country of the fair.

Representatives of selected Chambers of Commerce, including that of the FCCISL form these panels. The head of the Policy Support and Economic Affairs Unit has been a member of the selection panel for a number of these fairs.

Federation - Public Sector Interaction Strengthened

The unit has been actively pursuing greater interaction between the State regulatory agencies and the Federation during the year under review.

These interactions were principally involving:

- A.** The Ministry of Finance
- B.** The Ministry of Trade, Marketing Development Co-operatives and Consumer Affairs
- C.** Ministry of Enterprise Development and Investment Promotion
- D.** Sri Lanka Customs
- E.** Ministry of Industrial Development
- F.** Ministry of Foreign Affairs
- G.** Sri Lanka Export Development Board
- H.** Department of Commerce
- I.** Institute of Policy Studies
- J.** UN Agencies

Apart from participating in the pre and post-budget meetings held with the Ministry of Finance, the unit also participated in a few other discussions with the Department of Commerce. Following these discussions, the unit has forwarded its own view on:

- A.** The new scheme to register Certificates of Origin
- B.** Establishment of Export Trade Houses
(The Federation was a Member of the Committee which formulated proposals in this regard)
- C.** WTO Accession Negotiations - Finalising the request lists under Market Access Negotiations.
- D.** WTO Reference Centre at the Department.

World Customs Organisation Diagnostic Mission

The unit was invited and hence participated in a meeting to conduct a strategic assessment of the capacity of the local Customs Administration to reform and modernise itself to meet the needs of the times.

EU-Sri Lanka Trade Development Project

The Steering Committee of the EU-Sri Lanka Trade Development Project under the European Commission Delegation to Sri Lanka and the Maldives has the responsibility of evaluating the progress achieved by the project.

The representative of the FCCISL in the Steering Committee and the head of the PSU and EA participated in the periodical discussions conducted by the Committee throughout the last financial year.

The evaluation process included the:

- A.** Review of WTO Human Resources Development and Institutional Strengthening of WTO Issues.
- B.** Development of Private Sector Export Capacity.

Enterprise Development of the Provinces - Asia Foundation Project

During 2007, the Asia Foundation launched a programme designed to identify the extent of state facilities available for the establishment of enterprises in various regions of the country.

As such, an extensive and in-depth study was conducted in each of the provinces in the country pertaining to matters such as approvals for businesses, licenses required, acquisition of land for business purposes etc.

The study also focused on an evaluation of the public perception of the granting of the approvals and the time taken to grant such approvals by the local government agencies in the respective provinces.

Registration of Certificates of Origin for Non-Preferential Exports - FCCISL's Inclusion in the Scheme

One of the most important achievements of the unit in the year under review is related to the inclusion of the Federation in the new Scheme initiated by the Department of Commerce to regularise the issuance of Certificates of Origin by Trade Chambers for non-preferential exports.

The objective of the Scheme according to the department was to eliminate certain malpractices arising out of the registration of Certificates of Origin.

The Department was of the opinion that the certificates had been misused by certain parties in order to divert third country apparel items to other markets in the pretext of goods originating from Sri Lanka.

34 Policy Support, Economic Affairs and Export Documentation

This situation was inimical to the country and was fraught with serious repercussions. Among the remedial measures adopted was the granting of formal approval by the Department to Chambers of Commerce to engage in the issuance of these certificates.

1. As the Federation was not among those institutions that were already issuing Certificates of Origin, it was not included in the Chambers formally accepted to register certificates.
2. However, the Federation possessed a degree of experience in registering these certificates.
3. In a comprehensive submission to the Director General of Commerce the Federation pointed out the nature, structure and services offered by the FCCISL, and stressed on the professionalism with which the Federation operates. It also drew the Director General's attention to the fact that some of its affiliates, which were directly serviced by the Federation, had individual exporters as members. For example the SAARC Forum has a direct membership of several exporters.
4. These submissions were considered favourably and the Federation too is now entitled to issue Certificates of Origin.
5. Following the grant of formal recognition, the Federation made the necessary administrative arrangements and adjustments to the organisation, and also recruited the requisite staff to commence this service efficiently.
6. Circulars and e-mail notifications have been sent to the export community to advise them of the approval received by the Federation, to register and issue Certificates of Origin and other allied shipping documents.
7. Clients being serviced by the FCCISL in this regard, enjoy several advantages that are not commonly available at a number of other such institutions. One advantage is the easy access to the Federation from all parts of Colombo, given its central location. Another advantage is the speedy and efficient

service received at the Federation due to the implementation of an easy registration system that incorporates a user-friendly *modus operandi* in the issuance of these certificates. It also utilised an on-the-spot registration system that enabled the exporter to collect the certificates immediately.

Another advantage is the relatively low registration fee charged by the Federation.

These are the factors that have attracted a regular clientele from a diverse export base to the FCCISL.

Seminars Conducted by the Unit

In the course of its regular examination and research into the needs of the business community, the unit identified a lack of knowledge among the community with regard to a new and important piece of legislation.

This legislation was the new company law, replacing the Companies Act No. 17 of 1982, that came into force in May 2007 following its passage through Parliament.

Despite the numerous seminars that have been conducted in Colombo by several professional bodies, the unit discovered a significant group of interested persons who had experienced difficulties in assimilating the entirety of the new Act.

Having realised the importance of making the provinces and towns, in which there is a preponderance of business activities, aware of the new Act, the Federation conducted seminars in Colombo, Kurunegala, Gampaha and Kandy.

- A. The Seminar in Colombo was participated of over 100 professionals - particularly Lawyers, Chartered Accountants, Bankers and Company Secretaries.

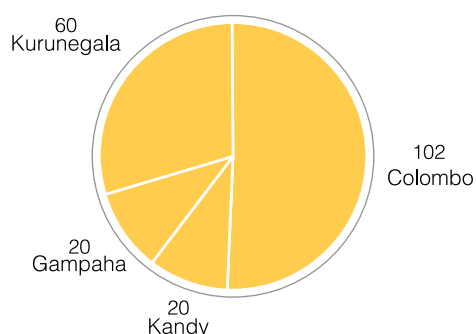
- B.** The Kurunegala Seminar which was conducted in Sinhala, elicited a participation of 60 persons. There was a mix of Legal Practitioners, Accountants and a host of other professionals who were either members of the Business Sector or (served the interests of this Sector in their own capacity
- C.** The 20 participants at the Gampaha Seminar valued the knowledge disseminated regarding the Act.
- D.** The Seminar in Kandy witnessed the participation of many from the Small and Medium-Sector and also from institutions serving such organisations.

Two significant aspects of these Seminars need to be emphasised. The first Seminar held in Colombo was centered mainly on examining whether the Act will help in promoting knowledge of Company formation, Directors' duties, principals relevant to capital, the solvency test and the financial reporting requirements under the new Act etc.

The Seminars conducted in the outstations primarily focused on the dissemination of knowledge that was of value to the SME Sector.

Whilst eminent professionals, some of whom were associated in the Committee that formulated the new legislation, conducted the Seminar in Colombo, the outstation Seminars gained from the addresses delivered by the Registrar General of Companies himself. He too was a member of the above Committee. Presentations were also made by a leading Attorney-at-Law.

Chart of Participation



The National Budget 2007 - Areas of Representation

Existing Situation/Problem	Proposal/Solution
a. The trade gap and its adverse impact	Since the gap between the cost of imports and the value of exports was 34% during the fiscal year 2006/07, emphasis was made of the need to bridge this gap.
b. Depreciation of the Rupee and its effect on the trade imbalance - the consequences of which were the increase in expenditure on imports and inflation	The need to bring about a better balance between expenditure and income from all sources so as to control inflation, encourage investments and reduce the Cost of Living.
c. The spiraling inflation as a consequence of rapidly increasing oil prices, food prices and Government expenditure	<p>The imposition of expenditure ceilings in respect of Ministries.</p> <p>Imposing controls and monitoring of state expenditure.</p> <p>Study of inflationary trends on a regular basis. The need for a joint public and private sector initiative to study inflation.</p>

36 Policy Support, Economic Affairs and Export Documentation

Existing Situation/Problem	Proposal/Solution
External Factors of Concern to Sri Lanka	
a. Failure of the Doha Round of Trade Negotiations	The support of the international trading community to be sought to facilitate the export of Sri Lankan products to the International Market.
b. Re-emergence of Protectionism	Relaxation of the rules of origin to increase exports to the European Union.
c. Fiscal and Monetary Policy	Rationalisation and control of Government expenditure. Importance of avoiding deficit financing especially in view of the prevalent high rate of inflation.
d. Value Added Tax	The introduction of a uniform VAT rate, perhaps with two bands which is more advantageous and which will also reduce the paper work in trade transactions besides expediting procedures.
Industry Needs	
Leather Products Manufacturing Sector is identified as a priority sector and hence the need to exploit its potential	The three core supportive measures proposed were - a. Exemption from VAT on imports of raw materials for the industry. b. Exemption from VAT on machinery manufactured locally that is used in the shoe manufacture. c. Easier terms of credit for the industry from the two principal State Banks.
The Food Industry	
<p>The Food Industry is one of the oldest in the country. Some statistics relating to this industry:</p> <p>1. Number of small firms - 38,500 2. Number of medium & large firms - 2,200</p> <p>1. No. of employees in the small firms - 70,000 2. No. of employees in the large firms - 103,000 Gross output of industry - Rs. 8,000 million Input costs - Rs. 8,110/- Value Addition - Rs. 8/72</p> <p>Considerable potential to move up the value chain in terms of exports.</p> <p>Should take advantage of rising demand internationally for tropical and organic food. Attractive for Foreign Direct Investment (FDIs).</p>	<p>Urged investment relief, and tax concessions on a realistic basis. Allocation of resources to enable the expansion of industry.</p> <p>Granting of the concessions and incentives proposed will boost investment and encourage growth of the food industry which has shown to be one of the most promising in the country to organisations like the UNIDO, which promotes industrial growth of developing countries.</p>

Shipping Operations

The Budget proposals made by the Federation (Via the unit) also centered on Taxation, Public Procurement and Practices, Imposition of the Cess, and also on macroeconomic needs to create a healthy business environment.

The most significant proposal from a national perspective was related to shipping operations. In this landmark proposal the unit highlighted the strategic significance of Sri Lanka to the shipping industry due to its ideal location relative to the main shipping lane from the East to West and the West to East.

The fact that Sri Lanka had never taken advantage of this unique location, was both significant and disheartening, especially given that more than 300 ships travelled past the coast of Sri Lanka on a daily basis.

In contrast, three other Asian Countries - Singapore, Hong Kong and Thailand earned billions of dollars by having their own scheme of registration of vessels or a Ships Registry for the use of their territorial waters. A proposal was made to duplicate that system in Sri Lanka.

The unit also made a proposal to encourage large Sri Lankan enterprises engaged in manufacturing and trading, to buy and use their own ships to transport their cargo instead of depending and spending on foreign vessels.

A further proposal was made to give full expression to the abolition of Customs Duty brought into effect in the budget of 2006 with respect to the purchase of ships. It was also proposed to introduce the necessary legislation to treat all ships purchased for international cargo operations as **purchases** and not as **imports**.

Promoting the Sri Lanka Flag

The unit proposed the promotion of the Sri Lankan Flag by giving incentives as was done in Panama. The Panama Flag covering vessels of countries all over the world has only tonnage tax. With more than 6,000 ships in her registry, Panama derived her biggest foreign exchange earnings from her tonnage tax.

It is pleasing to note that the main proposals listed above were included in the Government Budget proposals, which validates its significance and aptness.

This is a major policy decision of high national importance and its acceptance is indeed a tribute to the Federation's initiative and endeavour.

38 Human Resources Development

Background and Capabilities

The Human Resources Development (HRD) Division of the FCCISL was launched in 1993 with the prime objective of augmenting awareness in defined subject areas through market driven training for aspiring youth, and for those eager to upgrade their skills in a competitive environment.

Since 1994, the FCCISL has grown to become one of the leading private sector Training Providers in the country, that executes a comprehensive Human Resources Development effort.

The HRD Division regularly conducts seminars, workshops and the very popular Certificate Courses. A comprehensive Diploma Programme in Management along with a Distance Education and Self Pace Learning Programme is being designed to be launched in the near future.

Skillfully combined with training, career guidance was introduced to serve school-leavers, undergraduates and the unemployed graduate population in the country.

The Federation has access to over 100 high calibre resource persons with a wealth of experience in their respective fields of speciality, and among the very best in Country. Over 70 popular training courses have been developed based on identified HRD needs of the private and public sectors.

The Division has an impressive track record having trained over 25,000 persons since 1993. People benefited range from school-leavers, undergraduates and unemployed graduates in the education sector, to office aides and helpers to senior managers and academics in the private and state sectors.

Over 600 training programmes from seminars and workshops to certificate courses across the country, and over 400 career guidance programmes for students, undergraduates and unemployed graduates have been successfully completed over this period.

Social Responsibility Attached to Training

The courses are competitively priced and to make them more affordable to individuals and Micro Enterprises, a very attractive discount and instalment scheme has been introduced.

Staffing and Infrastructure

The FCCISL has its own 30-seater Conference Room and access to a 125-seater Auditorium within the premises. A new 'state-of-the-art' 35-seater lecture room on the ground floor was also commissioned from 1st October 2006. In December 2007, the FCCISL and George Steuarts Group of Companies entered into a MoU to serve both the Industrial Relations Forum (IRF) and Institute of Business and Industrial Studies (IBIS) for Professional and Industrial Studies, via a 'state-of-the-art' Business School in Mount Lavinia,.

Progress and Highlights of 2007

1. Industrial Relations Forum (IRF)

The major activities for the period under review were as follows:

Twenty (20) seminars were conducted in Colombo for senior managers and supervisors with a participation of 671 persons. Three (3) seminars/workshops were conducted for outstation chambers at different levels with a participation of 59. One (1) in-house seminar was conducted with a participation of 22 employees. Five (5) high level conferences were conducted in Colombo with a participation of 184 persons. Seven (7) certificate courses were conducted with a participation of 181 persons. Fifty-two (52) advisory assignments were executed on request from participating organisations. All assignments were conducted by FCCISL resource persons on varying issues - primarily labour-related. Four (4) newsletters were published in English during the year and distributed among regional chambers and industry.



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1. Members of the IRF General Body at its 3rd meeting on 8th August 2007.
2. Participants at The National Workshop on 'Importance of Modern Technology Training in Productivity Enhancement'.

Reinforcement and Progress of the IRF to National Level

The IRF was formally structured with a Patron, a Chairman, Two Deputy Chairmen, an Executive Committee and four Sub-Committees to streamline its activities. A strong collaborative link was established with the Ministry of Labour Relations and Manpower under the directions of the Hon. Minister of Labour Relations and Manpower. The IRF one of the largest, most representative and most powerful IR Units in the Private sector.

2. Institute of Business and Industrial Studies (IBIS)

The major activities for the period under review were as follows:

Market Survey

Key data in terms of needs and training availability extracted from the comprehensive survey carried out on selected advanced technologies were used to formulate the action plan of the IBIS.

The IBIS Core Group

The Core Group acts in the capacity of the 'Board of Management' of IBIS, charged with addressing issues under the Main and Specific Tasks of the Agency. The Core Group met on four (4) occasions during 2007 to review the progress of the IBIS. The Core Group comprises of key State and Private sector technical training providers, Industry representatives and the Academia.

Seminars/Workshops

Four (4) seminars/workshops were conducted for the senior management and HRD professionals with a participation of 182 persons:

- Awareness programme on Advanced Manufacturing Systems at the National Engineering Research and Development (NERD) Centre, Ekala.
- Awareness workshop on Mechatronics and CNC Machinery at the Apprentice Training Institute (ATI), Moratuwa.
- Seminar on Training Needs Analysis, at the FCCISL.
- Seminar on Occupational Safety and Health, at the FCCISL.

High-Level National Conference

This was part of the Technical Training Integration Initiative (TTII) to bring all leading Private and State sector technical training providers into one forum. The programme was focused on the 'Importance of Modern Technology Training in Performance

40 Human Resources Development

Enhancement', led by the University of Moratuwa, Department of Electronics and Telecommunications Engineering with the following key objectives:

- Integration of the key State and Private sector technical training providers in one forum through the IBIS
- Conduct similar workshops in selected regions through the chamber network and its affiliated organisations
- To acquire, upgrade and develop multi-skills through the integrated network, to benefit the Industrial sector
- Assist and promote foreign employment through Sri Lanka Jobsnet Ltd.

The TTII proved to be a phenomenal success judged by the attendance of 65 persons from almost all State-run technical training institutes and leading private sector institutes. Presentations were made by leading technical training providers under the theme 'Readiness of Advanced Technological Training Providers'.

Technical Training Programmes

Initiated and co-ordinated two programmes jointly with the Ceylon German Technical Training Institute (CGTTI) with a participation of 8 persons:

- CNC Milling Introduction
- CNC Milling - Part-1

SME Machinery Fair, BMICH, Organised by the FCCISL

Free accommodation was provided for the following organisations during the fair, from 2nd-4th November 2007, valued at Rs. 35,000/- per unit. The main goal was to create awareness and afford an opportunity to market their products and services.

- Tertiary and Vocational Education Commission (TVEC)
- Organisation of Professional Associations (OPA)

- Department of Technical Education and Training (DTET)
- Vocational Training Authority (VTA)

A stall was set-up to market IBIS, while also providing an opportunity to six (6) IBIS Partners to showcase their products and services under the IBIS umbrella. The exhibition attracted over six thousand visitors.

HRD Strategic Alliances

- MoU with the Chartered Institute of Management Accountants (CIMA) - Incorporating productivity enhancement of SMEs at regional level through best practices in management.
- National Advisory Committee, Ministry of Labour Relations and Manpower Planning - An agreement has been finalised with the Ministry of Labour and a leading leasing company in Sri Lanka, to provide venture capital on 'easy terms' to SMEs at regional level for hardware resources.
- Sri Lanka Jobsnet Ltd. - As the Division is represented on the Board of the reconstituted Jobsnet, access to a comprehensive database covering the whole country with regard to employment and training.
- Representation on the Governing Body of Sri Lanka Institute of Advanced Technological Education (SLIATE) - Direct access to technically qualified persons at Diploma and higher levels, for employment.
- Representation on the Board of Management of the ADB Funded Secondary Education Modernisations Project (SEMP) - Direct involvement in introducing career guidance and counselling to 1,000 schools with the focus on introducing vocational training from grades 5, 6, 7 in the secondary education system in technical fields of study. (The ADB project value is US\$ 100 million and the project period is from 2008-2012.)

- George Steuarts Educational Services
GSES - State-of-the-art Academy for Professional and Industrial Studies - Set-up a permanent information desk for creating awareness and showcasing facilities for training in both the state and private technology training institutions.
- GSES & Jobsnet - Meetings arranged with leading recruitment firms for consultations with the CGTTI & ATI.
- USAID Accelerated Skills Acquisition Programme (ASAP) Training Partner - US funded project for training technically qualified personnel in industry-related professional life skills. Curriculum for 5, 10, 20-day programmes developed by USAID and endorsed by the Ceylon Chamber of Commerce (CCC). Recipients will receive FCCISL and ASAP certificates.

Performance

Based on the performance and achievements during the period under review, the IRF Project could be considered a resounding success. The IRF is now a permanent 'stand-alone' unit under the HRD Division which has reached National status.

The Marketing Agency (IBIS) which was launched as a project confined to defined parameters, has proved to be a resounding success.

Following the establishment of the Academy, the HRD has adopted an integrated approach to general and professional education through career guidance, training and employment location.

42 Foreign Trade & Export Promotion

Introduction

The Foreign Trade & Export Promotion (FT & EP) Division was set up with the objective of promoting exports of goods and services from Sri Lanka, particularly that of small and medium enterprises based in different regions of Sri Lanka.

The FCCISL has identified that a majority of the Small and Medium Enterprises (SME) in Sri Lanka have the potential and capability to export their products and services and therefore has embarked on a new mission in providing proper guidance and adequate knowledge that would help realise SME export potential. One of the key objectives of this Division therefore is to identify and address some of the key obstacles that prevent SMEs from growing rapidly.

Key objectives of the Division are:

- Assist local business to penetrate into export markets
- Actively promote exports of selected sectors
- Facilitate the flow of foreign trade by establishing formal alliances with international trade promotion organisations
- Generate revenue for the Federation

The Division will concentrate on but not limit itself to providing certain key services including export marketing and management, trade fair participation and contact programme facilitation, export documentation, provision of market information, etc.

Projects/Type of Work Handled by the Division

The key focus of the Division has been to:

- Assist in developing the export potential and capabilities of local businesses with a greater emphasis on SMEs based outside the Western Province
- Promote Sri Lankan exports to major international markets
- Exploit emerging and potential export markets
- Expose local businessmen to international sourcing opportunities
- Facilitate international business

The Division concentrates on providing the following services:

- Provide export marketing management consultancy
- Provide global market information
- Carry out product and consumer behavioural surveys
- Provide trade statistics
- Provide country briefs
- International business matchmaking
- Organise trade fair participation and outward/inward trade missions
- Organise and conduct foreign trade/export related seminars and conferences

Partnerships with Local and International Trade Promotion Organisations

The Division is currently working in partnership with both international trade promotion organisations such as the Centre for Promotion of Exports from Developing Countries (CBI) based in The Netherlands, Danish Import Promotion Programme (DIPP), the European Chamber of Commerce in Sri Lanka, and local trade promotion organisations including the Sri Lanka Export Development Board (EDB) and the Department of Commerce (DOC).

The FCCISL has entered into a partnership agreement with CBI, which is an agency of the Ministry of Foreign Affairs and part of the development co-operation effort of The Netherlands Government. The main objective of the partnership is to contribute to creating economic development through direct support to the export sector and intermediate support organisations such as the FCCISL.

This partnership aims at creating synergies between the two organisations for the benefit of their respective clients and builds on the common goals of these two organisations, i.e., to contribute to trade and development by strengthening the competitiveness of Small and Medium Enterprises (SMEs) and promoting their participation in international trade.

Progress and Achievements During the Period Under Review

1. Business Delegation to Cochin, State of Kerala, India - April 2007

A delegation led by Hon. Professor G.L. Peiris, Minister of Export Development and International Trade comprising of leading businessmen, visited Cochin in the State of Kerala, India in May 2007. The main objective was to conduct a series of awareness programmes of the Indo-Lanka Free Trade Agreement. The programme was organised jointly by the Sri Lanka High Commission in India, the Kerala Chamber of Commerce and Industry and the Federation of Chambers of Commerce and Industry of Sri Lanka.

A Memorandum of Understanding was also signed between the Kerala Chamber and the FCCISL.

2. Canton Trade Fair - April 2007

The Division organised a visitor delegation to the Canton Trade Fair in China in April 2007. Held each April and October, the Canton Fair is China's largest trade fair that features a complete range of Chinese products. It is divided into two phases, with the first phase focusing on industrial products, textiles & garments, medicines & health products and the second phase focusing on consumer goods and gift items.

FT & EP would continue to organise Sri Lanka's participation at the Canton Fair on an annual basis.

3. Business Delegation led by H.E. The President to Jordan and Kuwait - May 2007

H.E. The President accompanied by senior Government Ministers, Officials, President of the FCCISL and other Chamber members and businessmen visited Jordan and Kuwait in May 2007. The FT & EP Division co-ordinated FCCISL's participation in the delegations.

The Jordan Chamber of Commerce and FCCISL signed a Memorandum of Understanding.

4. Business Delegation led by H.E. The President to Japan - December 2007

H.E. The President, accompanied by senior Government Ministers, Officials, President of the FCCISL, other Chamber members and businessmen visited Japan in December 2007. The FT & EP Division co-ordinated FCCISL's participation in the delegation.

5. Workshop on Expanding Trading Links with the European Union

A half day workshop was organised in collaboration with the Delegation of European Commission in Sri Lanka on 'Expanding Trading Links with the European Union-Opportunities and Challenges' in June 2007 at the Trans Asia Hotel, Colombo.

44 SAARC & International Affairs

SAARC Related Activities

- i. The FCCISL is the main point of contact in Sri Lanka for the SAARC Chamber of Commerce & Industry (SCCI), headquartered in Islamabad. Hence, all SCCI related matters in Sri Lanka are co-ordinated via the FCCISL.
- ii. The FCCISL also co-ordinates activities related to the SAARC business community, in conjunction with the Ministry of Foreign Affairs and the Department of Commerce in Sri Lanka. SAARC is the Regional body of the eight Governments of South Asia, whose headquarters is located in Katmandu.

International Affairs other than SAARC

- i. As the FCCISL is the focal point in Sri Lanka for the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI), all co-ordination related to CACCI activities is carried out through the Division.
- ii. Following the collaboration with the China Council for Promotion of International Trade (CCPIT), this Division also co-ordinates matters related to CCPIT.
- iii. Other functions performed by the Division is related to activities of and co-ordination with international organisations other than the above mentioned SAARC, CACCI & CCPIT.

Areas Focused on

- **Internationally Relevant** Chamber activities such as lobbying, dissemination of information, MoUs, FTAs, JBCs, Seminars, Forums, Trade Delegations, Trade Fair etc.
- **Regional Integration** such as SAARC, CACCI, CCPIT



Main Functions and Achievements in 2007

MoUs signed with

- The Iran Chamber of Commerce, Industry and Mines (CCIM) - signed on 18th November 2007 in Iran
- The CCPIT of Kunming, China - signed on 21st May 2007 in Colombo
- The Confederation of Women Entrepreneurs of Hyderabad - signed on 24th July 2007 in Colombo.
- The Union of Myanmar Federation of Chambers of Commerce - signed on 27th August 2007 in Colombo

Trade Delegations

Inward

- Myanmar Federation of Chambers of Commerce and Industry led by its President Mr. Win Myint visited the FCCISL on 27th August 2007. This delegation comprised of entrepreneurs of Myanmar from a range of business fields. A business meeting was held at the FCCISL where more than 30 Sri Lankan businessmen exchanged valuable business contacts with the visiting Myanmar Trade Delegation.
- The Delegation from the China Council for Promotion of International Trade (CCPIT), the Department of Commerce of Yunnan Province led by its Deputy Director General, Mr. Li Jiming visited the FCCISL on 21st March 2007. While the main objective of the visit was to promote China Import & Export Commodity Fair of Kunming, the Delegation also signed a MoU with the FCCISL, conferring authority to the FCCISL to promote and market the Kunming Fair in Sri Lanka for the next six years. It also offered the FCCISL, 15-20 trade stalls at the fair for the next six years, free of charge.
- The Delegation of the Tea Industry of Yunnan Province, China, led by Mr. Guo Zixin, Vice Chairman of the Yunnan National Tea Culture Research Institute (YNTCRI) visited the FCCISL on 15th May 2007.

- The FCCISL also welcomed on 24th July 2007, a delegation of over 50 entrepreneurs and members of the:
 - Federation of Karnataka Chambers of Commerce & Industry
 - Association of Women Entrepreneurs of Karnataka
 - Consortium of Electronic Industries of Karnataka
 - Goa Chamber of Commerce & Industry
 - Confederation of Women Entrepreneurs, Hyderabad,
 - Representatives of the ZDH/SEQUA Partnership Programme, India,

A large number of Sri Lankan entrepreneurs, especially women entrepreneurs exchanged views with their foreign counterparts at the event. Furthermore, the Galle District Women's Chamber of Commerce proceeded to sign a MoU with the Karnataka Delegation, under the aegis of the FCCISL.

Outward

Iran

A well balanced Sri Lankan Trade Delegation led by Mr. Nawaz Rajabdeen, the President of the FCCISL left for Iran on 25-28th November 2007, to sign a MoU with the Iran Chamber of Commerce, Industry & Mines. The delegation comprised of top businessmen representing the sectors of Rubber and Rubber based products, Gem & Jewellery, Infrastructure Development, Coir & Coir based products, Manufacturing of Vehicle Accessories, Civil Construction, Tea & Spices and Travel & Tourism etc.

President of the FCCISL, Mr. Nawaz Rajabdeen signed the MoU on bilateral business development with Dr. Mohammad Nahavandian, President of the Iran Chamber of Commerce, Industry & Mines.

The FCCISL co-ordinated this Trade Delegation to Iran **to coincide with the State Visit of the President of Sri Lanka**. Iran was found to possess great potential in terms of an export market and as an investment destination, especially for businesses in the construction field.

FCCISL bestowed the benefit of this tour and the MoU to the business community of Sri Lanka.

As a result of the above MoU, we have hitherto achieved the following:

1. The FCCISL facilitated the Iran Trade Fair in Colombo which was a great success.
2. Facilitated the collaboration of travel agents from Iran & Colombo as a result of which, more than 250 Iranians visited Sri Lanka in the first half of 2008.
3. Holding current negotiations to relocate the Garment Industry in the Free Trade Zone in Iran.
4. Formulating a plan to have an extensive distribution network in all the Middle Eastern Countries, including Iran for Sri Lankan goods.
5. Negotiations are going on to establish a boat building project to directly benefit the fisheries sector as a joint venture collaboration with an Iranian company. The negotiations are expected to be finalised by December 2008.

China

The International Affairs Division of FCCISL arranged and co-ordinated a strong Trade Delegation to China, from 27th February to 3rd March 2007, to coincide with the state visit to China by His Excellency Mahinda Rajapaksa, the President of the Democratic Socialist Republic of Sri Lanka, in commemoration of the 50th Anniversary of Celebrations of diplomatic relations between Sri Lanka and China.

Being the apex body representing the private sector in Sri Lanka, the FCCISL was honoured by the request to organise a trade delegation to accompany H.E. The President on this state visit. This delegation attended **Three** Business & Investment Forums in Beijing, Shanghai and Gaungzhou respectively, where a large gathering of Chinese businessmen and investors had the opportunity to meet with the Sri Lankan Delegation. It was a rare and much-valued opportunity the Sri Lankan businessmen to meet and initiate relations with prospective business partners.

46 SAARC & International Affairs

Trade Fairs

Participation of Trade Fairs

- **China Import & Export Commodities Fair in Kunming of the Yunnan Province, China.**

6-10th June 2007

The FCCISL managed a Sri Lankan Pavilion, exhibiting Sri Lankan products such as coconut fiber, coco peat, cinnamon products, rubber products etc., giving an opportunity to many Sri Lankan exporters to display their products to the world.

Participation at this Trade Fair was significant, because it gave an opportunity for Sri Lankan producers to promote their exports to the massive Chinese market, which is a common aspiration of Sri Lankan exporters. Hitherto, trade fairs had merely given the opportunity to Sri Lankan firms to 'buy' & import Chinese products.

The FCCISL participation was awarded the 'First Prize, for Best Organisation'

- **South Asia Commodity Fair in Beijing - 23-31st December, 2007**

The FCCISL led a strong trade delegation, offering 14 Sri Lankan exhibitors the opportunity to exhibit their products to the Chinese market and possibly secure valuable orders. Ayurvedic products, Gems & Jewellery, Coconut based products, Wooden furniture and Tea were some of the products exhibited. Two companies succeeded in securing firm orders.

This fair too was significant, as it gave the opportunity for Sri Lankan firms to export into the Chinese market rather than buy from it.

Organising of Trade Fairs

- The FCCISL was honoured by being absorbed as a Co-Organiser of the China Import & Export Commodities Fair in Kunming of Yunnan Province, China, in 6-10th June, 2007. The FCCISL considered it a privilege for a Sri Lankan Chamber organisation to function as a Co-Organiser of an International Trade Fair, which was held for the 16th consecutive year, where 26 countries participated.

- **The SAARC Trade Fair**

Foundational work was carried out in 2007, in preparation for this mega event of the SAARC calendar of activities. The SAARC Trade Fair (STF), which is the main trading organ of the SAARC business community and held on a rotational basis, is to be held in Sri Lanka during mid 2008. All eight SAARC countries take part in this massive trade fair, enhancing intra-SAARC trading, which is felt to be much needed in the region.

FTAs

- Bilateral Trade Agreements such as ISFTA, PSFTA, CEPA and
- Multilateral/Regional Trade Agreements such as APTA, BIMSTEC, G.11 were reviewed in some instances. Furthermore, the International Affairs Division of the FCCISL, presented the contributions of the members of affiliated bodies of the business community of Sri Lanka.

JBCs

- Sri Lanka-India Joint Business Council and
- Sri Lanka-Pakistan Joint Business Council matters were co-ordinated.

Dissemination of Trade Information

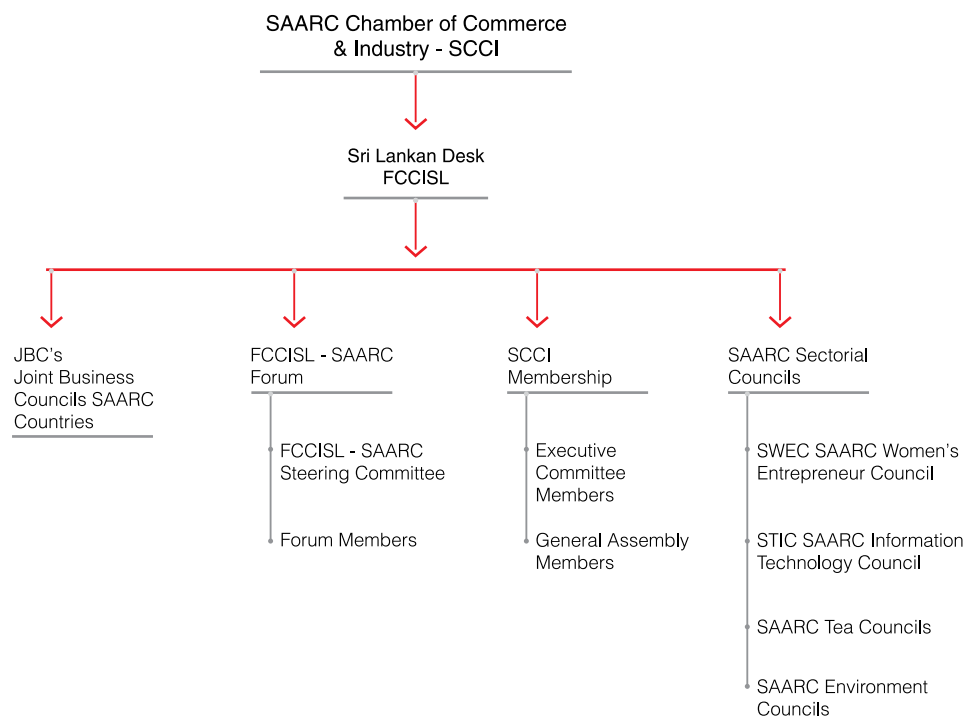
More than 30 e-circulars were disseminated to the FCCISL member bodies, SAARC Forum members and Associates of FCCISL on the following subjects:

- Training Programmes
- Scholarships
- Trade Opportunities
- Customs Tariff
- Trade Seminars & Fairs
- Updating Technology

Lobbying

Opinions and views of the FCCISL members were lobbied at the following meetings:

- Pakistan-Sri Lanka FTA and CEPA with Pakistan - Review Meeting on 3rd September 2007 at the Department of Commerce
- CEPA Negotiations with India in formulating the Investment Chapter - 27th April 2007 at the BOI
- Relaxation (Derogation) of Rules of Origin (ROO) criteria under the Comprehensive Economic Partnership Agreement (CEPA) between Sri Lanka and India - 5th April 2007 at the Department of Commerce.



48 Chamber Development

Introduction

The CDP was inaugurated by Germany's Handwerkskammer (HwK) Koblenz (Chamber of Crafts) and the FCCISL in 2003. The project is currently in the final year of its second phase. It is funded by the German Government through the foundation 'SEQUA - Partner of German Business', Bonn, with additional support from the German State of Rheinland-Pfalz and Tsunami Donations collected by HwK Koblenz.

Projects/Type of Work Handled by the Division

The project has achieved the following major goals since its inception:

- 1) Support of NCHSL: The Chamber Development Project was instrumental in developing the **National Chamber of Handicrafts of Sri Lanka (NCHSL)**. This is the first private sector self-support-organisation promoting the handicrafts industry of the country. It now has approximately 200 members and has become one of the major players in the promotion of Sri Lankan handicrafts. The Chamber, with the technical and financial assistance of the project, has succeeded in developing several key services during the first four years of the inception of the project. Some of the key services are: the marketing of members' products at exhibitions and at the chamber showroom, export promotion through participation at trade fairs in Europe and Asia, organisation of exposure visits of craftspeople, a short-term loan facility, consultations to companies on management issues and several other training courses. The Chamber is on advisory boards of Government agencies and is actively involved in lobbying on behalf of its members. The NCHSL has also commenced other projects, notably the Craftsmatch and Craftlink programmes, with the support from the EU, which further strengthen the Chamber. As a result of these developments, the Chamber has now become a networking partner with other Asian and European crafts organisations. Additional information on these developments could be found at www.lankahandicrafts-nchsl.com

- 2) Support the public relations activities of FCCISL (e.g. website development, see www.fccisl.lk)

- 3) **Establishment of Tsunami Helpdesks and Providing Support to the 'Back to Business Project' of the FCCISL**

This project has helped to revive more than 11,000 businesses after the devastating effects of the tsunami. Through the project, support has also been extended to cover the rehabilitation of war affected enterprises under the 'Business for Peace' initiative of the FCCISL.

- 4) Vocational Training: The CDP has initiated and supported the development of the vocational training centre, 'Handwerk Centre Kalutara', at Payagala. The CDP had contributed much in terms of consultants, study tours and financial assistance, and has succeeded in building an effective link between the FCCISL, NCASL and HwK Koblenz. The end result is expected to be an improved and innovative form of vocational training that will benefit the construction and related industries of Sri Lanka. Following the success of the Kalutara Centre, which has trained more than 100 people so far, plans are under way to open a second centre in mid 2008 at Thirukkivil in the Ampara District. The main sponsors of this project are the Royal Netherlands Embassy and the German State of Rheinland-Pfalz.

Progress and Achievements during the period December 2006 - December 2007

Co-operation with NCHSL

In 2007, the CDP continued to support the NCHSL and in particular promoted the expansion of the NCHSL in the South of Sri Lanka. The project sponsored a total of ten exhibitions, of which three were international trade fair participations, and six workshops in different management subjects.

Vocational Training

In 2007, the project supported the development of 28 more training modules at Handwerk Centre Kalutara. The Centre now offers 52 teaching modules, ranging from short-term weekend courses to comprehensive dual vocational training programmes on all levels of expertise. The project also facilitated a short-term expert mission from Germany in the field of plumbing and supported the marketing activities of

HwC via fairs, brochures and radio ads. The number trained at the Centre in 2007 is 40 and is expected to grow to about 550 in 2008.

Arrangements were made to set up the next Handwerk Centre in the Ampara district and it is expected to cater to the training needs of the East by mid 2008.

Continued Support to the B2B/BPI

The project continued to support the BPI of the FCCISL during the year 2007.

Future Plans of the Division

Handicrafts, 'Hands Lanka'

Preparation work by the NCHSL, FCCISL and HwK Koblenz is currently under way to jointly organise the 'Hands Lanka' handicrafts trade fair in October 2008. It is expected to feature more than 100 stalls local as well as from international participants at the Sri Lanka Exhibition and Convention Centre. This is intended to be an annual major handicrafts event in the country that is expected to foster the position of the NCHSL as a major player in the field.

In addition to organising this exhibition, the CDP has plans to support some smaller events and also to introduce a management system at the NCHSL.

Handwerk Centres, Ampara

The vocational training centre at Thirukkivil, Ampara District, is expected to get off the ground in 2008. Development of a website for the Handwerk Centres, as part of an intensive marketing campaign for the promotion of the new training courses on offer is another target of the CDP in 2008 as will be the provision of further technical support to the centres.

New Co-operation Partners, Evaluation

The CDP in year 2008 is expected to benefit from further co-operation with other donors, such as the German State of Rheinland-Pfalz, which already has a good working relationship with Handwerkskammer Koblenz.

The second evaluation of the CDP, on behalf of the German Government will be conducted by an independent consultant, together with SEQUA and the project partners, in December 2008, which might result in an extension of the project.



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1. NCHSL booth at a local fair
2. Soon operational: Handwerk Centre Ampara, Thirukkivil

50 Membership Services and CSR

This unit was established in May 2007 with the objectives of improving the services given to the FCCISL member chambers and sector associations, and of introducing and promoting CSR concepts and practices to the SME sector in Sri Lanka. 30 districts & provincial chambers and 25 national level chambers & sector associations are members of the FCCISL.

National Level Members

Chambers (9)

- American Chamber of Commerce in Sri Lanka
- Business Chamber of Commerce
- International Chamber of Commerce in Sri Lanka
- Junior Chamber International Sri Lanka
- National Chamber of Handicraft of Sri Lanka
- Serendib Chamber of Commerce & Industry
- Sri Lanka Chamber of Small Industry
- The Ceylon National Chamber of Industries
- Women's Chamber of Industries & Commerce

Institutions (2)

- Institute of Personal Management
- Sri Lanka Institute of Marketing

Associations (12)

- Association of Licensed Foreign Employment Agency
- Lanka Confectionary Manufacturers' Association
- National Construction Association of Sri Lanka
- Private Tea Factory Owners' Association
- Sri Lanka Association of Printers
- Sri Lanka Fruit & Vegetable Producers' & Exporters Associations
- Sri Lanka Gem & Jewellery Associations
- The Ceylon Hardware Merchant Association
- Tourist Hotels Associations of Sri Lanka
- Protected Agriculture Entrepreneurs Association
- Software Exporters' Association
- Kalmunai Traders' Federation

Councils (1)

- International Business Council

Foundations (1)

- Industrial Security Foundation

Provincial Level Members

Chambers (7)

- Central Province Women's Chamber of Small Industry & Commerce
- Chamber of Commerce & Industry of Central Province
- Chamber of Commerce & Industry of Uva Province
- Chamber of Commerce & Industry Yalpanam
- Ruhunu Chamber of Commerce, Industry and Agriculture
- Sabaragamuwa Chamber of Commerce & Industry
- Wayamba Chamber of Commerce & Industry

District Level Members

Chambers (23)

- Ampara District Chamber of Commerce & Industry
- Anuradhapura District Chamber of Commerce, Industry & Agriculture
- Batticaloa District Chamber of Commerce, Industry & Agriculture
- Chamber of Commerce & Industry of Trincomalee
- Galle District Chamber of Commerce & Industry
- Galle District Women's Entrepreneurs Chamber
- Gampaha District Chamber of Commerce, Industry & Agriculture
- Hambantota District Chamber of Commerce
- Jaffna Women's Chamber of Commerce, Industry & Agribusiness
- Kalutara District Chamber of Commerce & Industry
- Kegalle District Chamber of Commerce, Industry & Agriculture
- Kilinochchi District Chamber of Commerce, Industry & Agriculture
- Kurunegala District Women's Chamber of Commerce, Industry & Agriculture
- Mannar District Chamber of Commerce, Industry & Agriculture
- Matale District Chamber of Commerce, Industry & Agriculture
- Matara District Chamber of Commerce & Industry
- Matara District Women's Chamber of Commerce & Industry
- Moneragala District Chamber of Commerce, Industry & Agriculture
- Mullaitivu District Chamber of Commerce, Industry & Agriculture

- Nuwara Eliya District Chamber of Commerce, Industry & Agriculture
- Polonnaruwa District Chamber of Commerce, Industry & Agriculture
- Puttalam District Chamber of Commerce, Industry & Agribusiness
- Vavuniya District Chamber of Commerce & Industry

Main Functions of the Unit:

- Advice and guide the chambers and associations
- Dissemination of business information
- Providing local and foreign training opportunities to the staff of the member companies
- Conduct Tamil/Sinhala Language courses as a peace initiative and a tool for business development
- Management of business schools that provide training of skilled staff for private sector companies
- Conduct practical English Language courses to help enhance the English Language skills of entrepreneurs and staff of the member companies
- Encourage women entrepreneurs to form associations and join the chamber movement
- Promote CSR in the SME sector

Business Schools - Directly Managed by the FCCISL

A scarcity of skilled manpower for private sector institutions in the Wayamba, Central, Sabaragamuwa and the Southern Provinces has been identified. With the objective of filling this needs gap, the FCCISL has established directly managed business schools in the Wayamba and Central Provinces.

Functions Related to the Business Schools:

- Facilitating, monitoring and evaluation of the business schools directly managed by the FCCISL
- Development and expansion of the network of business schools
- Facilitate the smooth operation of the business schools managed by the Provincial & District level chambers
- Introduction of new curriculum and programmes to the business schools
- Affiliating the business schools to national and international organisations
- Establishment of job placement centres in the business schools and arranging implant training for graduating students

Functions Related to Chambers/Associations

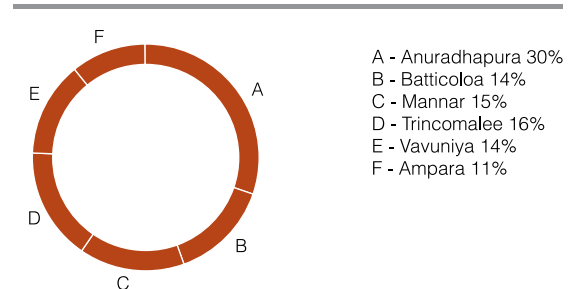
- Dealing with the management issues of the Provincial and District chambers.
- Arranging and facilitating chamber competitions and award schemes
- Strengthening and improving business development services of the chambers using the cluster approach

Progress of Initiatives

Tamil/Sinhala Language Teaching Programme

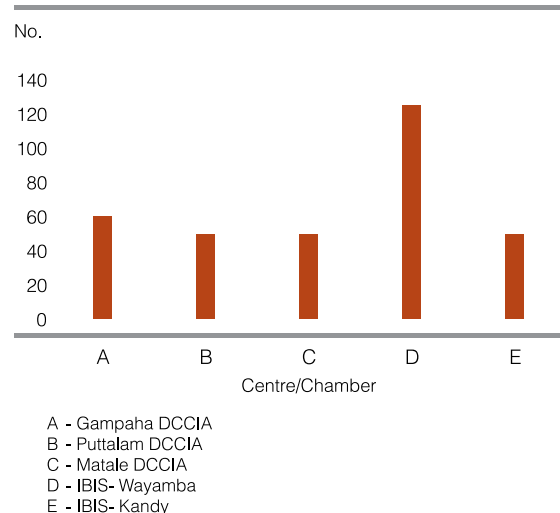
This programme has been designed in collaboration with the Department of Official Languages and was introduced in October 2007 in war affected and five border districts with the objective of facilitating better communication for better understanding among regional business community.

District Wise Participation



Progress of the other Training Programmes (except Tamil Language) conducted by the Business Schools and Chambers.

Distribution of Participants



52 Public Relations and Events

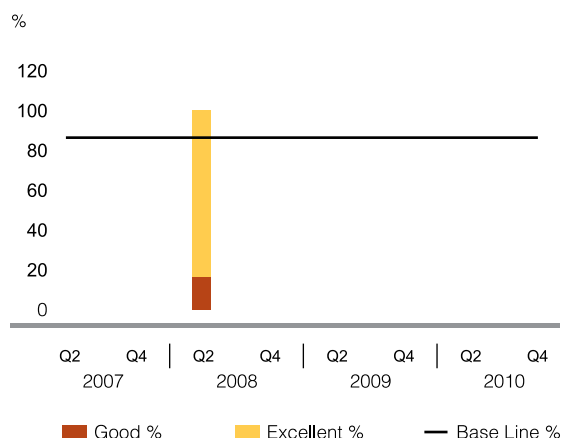
Introduction

Aiming at building, mutually beneficial relationships and to gain positive exposure to their key stakeholders the Public Relations and Events Department performs as an important management function at the FCCISL. Established with the objective of facilitating greater interaction with the business community and the general public, it also focuses on two-way communication and fostering mutually beneficial relationships between the FCCISL and its public. It endeavours to create a professional outlook and image to the activities and services of FCCISL. At its best, Public Relations and Events Division not only tells FCCISL's story to its public, it also helps to shape FCCISL and the way it works. Through research, feedback communication and evaluation, the PR and Events Division identifies the concerns and expectations of FCCISL's public and explicate them to its management.

In order to achieve its objectives, the PR and Events unit of FCCISL organises and co-ordinates press conferences, press articles, advertisements, public seminars, workshops on topical issues, fellowships, exhibitions, trade fairs etc. in general for FCCISL and its associated projects. These events

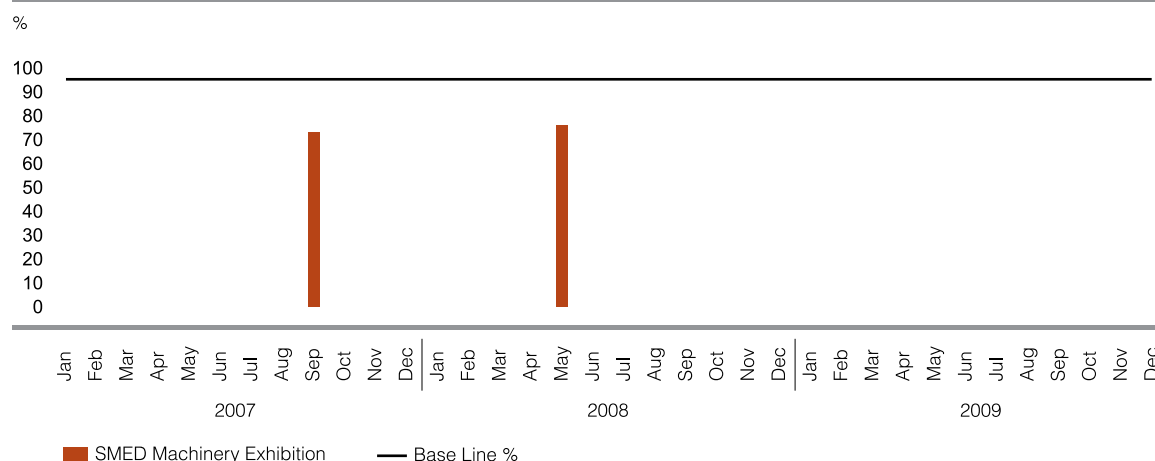
are executed with very close collaboration with other internal divisions of FCCISL, its members and other stakeholder organisations. The division has continued to receive excellent ratings on post-event customer satisfaction reviews.

Internal Customer Satisfaction Rate



The functions of Public Relations takes many forms at FCCISL and could be reviewed under many aspects, including public information, investor relations, public affairs, corporate communication, marketing and customer relations.

Participant Satisfaction Rate





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1. Seminar on the new Companies Act.
2. The Audience at the seminar on the new Companies Act.
3. Seminar on 'Policy Constraints, Regulatory Barriers and Regional Economic Development'

Highlights of Events Handled in 2007

Seminar on 'New Companies Act'

12th June 2007 - Taj Samudra, Upper Crystal Room

This was a timely seminar which disseminated information on the 'New Companies Act' which is a complex yet landmark enactment that continued to evoke interest at all levels of corporate hierarchy.

Seminar on 'Policy Constraints, Regulatory Barriers and Regional Economic Development'

26th June 2007 - Hotel Galadari, Main Ballroom

This was a national conference organised to create awareness among national level policy makers regarding policy constraints and regulatory barriers faced by the regional business community. It also aimed to facilitate a dialogue and initiate interaction between policy makers and the regional business community.

FCCISL Back to Business Project - Felicitation Dinner to celebrate winning of the World Award at the World Chambers Competition 2007

17th August 2007 - Taj Samudra, Ballroom

It was a unique celebration organised to felicitate the FCCISL, that is the only Chamber Federation in Sri Lanka to win this Prestigious World Award at the World Chambers Competition held in Istanbul, Turkey on 5th July 2007.

SME Machinery Exhibition - 'Technology for Rural, Micro & SME Development'

2-4th November 2007 - Sirimavo Bandaranaike Exhibition Centre, BMICH

The main objective of this Machinery Exhibition was to support the SME sector to enhance its technological capabilities, to emerge itself as an efficient and competitive sector in the economy, and to prepare the sector for global markets.

12th Sri Lankan Entrepreneur of the Year Awards -

Recognising and Rewarding the Spirit of Sri Lankan Entrepreneurship

Launch - 15th May 2007 - Taj Samudra, Upper Crystal Room

National Show - 30th November 2007 - BMICH Main Auditorium

This Award Ceremony is designed to recognise the efforts of all categories of entrepreneurs from every part of Sri Lanka. This unique programme is thus a tribute paid to the local entrepreneurs by the entire nation, in appreciation of their contribution to the economic development of the country.

54 Public Relations and Events

Key Person's Monthly Forum

This is a monthly forum that provides a platform for public lectures and discussions featuring eminent persons who share their experiences and policy perspectives on a personal basis, on matters relevant and of interest to the private sector.

'Business for Peace' Monthly Forum

This monthly forum facilitates a dialogue between people and agencies that believe in different ideologies and of different schools of thought to bring them together under the banner of business for peace. While providing a platform for the exchange of views and ideas for lasting peace, it also facilitates discussions on security issues and economic development.

Apart from managing and conducting events for FCCISL, the PR and Events Division undertakes and executes events for other organisations. One such event was:

The First Sri Lankan Roundtable for Sustainable Consumption and Production

5-6th November 2007 - BMICH

To celebrate the achievements of the National Cleaner Production Centre on its completion of five years of service, the centre conducted the first National Roundtable on Sustainable Consumption and Production.

This roundtable provided business, Government and non-government organisations the opportunity to confront the challenges and realise the opportunities of sustainability, explore innovative solutions and facilitate the implementation of appropriate strategies at the national and regional level.

PR and Events Division was directly involved in the:

- Events Co-ordination and Management – Providing total events solutions
- Marketing Events – Co-ordinating pre and post-media publicity and promotions



1



2



3

1 & 2. SME Machinery Exhibition 2007
3. Sri Lankan Entrepreneur of the Year

Media Publicity and Promotions

The Division maintained excellent relationships with all print and electronic media in the country which enabled it to organise press conferences, media briefings, press articles, advertisements and live interviews for FCCISL activities and events effectively.

Meeting and Rental Facilities

The PR and Events Division also co-ordinated renting out of the FCCISL auditorium, Board rooms, classroom and cafeteria for various meetings, seminars, courses and conferences, organised by the in-house divisions of the FCCISL, regional members and other organisations.



1



2



3

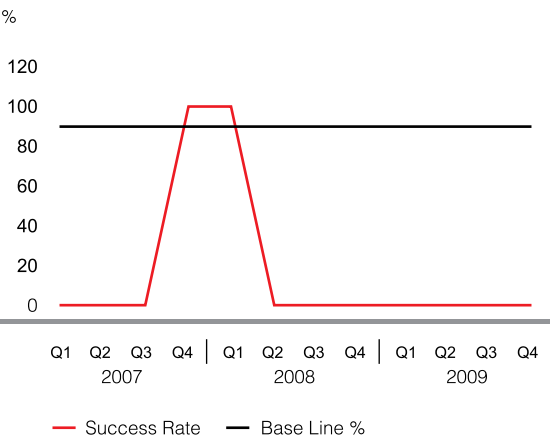
Facilities at FCCISL
1. Auditorium
2. Classroom
3. Board Room

Other PR Activities

- Compilation and production of a promotional brochure for FCCISL
- Compilation of a public relations manual for staff reference
- Design and supply of staff uniforms

Achievement of 2007

Success on Achievement of Action Plan Targets



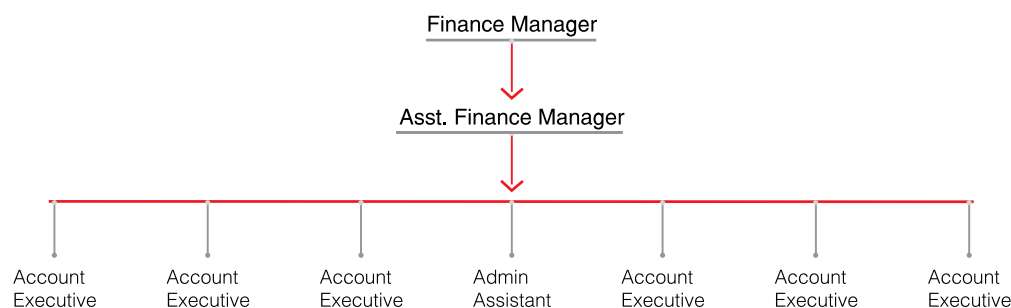
56 Finance Division

Starting its journey right at the inception of the Federation of Chambers of Commerce and Industry of Sri Lanka, with just 2 members, the Finance Division has grown to become one of the most important divisions within the Chamber.

The Finance Division takes responsibility for all financial activities of the FCCISL and directly reports to the Council. It serves all the FCCISL Internal Divisions, FCCISL Regional Centres, FCCISL Staff, suppliers and the Council.

- (c) Achieving transparency in payments and purchasing procedures.
- (d) Handling inventory control systems and annual asset verification.
- (e) Assisting the biannual & annual external audits.
- (f) Facilitating frequent donor audits.
- (g) Cash flow management.
- (h) Budgetary controls.
- (i) Carrying out timely investments in the money market.

The 9 Member structure of the Division



During the year 2007, the Finance Division has been active by carrying out improvements in the procurement systems, updating the payroll package, introducing new systems and procedures and recruiting new finance staff. It also succeeded in introducing Physical Assets verifications in FCCISL Regional Centres.

Other activities that the division was involved with were -

- (a) Providing up-dated management informations, which has helped the management in taking timely and effective decisions.
- (b) Controlling overhead costs to a certain limit with the help of the internal control systems.

As an active unit of the FCCISL, the Finance Division too contributed to the achievement of the World Chambers Competition Award in year 2007. While continuing to adhere to good co-operate governance principles, the Finance Division is looking forward to achieve the ISO 9001:2000 and SA 8000:2001 certificates along with the other divisions, in the year 2008.

General Administration

In its endeavour to make the administrative function in certain areas of the Federation more efficient, the Division has streamlined the following procedures:

The Purchasing System

The purchasing function of utility items and capital equipment was centralised and the responsibility of evaluating and recommending of such requirements was assigned to a newly recruited Administrative Assistant. He is functionally responsible to the Finance Manager and administratively to the Administration Manager. His responsibilities include calling for quotations based on the procurement requisitions received from various divisions and evaluating the quality, price and the requirement with the help of specialist advice. Where necessary, he may recommend the 'Best Quote' for the approval of the Secretary General through the respective Divisional Heads and the Finance Manager.

Introduction of ISO 9001:2000 and SA 8000:2001

Subsequent to a management decision under the guidance of the President of the FCCISL, the Federation has sought to obtain these accreditations. It is believed that these certifications will strengthen the administrative standards and procedures of the Federation, concurrent with international standards and add value to its own commitments.

With the ISO 9001:2000 and SA 8000:2001, we will focus on obtaining the ISO 14001:2004 (for Environmental Standards), OHSAS 18001:2007 (Occupational Health and Safety Assessment Series) and ISO 27001:2005 (Information and Security Management System). We have also introduced the 5 'S' concepts to the organisation, and is expected to deliver improvements in efficiencies promptly.

Procedure Manuals

Under the guidance of ISO consultants, Procedure Manuals for Administration and Finance were prepared, which are expected to aid the implementation of administrative procedures in accordance with international standards.

General

- The attendance marking procedure was streamlined with the shifting of book based system to electronic marking system.
- Overtime procedure and transport procedure was also streamlined.

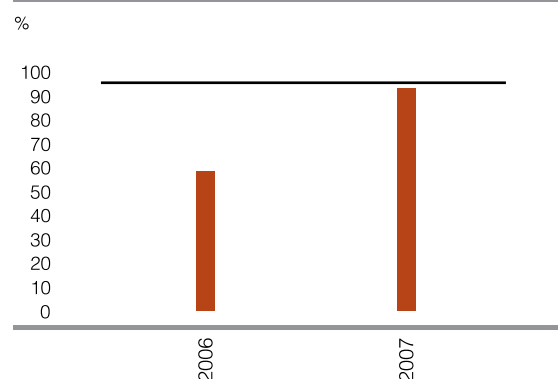
Human Resource Management

The human resource strength at the Federation as at 31st December 2007 was 94 (including those employed in Regional Chambers and Training Centres), which has seen an increase in numbers of approximately 63% compared to that of year 2006. In order to make HRM function more efficient, especially given the higher cadre numbers, the Division has embarked on a restructuring exercise. The organisational structure, expected competencies of the workers, qualifications, status of the workers, salary structures, performance based appraisal systems, salary increment procedures and other general conditions have been documented in detail for easy and efficient implementation.

Staff Satisfaction

Worker Satisfaction Surveys are scheduled to be conducted biannually under the ISO requirements. As such, the first survey was carried out in October 2007, with the objective of identifying employees' problems and then taking appropriate action. The aim is to maintain a level of employee satisfaction at 95% and above.

Staff Strength of the FCCISL - Dec. 06/Dec. 07



58 Administration

Staff Turnover Rate



Despite the challenges faced by employees, with respect to adapting to new systems and procedures that were introduced during the year, such as the work disciplines, new record keeping procedures and the ISO Systems, a satisfaction rate of 82% was observed.

Handling Worker Grievances

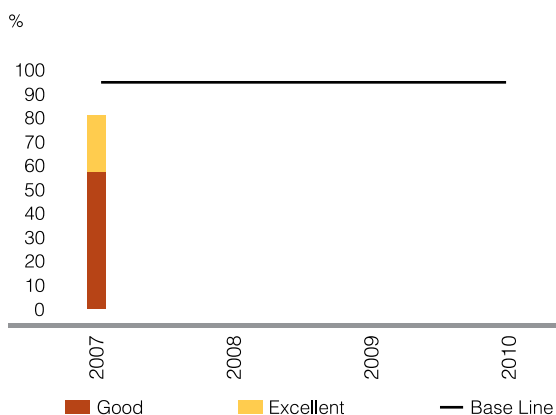
FCCISL considers this aspect a very important area of activity of HRM, as it coincides with the satisfaction of the workforce which is a primary responsibility of the HRM. As such various measures have been taken to identify the needs and problems of the employees.

Besides the conduct of the biannual worker satisfaction surveys, suggestion/complaint boxes have been positioned in appropriate areas within the workplace with the sole purpose of identifying employee work related problems and their suggestions for improvements.

A Welfare Committee, the Chairman of which is a non-managerial officer, has been appointed to look into welfare activities.

Another avenue to air problems faced by employees or/and to offer any work-related suggestion, is the General Staff Meeting chaired by the Secretary General held once in three months, in the presence of

Staff Satisfaction Rate



all Divisional Heads. These meetings have proved to be very effective in re-enforcing FCCISL's appreciation of all employee contributions and suggestions.

Transport

The fleet of 13 vehicles, 10 of which are allocated to senior officials and 4 motorbikes of the FCCISL is maintained by the Federation. The 6 drivers employed by the Federation have been assigned the responsibility of cleaning, updating records/running charts, and reporting of any defect of the pool vehicles to the Administration Manager.

Vehicles

The need for a computerised system to monitor all movements and their maintenance, has been long felt by the Division. As such, plans are under way to introduce such a system to the Federation promptly.

Security

The security service was outsourced to a professional service provider for a more efficient and effective service.

Maintenance/Janitorial

Building maintenance and Janitorial services were outsourced to a professional service provider to maintain a clean and tidy working environment at FCCISL.

Responsibility for proper maintenance was needed for several areas, work efficiency of electrical equipment and appliances such as air-conditioners, lift, electronic equipment like photocopiers, duplo machine, fax machines have become crucial areas.

On-call maintenance of electronic equipment such as computers, fax machines, photocopiers, air-conditioners and fire equipment is all to be carried out by the agencies in the relevant fields through service agreements.

Welfare and Benefits

The Federation, in its effort to maintain employee satisfaction has introduced several welfare and benefit schemes.

Medical Insurance Scheme

Upon completion of probation period, all employees of FCCISL will be entitled to a comprehensive medical insurance cover. The Company has made a significant investment in this regard for the benefit of its employees.

Death Donation Scheme

This scheme which has been drafted and is awaiting approval by the management will seek a voluntary contribution to a fund by the employees. An equal contribution will be made by the Federation each month to the fund.

Office Uniform

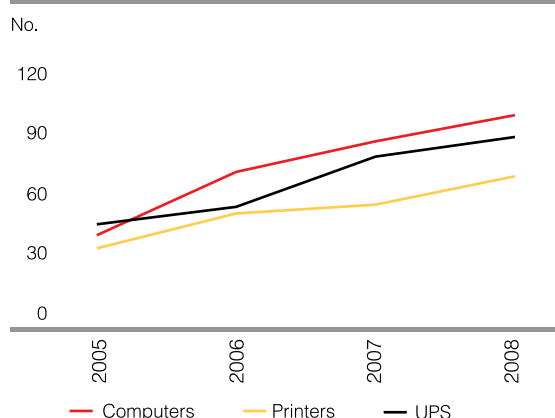
The office uniform given as an added benefit to all staff members of the categories of managers and below has contributed to the unity of the workforce, discipline and has created a valued identity to the Federation employees.

60 Management Information Systems (MIS)

Established in 2005, the MIS Division's vision is to "Facilitate to achieve organisational responsibilities in a co-operative & collaborative environment". As such this service division of the FCCISL facilitates the implementation of FCCISL projects and aids the successful achievement of divisional activities. The Division's key activities are involved in Information Technology (IT), infrastructure development, providing hardware and software solutions to enhance organisational performances, systems maintenance & monitoring.

The IT services of the FCCISL has expanded considerably, from its modest beginnings of servicing a mere 11 computers that were used to carry out the necessary functions of the Federation. Today, the MIS Division administrates a network of 99 computers, 88 UPS units and 68 printers including a PABX having 86 extensions throughout fourteen divisions in the organisation. The Division operates a well-secured protected network containing both wired and wireless connections with internet facilities. Allowing the organisation to cater to the ever-growing demands of organisational IT requirements and by providing access to modern technology, the IT division aids the FCCISL to remain at the forefront of the current business world.

Development of IT Infrastructure



MIS focuses on improving productivity and enhancing quality of the output of both individuals and projects initiated by the organisation, by successfully developing and outsourcing systems that suit each requirement. Altogether, there are over sixteen such systems & solutions; a combination of Eleven in-house developed and Five outsourced systems. MIS provides services to both local and regional chambers, representations in Government and private sector institutes and also cater to the private sector in terms of facilitating businesses and educational institutes.

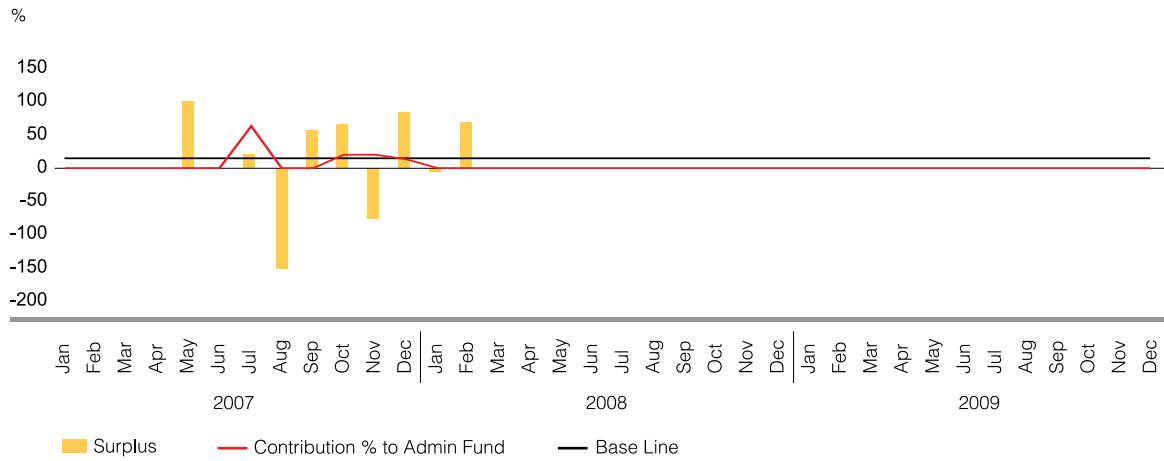
The vision of the MIS Division is carried out by the Manager MIS, two information officers and one programme officer who are committed to maintaining the highest order of competence through information technology.

In December 2007 the MIS Division introduced a high-tech communication solution with the objective of reducing the total communication cost of the organisation by 40%. The full system cost was fully subsidised by the partnering Telekom Company which also offered the industry-best tariff rates within the package. In order to strengthen the FCCISL communication network, this communication package will be extended to regional member chambers within a short period of time.

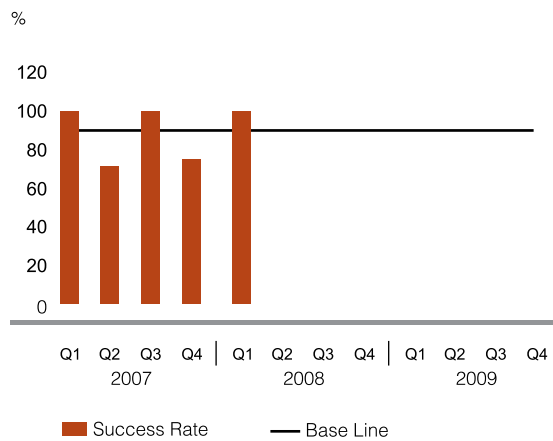
The aspiration of the organisation is to continue on this growth path in order to achieve the ISO 27000 information security certificate. The organisation continues to not only achieve the defined objectives, together with MIS, it also succeeds in delivering improvements in all aspects of the organisations.

Some of Achievements of MIS Division during 2006/07

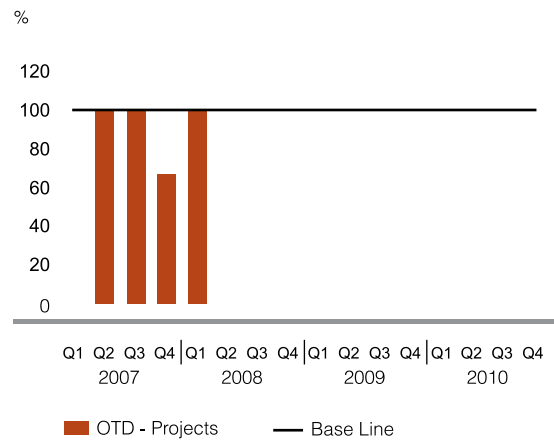
Surplus of Income & Contribution to Admin Fund



Success on Achievement of Action Plan Targets



On Time Delivery - IT Projects



62 Consultancy Research and Study Programmes

With the objectives of assisting the corporate and state sector organisations in Sri Lanka in the development of their Human Capital and to providing solutions for their Human Resource Management and Industrial Relations issues, the FCCISL established the Consultancy, Research and Study Programmes Division (CRSP) in September 2007.

Given the current competitive global economy, development of Human Capital is essential if Sri Lanka is to gain and maintain international competitiveness. With a view to assisting Sri Lankan industry to achieve this, the new division introduced Study Programmes, leading to a Certificate Course in Human Resource Management and also conducted Training Programmes, Seminars and Workshops to upgrade the skills and competencies of the junior and senior executives engaged in varied management disciplines in the State and Private sector organisations, the NGOs and the INGOs.

The following Seminars and Workshops were conducted during the period October to December 2007:

- Workshop on How to Conduct a Disciplinary Inquiry
- Seminar on Executive Development
- Seminar on Labour Laws for Managers
- Seminar on Developing an Effective Performance Appraisal System

FCCISL - Certificate Course in Human Resource Management

Catering mainly to school leavers showing enthusiasm in pursuing a career in Human Resource Management, the FCCISL initiated a Comprehensive Certificate Course in Human Resource Management.

Labour Advisory Service

The division introduced the 'Advisory Service on Labour Related Issues' in order to assist employers in overcoming their routine labour related issues and management problems. As part of this service, the FCCISL assigns a consultant that is available via telephone, fax or e-mail to provide advice to a nominee of the client organisation. This service has become very popular among the business organisations.

Despite the short period of existence of the unit, several leading state and private sector organisations, NGOs and INGOs have been sufficiently impressed with the services rendered and they have entrusted several of their consultancy assignments to the division.

In-house Customised/Tailor-Made Training Programmes

Designing and conducting In-house Customised/Tailor-Made Training Programmes to suit the specific needs of client organisations, is another service offered by the CRSP division. These programmes are designed in consultation with the client organisation so that it fits the organisation's unique corporate culture and key corporate issues. This is a service open to all categories of employees in the public sector departments & corporations, service and manufacturing organisations in the private sector, NGOs and INGOs.

Training Programmes are conducted either at the factory or the office premises of the client organisation.

Research Studies

Discussions have been initiated with the Professor of Human Resource Management, University of Sri Jayawardenapura to conduct Joint Research Studies engaging the FCCISL regional chamber network and the undergraduates of the University of Sri Jayawardenapura. These studies will be based on HR related issues which would benefit the Sri Lankan business community significantly.

Management Team



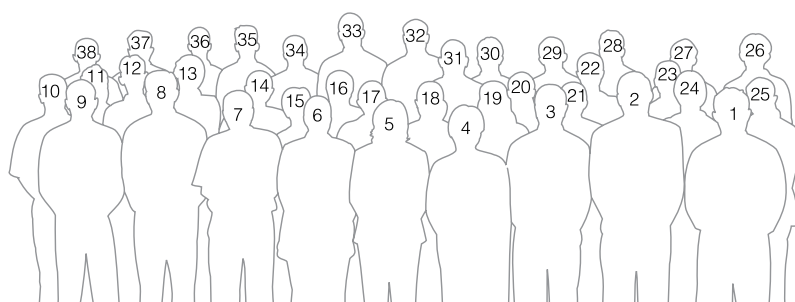
1. Nihal Rangala
2. Samuel Ernest Stembo
3. Hildon Hamangoda
4. Daya Bollegala
5. B.L. Ramanayake
6. Jamaldeen T.I.
7. Naomi Renuka Rodrigo
8. Gamini Sarath
9. Manuja Karunaratne
10. Roshen Gertrude Weeraratne
11. Prabha Kotuwella
12. Abeyratne Muthugala
13. Savanadasa J.C.

64 Our People

Staff



- | | | |
|-----------------------------------|-----------------------------------|---------------------------------|
| 1. Samantha Abeywickrama | 14. Carmen Kumaranayake, M.A.P.G. | 27. Nazim, M.H. |
| 2. Bollegala, D.P. | 15. Tharanga D.A. Samarasekara | 28. Manju Sri Palitha Wejekoon |
| 3. Hamangoda, H.U. | 16. Rajapakshe, A.Y.D.N. | 29. Chaminda Kumara Premaratne |
| 4. Kotuwella, N.V.G.P. | 17. Angela Camini Thangavelu | 30. Pradeep, L.A. |
| 5. Nilmini Dharshika Rajapaksha | 18. Kalupahana, K.L.J.C. | 31. Jayawardena, S.S.P. |
| 6. Roshen Gertrude Weeraratne | 19. Jeewani Kaggoda Arachchi | 32. Sumith Ravindra Henry |
| 7. Rangala, N.C.C. | 20. Chamika Fernando, W.A. | 33. Manoj Sampath Kumara, H.P. |
| 8. Abeyratne Muthugala M.P. | 21. Niranjala, V. | 34. Karunaratne, D.G.N.I. |
| 9. Karunaratne, M.P.W. | 22. Fathima, M.I.S. | 35. Puwaneswaran, N |
| 10. Anura Wijeweera | 23. Sriyani, D.T.S. | 36. D.P. Haputhantri |
| 11. Perera, T.R.P. | 24. Padmani, K.T.G. | 37. Senarath Bandara Kapugedara |
| 12. Manikkam Emmanuel Tenison, J. | 25. Nisansala Asiri Sirisena | 38. Rohan Ajantha Mendis B. |
| 13. Ellegoda, T.G. | 26. Rajitha Udes, P.W. | |

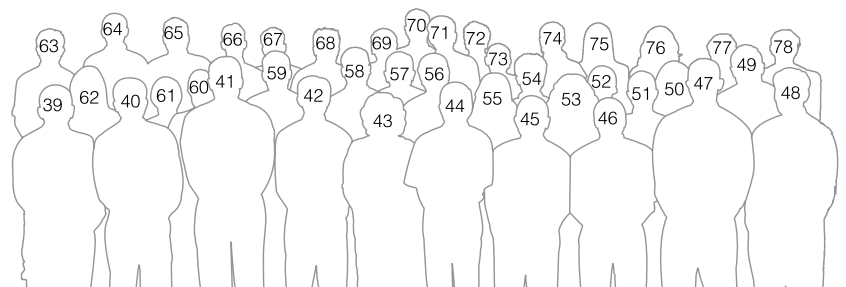




39. Samuel Ernest Stembo
40. Gamini Sarath, U.
41. Jamaldeen, T.I.
42. Ramanayake, B.L.
43. Naomi Renuka Rodrigo, D.
44. Savanadasa, J.C.
45. Abeywickrama, J.
46. Patrick Fernando, B.N.
47. Krishantha Wisenthige
48. Illampiranathan, S.
49. Dunuwille, R.E.D.W.P.M.R.M.V.
50. Jayawardena, D.G.L.W.
51. Nilakshi, G.K.C.
52. Upendrini Senanayake, S.M.D.

53. Anusha Lalani Ediriweera
54. Samanthi Priyangika Perera
55. Lathika Pavithri Peiris, H.
56. Wijekoon, S.W.B.
57. Kanagasabapathy Nandakumaran
58. Kamal Jayalath
59. Ponweera, D.R.A.N.
60. Malka Sudharshani, D.
61. Priyanthi Priyadharshani
62. Amalathas Kavitha
63. Danushka Kumara Rambukwella
64. Dilshan Munasinghe, W.A.
65. Hasitha Dammika Jayamaha
66. Susantha, H.A.

67. Thusith Isuru Edirisinghe, E.N.
68. Praveen Kanishka Manathunga
69. Mahoub, M.M.
70. Indika Lanka Padukka, P.D.
71. Jayasuriya, C.N.
72. Sellarajah, T.N.
73. Indrani Batuwita Kuruppuarachchi
74. Ponnuthurai Chrisanthy
75. Manel Samaranaikie, S.A.
76. Uthpala De Zoysa, G.B.
77. Rasika Manjari Masinghe
78. Maureen B. Liyanage H.C.



66 Report of the Directors/Council Members on the affairs of the Company

The Directors/Council Members of the Federation of Chambers of Commerce and Industry of Sri Lanka (the "Company"), a Company limited by guarantee, incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938, and have filed for re-registration, as per the Companies Act No. 7 of 2007, present their Annual Report of the Board of Directors/Council Members the Financial Statements and the Report of the Auditors thereon, for the financial year ended 31st December 2007.

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards as required by Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 7 of 2007.

- The Directors/Council Members wish to inform the members that there has been no change during the accounting period in the nature of the business of the Company. The Company does not have subsidiaries.

● Financial Statements

Section 168 (b) of the Companies Act require that the Annual Report of the Directors include Financial Statements of the Company in accordance with Section 151 of the Act.

The requisite Financial Statements of the Company are given on pages 71-86 of the Annual Report.

● Auditor's Report

The Auditor's Report on the Financial Statements is given on page 70 of the Annual Report.

● Significant Accounting Policies

The Significant Accounting Policies adopted in the preparation of the Financial Statements are given on pages 75-79 of the Annual Report. There were no changes in Accounting Policies during the said financial year.

● Interest Register

The Interest Register is maintained by the Company as required by the Companies Act No. 7 of 2007. The information pertaining to the same is contained

on page 85 of the Annual Report, under item No. 22 of the Notes to the Financial Statements.

● Directors'/Council Members' Remuneration

The Directors/Council Members of the Company volunteer their time and do not receive remuneration.

● Donations

There were no donations made by the Company during the said financial year.

● Directorate/Council Members List of Directors/Council Members

The following were the Directors/Council Members of the Company as at the end of the said financial year:

Nawaz Rajabdeen
Nihal Abeysekera
Macky Hassim
Kosala Wickramanayake
Tissa Jayaweera
Wellikedegge Granville Perera
Azmi Thassim
Don Patrick Ignatious Jayawardena
Shanmugam Thambiah Sinnathurai Arulanathan
Indika Abeyratne
Haputhanthrige Dhammapala Wijeyanandana
Rodney Emmanuel
Akram Mansoor
Anuruddha Kumara Mallimarachchi
Henda Withanage Ranjith Somasiri
Shahul Hameed Mohamed Nizar Nizar
Aloy Jayawardane
Nimal Perera
Dinesh Kulatunga
Vinayagamoorthy Sothinathan
Rosita Priyadarshani Samarajeewa
Pelathetiya Amal Thushara Piyathilaka
Mohamed Ibrahim Hassan Enoon
Gardiyar Norman Weligamage
Daya Dharmapala Kilittuwa Gamage
Thilak Seneviratne
Natesan Suntharaesan

Report of the Directors/Council Members on the affairs of the Company 67

Resignations

The following were the Directors/Council Members who resigned from office as at the end of the said financial year:

Nandana Bandaranayake
Ranjith Pannabokke
Kingsley Bernard
Keerthi Gunawardane
Nimal Weerasekera
Nishan Navaratne
Sarath Pathmalal
Chandranthee Madagammana
Ranjan Goonesekera
Vinayagamoorthy Ranjithmoorthy
Nimal Samarakkody
Kathirgamu Chelliah Suwarneraj
Tissa Dassanayake
Henegama Liyanage Anusha Priyantha

● Auditors

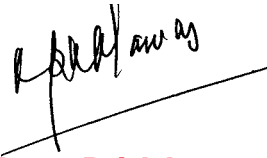
The Auditors Messrs Kreston MNS and Company, Chartered Accountants were paid Sri Lankan Rupees Two Hundred and Fifty Thousand only (Rs. 250,000/-), for the financial year ended 31st December 2007, as audit fees, by the Company. In addition to that, the Auditors were paid Sri Lankan Rupees Eighty Thousand Five Hundred only (Rs. 80,500/-), for non-audit-related services.

● Particulars of any Relationship (other than that of Auditor) which the Auditor has with or any Interests which the Auditor has with the Company

Based on the declaration made by Messrs Kreston MNS and Company, Chartered Accountants and as far as the Directors/Council Members are aware, the Auditors do not have any relationship or interest in the Company other than disclosed in the preceding paragraph.

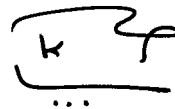
The retiring Auditors Messrs Kreston MNS and Company, Chartered Accountants, are willing to continue in their office. A resolution on re-appointing them as Auditors and granting authority to the Directors/Council Members to decide their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors



Nawaz Rajabdeen

President



Kosala Wickramanayake

Senior Vice-President

(Sgd.)

Director

Corporate Services Limited

Secretaries

Federation of Chambers of Commerce and Industry
of Sri Lanka

Dated on this day of 9th August 2008.

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Balance Sheet **72**

Cash Flow Statement **73**

Statement of Changes in Equity **74**

Accounting Policies **75**

Notes to the Financial Statements **80**

70 Independent Auditor's Report

Chartered Accountants
Correspondent Firm of
Grant Thornton International

Kreston MNS & Co 

Ms. Y. SHIRANI DE SILVA *FCA, FSCMA*
Ms. SIVASELVI BALACHANDRAN *FCA, FSCMA*
S. RAJANATHAN *FCA, FCMA*
N. K. ATUKORALA *ACA, ASCMA*
Ms. H. D. S. C. A. TILLEKERATNE *FCA, ASCMA*
K. I. SKANDADASAN *B.Sc. (Madras), ACA, ASCMA*
R. L. R. BALASINGHAM *ACA, ASCMA*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF - FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY OF SRI LANKA

Report on the Financial Statements

We have audited the accompanying Financial Statements of FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY OF SRI LANKA which comprise the Balance Sheet as at 31st December 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory Notes exhibited on pages 71 to 85.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Council, as well as evaluating the overall Financial Statement presentation.

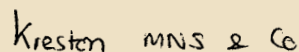
We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Chamber maintained proper accounting records for the year ended 31st December 2007 and the Financial Statements give a true and fair view of the Chamber's state of affairs as at 31st December 2007 and its surplus and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.



Chartered Accountants
Colombo
17th June 2008

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• Matara • Negombo • Nuwara Eliya • Ratnapura • Trincomalee

Income Statement 71

For the year ended

	Note	31.12.2007 Rs.	31.12.2006 Rs.
Revenue			
Membership Fees	2	2,138,271.15	2,341,147.55
Income from Seminars & Programmes		11,120,771.76	6,039,062.44
Grant Income		205,591,946.90	371,482,193.19
Sponsorship Income		1,643,478.23	5,725,425.91
Advertisement Income		230,434.73	334,782.50
		<u>220,724,902.77</u>	<u>385,922,611.59</u>
Other Income	3	34,395,386.70	43,059,072.62
		<u>255,120,289.47</u>	<u>428,981,684.21</u>
Less: Expenses			
Project & Administrative Expenses		(230,760,368.29)	(378,243,268.92)
Other Expenses		(7,070,015.07)	(843,249.09)
Finance Cost	4	(903,086.33)	(386,459.14)
Surplus before Taxation	5	<u>16,386,819.78</u>	<u>49,508,707.06</u>
Income Tax Expense	6	(2,955,745.00)	(4,177,000.00)
Surplus for the year		<u>13,431,074.78</u>	<u>45,331,707.06</u>

The Notes on pages 75 to 85 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

72 Balance Sheet

<i>As at</i>		31.12.2007 Rs.	31.12.2006 Rs.
	Note		
Assets			
Non-Current Assets			
Property, Plant & Equipment	7	79,763,905.23	71,198,797.05
Investments in Shares	8	629,430.14	629,430.14
Fixed Deposits	9	147,132,442.80	203,460,392.91
Total Non-Current Assets		227,525,778.17	275,288,620.10
Current Assets			
Inventories	10	11,056.00	120,025.00
Trade & Other Receivables	11	18,801,078.42	22,956,741.11
Cash at Bank & in Hand	12	29,382,651.92	99,776,799.99
Total Current Assets		48,194,786.34	122,853,566.10
Total Assets		275,720,564.51	398,142,186.20
Funds & Liabilities			
Funds			
Accumulated Fund	13	59,267,233.36	45,836,158.58
Other Funds	14	46,916,928.80	45,330,397.42
Total Funds		106,184,162.16	91,166,556.00
Non-Current Liabilities			
Retirement Benefit Obligation	15	3,027,300.00	2,308,850.00
Net Liability to the Lessor	16	1,317,005.75	1,518,381.09
Total Non-Current Liabilities		4,344,305.75	3,827,231.09
Current Liabilities			
Trade & Other Payables	17	25,438,966.47	54,012,906.46
Net Liability to the Lessor	16	1,050,328.15	730,273.85
Grants Received in Advance		137,331,541.96	223,082,610.16
Tax Liabilities	18	1,352,726.96	2,066,321.88
Bank Overdrafts	12	18,533.06	23,256,286.76
Total Current Liabilities		165,192,096.60	303,148,399.11
Total Funds & Liabilities		275,720,564.51	398,142,186.20

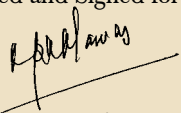
The Notes on pages 75 to 85 form an integral part of these Financial Statements.

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

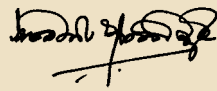

Mrs. N.V.G.P. Kotuwella
Finance Manager

The Council is responsible for the preparation and fair presentation of these Financial Statements.

Approved and Signed for and on Behalf of the Council.


Mr. Nawaz Rajabdeen
President

17th June 2008


Mr. Samantha Abeywickrama
Secretary General

Cash Flow Statement 73

For the year ended

	Note	31.12.2007 Rs.	31.12.2006 Rs.
Cash flow from Operating Activities			
Surplus before Taxation		16,386,819.78	49,508,707.06
Adjustments:			
Provision for Retiring Gratuity	15	1,254,450.00	485,275.00
Depreciation	7	14,059,161.96	8,716,796.61
Finance Cost	4	903,086.33	386,459.14
Interest Income	3	(22,515,724.00)	(31,818,545.94)
Loss on Sale of Property, Plant & Equipment		–	108,000.00
Operating Income before Changes in Working Capital		10,087,794.07	27,386,691.87
(Increase)/Decrease in			
Inventories	10	108,969.00	–
Trade & Other Receivables	11	6,157,016.81	(3,192,452.47)
Increase/(Decrease) in			
Trade & Other Payables	17	(28,663,738.40)	11,079,972.67
Grants Received in Advance		(85,751,068.20)	(73,655,195.32)
Cash used in Operations		(98,061,026.72)	(38,380,983.25)
Gratuity Paid	15	(536,000.00)	(64,350.00)
Income Tax Paid & WHT	18	(3,579,541.51)	(4,405,189.12)
Interest Paid	4	(367,487.45)	(78,071.97)
Net Cash used in Operating Activities		(102,544,055.68)	(42,928,594.34)
Cash flow from Investing Activities			
Purchase of Property, Plant & Equipment	7	(21,629,895.14)	(51,827,477.68)
Investment in Fixed Deposits Net of Withdrawals	9	56,327,950.11	20,574,390.28
Interest Received		20,514,369.88	24,614,175.95
Lease Instalments Paid	16	(1,411,294.92)	(754,561.55)
Net Cash from/(used in) Investing Activities		53,801,129.93	(7,393,473.00)
Cash flow from Financing Activities			
Collection for Funds	14	1,586,531.38	1,932,952.29
Net Cash from Financing Activities		1,586,531.38	1,932,952.29
Net Increase/(Decrease) in Cash & Cash Equivalents		(47,156,394.37)	(48,389,115.05)
Cash & Cash Equivalents at the beginning of the period		76,520,513.23	122,122,811.84
Cash & Cash Equivalents at the beginning of the year in relation to SMED		–	2,786,816.44
Cash & Cash Equivalents at the end of the period	12	29,364,118.86	76,520,513.23

The Notes on pages 75 to 85 form an integral part of these Financial Statements.

74 Statement of Changes in Equity

For the year ended 31.12.2007

	Accumulated Fund Rs.	Other Funds Rs.	Total Rs.
Balance as at 31st December 2005	504,451.52	7,756,956.51	8,261,408.03
Surplus for the year	45,331,707.06	2,024,650.00	47,356,357.06
Receipts	–	5,000.00	5,000.00
Expenses	–	(86,698.70)	(86,698.70)
Balance transferred from SMED	–	35,630,489.61	35,630,489.61
Balance as at 31st December 2006	45,836,158.58	45,330,397.42	91,166,556.00
Surplus for the year	13,431,074.78	–	13,431,074.78
Receipts	–	1,586,531.38	1,586,531.38
Balance as at 31st December 2007	59,267,233.36	46,916,928.80	106,184,162.16

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

1.1 Corporate Information

Federation of Chambers of Commerce and Industry of Sri Lanka is a Limited Liability Company incorporated on 3rd December 1973 under the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 07 of 2007 and domiciled in Sri Lanka.

The registered office of the Chamber is located at No. 53, Vauxhall Lane, Colombo 02.

The Chamber is a Trade Promotion Organisation.

Nature of Operations & Principal Activities :
Creating & maintaining conducive business environment in the country and assisting individual businesses in their development needs.

- a) Playing proactive role in evolving the Economic Policies of the Nation
- b) Provide solutions to the business community and to suggest pragmatic policies to the Government
- c) Professional approach for evolving quick solutions to economic and industrial issues

1.2. Basis of Preparation

1.2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) adopted by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Financial Statements for the year ended 31st December 2007 were authorised for issue by the Council on 17th June 2008.

1.2.2 Responsibility for Financial Statements

The Council is responsible for the preparation and fair presentation of the Financial Statements.

1.2.3 Basis of Measurement

The Financial Statements of the Chamber have been prepared on a historical cost basis.

1.2.4 Foreign Currency Transactions

The Financial Statements are presented in Sri Lanka Rupees, which is the Chamber's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the Chamber operates.

All foreign exchange transactions are converted to Sri Lanka Rupees, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are retranslated to Sri Lanka Rupee equivalents at the exchange rate prevailing at the Balance Sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

The resulting gains and losses are accounted for in the Income Statement.

1.2.5 Comparative Information

The accounting policies applied by the Chamber are unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged, where necessary, conform to the current year's presentation

1.2.6 Events Occurring after the Balance Sheet Date

All material Post Balance Sheet events have been considered and where appropriate adjustments to or disclosures have been made in the respective Notes to the Financial Statements.

1.2.7 Tax

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the Balance Sheet date.

76 Accounting Policies

The provision for income tax is based on the elements of the income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006.

Social Responsibility Levy (SRL)

SRL is payable at the rate of 1% (2006/2007 - 1%) on all taxes and levies chargeable as specified in the first schedule of the Finance Act.

Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT), payable to the Department of Inland Revenue. The Chamber pays such taxes in accordance with the respective Statutes.

1.2.8 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with SLAS requires, the council to make judgements, estimates and assumptions that affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

1.2.9 The Council has made an assessment of the Chamber's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease operations.

2. Valuation of Assets and their Bases of Measurement

Assets classified as current assets on the Balance Sheet are cash and bank balances and those which are expected to be realised in cash during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter.

2.1 Property, Plant & Equipment

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of Property, Plant & Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant & Equipment.

A revaluation of Property, Plant & Equipment is done when there is a substantial difference between the fair value and the carrying amount of the asset and is undertaken by professionally qualified valuers.

Items of Property, Plant & Equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognised.

Depreciation

Provision for depreciation is calculated by using straight-line method on the cost of all Property, Plant & Equipment, other than freehold land, in order to write-off such amounts over the estimated useful economic lives of such assets.

Assets

On Cost	Years
Machinery & Tools	10
Office Equipment	10
Motor Vehicles	4
Furniture, Fixtures & Fittings	5
Computer Equipment	5
Sundry Assets	10
Leased Motor Vehicles	4
Buildings	20

The Chamber's policy up to 31st December 2005 was not to provide depreciation on Property, Plant & Equipment purchased during the year while full year's depreciation was charged in the year of disposal.

Commencing from 1st January 2006, depreciation is provided on all Property, Plant & Equipment from the month the assets are available for use up to the month of disposal.

Commencing from 1st January 2007, depreciation is provided on all Property, Plant & Equipment from the date the assets are available for use up to the date of disposal.

The useful life and residual value of assets are reviewed and adjusted if required, at the end of each financial year.

2.2 Subsequent Expenditure

The cost of replacing a part of an item of Property, Plant & Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Chamber and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy.

The costs of the day-to-day servicing of Property, Plant & Equipment are recognised in profit or loss as incurred.

2.3 Finance Leases

Property, Plant & Equipment on finance leases, which effectively transfer to the Chamber substantially all the risk and benefits incidental to ownership of the leased items, are capitalised and disclosed as finance leases at their cash price and depreciated over the period the Chamber is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance of the liability. The interest payable over the period of the lease is transferred to an

interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the Income Statement over the period of lease.

2.4 Investments

Long-Term Investments

Unquoted investments in shares held on long-term basis are measured at cost less impairment losses.

Provision for diminution in value is made when in the opinion of the Council there has been a decline other than temporary in the value of the investment.

2.5 Inventories

Inventories (Stationery) are stated at cost.

2.6 Trade and Other Receivables

Trade and other receivables are stated at the amounts estimated to realise net of provision for bad and doubtful debts.

2.7 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank Overdrafts that are repayable on demand and form an integral part of Chamber's Cash Management are included as a component of Cash and Cash Equivalents for the purpose of the Statement of Cash Flows.

2.8 Impairment

The carrying amounts of the Chamber's assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount

78 Accounting Policies

rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses are recognised in profit or loss.

3. Liabilities and Provisions

3.1 Liabilities classified as current liabilities on the Balance Sheet are those which fall due for payment on demand or within one year from the Balance Sheet date. Non-current liabilities are those balances that fall due for payment later than one year from the Balance Sheet date.

All known liabilities as at Balance Sheet date have been accounted for in preparing the Financial Statements.

3.2 Defined Benefit Plan - Gratuity

Provision has been made in the Financial Statements for retiring gratuities which may fall due for payment under the Payment of Gratuity Act No. 12 of 1983 in respect of all employees including those who have less than 5 years continued service.

In order to meet this liability a provision is carried forward in the Balance Sheet, based on a half month's salary as of the last month of the financial year, for all employees for each completed year of service, commencing from the first year of service. The resulting difference between the provision carried forward at the end of a year and the brought forward provision is dealt within the Income Statement.

However, as per the Payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

This liability is neither externally funded nor actuarially valued.

3.3 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

All employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and regulations. The Chamber contributes 12% of gross emoluments of employees to an approved Employees' Provident Fund and 3% of gross emoluments of employees to the Employees' Trust Fund.

3.4 Provisions, Contingent Assets and Contingent Liabilities

Provision is recognised if as a result of a past event, the Chamber has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

All contingent liabilities are disclosed as a Note to the Financial Statements unless the outflow of resources is remote.

All contingent assets are disclosed where inflow of economic benefits is probable.

3.5 Trade and Other Payables

Trade and other payables are stated at their cost.

3.6 Capital Commitments

Capital commitments of the Chamber are disclosed in the respective Notes to the Financial Statements.

4. Income Statement

For the purpose of presentation of the Income Statement, the function of expense method is adopted, as it represents fairly the elements of Chamber's performance.

4.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Chamber and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of value added taxes. The following specific criteria are used for recognition of revenue:

Grants

Grants received for specified projects are recognised as income on a time basis, based on the expected duration of the projects.

Membership Fees

Membership Fees is recognised on an accrual basis.

Interest Income

Interest income is recognised on an accrual basis.

Rental Income

Rental income is recognised as it accrues.

Other Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of Property, Plant & Equipment are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material and aggregated, reported and presented on a net basis.

Others

Other income is recognised on an accrual basis.

4.2 Expenditure

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income.

All expenditure incurred in the running of the Chamber and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the Profit for the year.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Finance Cost

Finance cost comprises interest payable on leases.

The interest expense component of finance lease payments is recognised in the Income Statement using the effective interest rate method.

5. Cash Flow Statement

The Cash Flow Statement has been prepared using the 'indirect method'.

Interest paid is classified as an operating Cash Flow.

80 Notes to the Financial Statements

	31.12.2007 Rs.	31.12.2006 Rs.
2. MEMBERSHIP FEES		
Entrance Fees	681,379.92	528,738.86
Subscriptions	1,456,891.23	1,812,408.69
	<u>2,138,271.15</u>	<u>2,341,147.55</u>
3. OTHER INCOME		
Interest Income	22,515,724.00	31,818,545.94
Foreign Exchange Gain	159,273.34	17,661.31
Training Course Income	147,565.13	638,304.32
Accrued Expenses Written Back	245,000.00	5,527,117.58
Hiring of Board Room & Multimedia	28,565.20	32,975.87
Registration Fees	313,563.50	968,100.76
Sale of Publications	144,402.32	127,110.00
Stall Reservation Income	259,347.78	52,173.91
Reimbursement of Expenses by Donors	3,176,702.30	2,979,758.23
Business School Profit Share	–	19,381.19
Income from Marketing Agency	–	496,860.00
Professional Fees	–	258,000.00
Exhibition Income	2,442,268.33	–
Co-ordination Fees	145,079.14	–
Facilitation Fees	4,696,272.94	–
Other Income	121,622.72	123,083.51
	<u>34,395,386.70</u>	<u>43,059,072.62</u>
4. FINANCE COST		
Interest on Long -Term Borrowings	535,598.88	308,387.17
Interest on Short-Term Borrowings	367,487.45	78,071.97
	<u>903,086.33</u>	<u>386,459.14</u>
5. SURPLUS BEFORE TAXATION		
is stated after deducting all expenses including:		
Auditor`s Remuneration - for Audit	250,000.00	233,000.00
- for Non-Audit Services	80,500.00	70,000.00
Depreciation	14,059,161.96	8,716,796.61
Staff Cost - Salaries, Overtime, etc.	33,501,771.90	20,056,501.20
- Defined Contribution Plan Cost - EPF & ETF	4,696,993.77	2,759,097.08
- Defined Benefit Plan Cost - Gratuity	1,254,450.00	485,287.00
Donations	–	83,200.00
Net Expense from Shipping Services	6,259,403.88	–
6. TAXATION		
Current Income Tax on Ordinary Activities		
On Income for the year	2,955,745.00	4,177,000.00
	<u>2,955,745.00</u>	<u>4,177,000.00</u>

6.1 Corporate Tax

The Chamber is liable for Income Tax under Section 101 (2) of the Inland Revenue Act No. 10 of 2006 on either Investment Income or Trading Income whichever is higher at 20%.

6.2 Reconciliation between Surplus before Taxation and Current Income Tax on Ordinary Activities

Trading Income

	31.12.2007 Rs.	31.12.2006 Rs.
Surplus before Tax	16,386,819.78	49,508,707.00
Expenses Disallowed for Tax	17,014,860.00	12,707,654.00
Capital Allowances	(9,120,134.00)	(5,679,640.00)
Allowable Income	(23,051,724.00)	(96,562,201.00)
Adjusted Profit/(Loss) for the year from Business	1,229,821.78	(40,025,480.00)

Interest Income

Interest Income	22,515,724.00	31,818,545.94
Less: Exempt Interest Income	(4,338.00)	(7,064.94)
Tax Loss Brought Forward	(29,584,564.00)	(693,102.00)
Tax Loss for the year	–	(40,025,480.00)
Tax Loss Carried Forward	21,705,579.00	29,584,564.00
Taxable Income	14,632,401.00	20,677,463.00

Income Tax on Interest Income	2,926,480.00	4,135,492.00
Social Responsibility Levy	29,265.00	41,335.00
	2,955,745.00	4,176,827.00

Provision	2,955,745.00	4,177,000.00
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82 Notes to the Financial Statements

7. PROPERTY, PLANT & EQUIPMENT

	Land Rs.	Building Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	Sundry Assets Rs.	Machinery & Tools Rs.	Capital Work- in-Progress Rs.	31.12.2007 Total Rs.	31.12.2006 Total Rs.
Freehold											
Cost											
Gross Book Value as at 1st January	6,960,000.00	–	7,051,100.80	23,117,085.35	10,445,863.07	13,529,188.51	2,593,729.21	4,963,701.54	17,790,702.34	86,451,370.82	29,472,373.75
Additions	1,600,000.00	4,785,233.41	1,441,219.10	–	1,910,425.48	1,717,289.00	–	10,175,728.15	–	21,629,895.14	51,327,477.68
Transferred (to)/from											
Building	–	17,790,702.34	–	–	–	–	–	–	(17,790,702.34)	–	–
Adjustment	–	–	–	–	–	–	–	–	–	–	(108,000.00)
Transferred from SMED	–	–	–	–	–	–	–	–	–	–	5,759,519.39
Gross Book Value as at 31st December	8,560,000.00	22,575,935.75	8,492,319.90	23,117,085.35	12,356,288.55	15,246,477.51	2,593,729.21	15,139,429.69	–	108,081,265.96	86,451,370.82
Depreciation											
As at 1st January	–	–	2,311,349.75	9,352,064.17	3,594,273.17	3,313,231.67	165,233.37	102,919.89	–	18,839,072.02	5,574,123.64
Charge for the year	–	569,037.28	631,550.07	5,347,378.65	2,169,231.89	2,686,844.75	252,454.96	1,213,110.10	–	12,869,607.70	8,470,702.86
Transferred from SMED	–	–	–	–	–	–	–	–	–	–	4,794,245.52
As at 31st December	–	569,037.28	2,942,899.82	14,699,442.82	5,763,505.06	6,000,076.42	417,688.33	1,316,029.99	–	31,708,679.72	18,839,072.02
Net Book Value											
As at 31st December	8,560,000.00	22,006,898.47	5,549,420.08	8,417,642.53	6,592,783.49	9,246,401.09	2,176,040.88	13,823,399.70	–	76,372,586.24	67,812,586.24
Leased Hold											
Cost											
Gross Book Value as at 1st January	–	–	–	3,832,592.00	–	–	–	–	–	3,832,592.00	1,863,843.00
Additions	–	–	–	1,063,125.00	–	–	–	–	–	1,063,125.00	1,968,750.00
Adjustment	–	–	–	(68,750.00)	–	–	–	–	–	(68,750.00)	–
Gross Book Value as at 31st December	–	–	–	4,826,967.00	–	–	–	–	–	4,826,967.00	3,832,593.00
Depreciation											
As at 1st January	–	–	–	246,093.75	–	–	–	–	–	246,093.75	–
Charge for the year	–	–	–	1,189,554.26	–	–	–	–	–	1,189,554.26	246,093.75
As at 31st December	–	–	–	1,435,648.01	–	–	–	–	–	1,435,648.01	246,093.75
Net Book Value											
As at 31st December	–	–	–	3,391,318.99	–	–	–	–	–	3,391,318.99	3,586,499.25
Net Carrying Value											
As at 31st December 2007	8,560,000.00	22,006,898.47	5,549,420.08	11,808,961.52	6,592,783.49	9,246,401.09	2,176,040.88	13,823,399.70	–	79,763,905.23	–
As at 31st December 2006	6,960,000.00	–	4,739,751.05	17,351,519.43	6,851,589.90	10,215,956.84	2,428,495.84	4,860,781.65	17,790,702.34	–	71,198,797.05

8. INVESTMENTS IN SHARES

	31.12.2007			31.12.2006		
	No. of Shares	Cost Rs.	Council Valuation Rs.	No. of Shares	Cost Rs.	Council Valuation Rs.
Unquoted						
Sterlin Merchants Investments Ltd.	62,943	629,430.14	629,430.14	62,943	629,430.14	629,430.14
		<u>629,430.14</u>	<u>629,430.14</u>		<u>629,430.14</u>	<u>629,430.14</u>

Class of Shares refers to Ordinary Shares

9. FIXED DEPOSITS

	31.12.2007 Rs.	31.12.2006 Rs.
Commercial Bank of Ceylon PLC	117,048,880.65	19,569,519.93
DFCC Vardana Bank	9,805,000.00	9,805,000.00
People's Bank	–	1,000,000.00
People's Merchant Bank	14,000,000.00	14,000,000.00
Sampath Bank	2,314,553.96	151,934.65
Seylan Bank	187,427.40	155,000,000.00
Sterlin Merchants Investments Ltd.	3,776,580.79	3,933,938.33
	<u>147,132,442.80</u>	<u>203,460,392.91</u>

10. INVENTORIES

Stationery	11,056.00	–
Books & Magazines	–	120,025.00
	<u>11,056.00</u>	<u>120,025.00</u>

11. TRADE & OTHER RECEIVABLES

Prepayments	1,393,449.74	949,230.86
Advances & Deposits	4,837,148.91	8,289,097.06
Other Receivables	12,570,479.77	13,718,413.19
	<u>18,801,078.42</u>	<u>22,956,741.11</u>

12. CASH & CASH EQUIVALENTS

Cash at Bank	29,382,651.92	99,748,021.29
Petty Cash	–	28,778.70
	<u>29,382,651.92</u>	<u>99,776,799.99</u>
Bank Overdrafts	(18,533.06)	(23,256,286.76)
	<u>29,364,118.86</u>	<u>76,520,513.23</u>

13. ACCUMULATED FUND

Balance on 1st January	45,836,158.58	504,451.52
Surplus for the year	13,431,074.78	45,331,707.06
Balance on 31st December	<u>59,267,233.36</u>	<u>45,836,158.58</u>

14. OTHER FUNDS

	Building Fund Rs.	Corpus Fund Rs.	Research & Consultancy Fund Rs.	IRMP Revolving Fund Rs.	Endowment Fund Rs.	Regional Chamber Development Fund Rs.	Welfare Fund Rs.	Relief Co-ordination Fund Rs.	Operational Fund Rs.	Total Rs.
Balance on 1st January 2007	6,000,000.00	35,264,813.02	539,559.86	283,977.89	1,611,500.00	1,184,518.65	140,900.00	305,128.00	–	45,330,397.42
Receipts	–	–	–	–	1,251,164.08	–	274,150.00	–	61,217.30	1,586,531.38
Balance on 31st December 2007	<u>6,000,000.00</u>	<u>35,264,813.02</u>	<u>539,559.86</u>	<u>283,977.89</u>	<u>2,862,664.08</u>	<u>1,184,518.65</u>	<u>415,050.00</u>	<u>305,128.00</u>	<u>61,217.30</u>	<u>46,916,928.80</u>

84 Notes to the Financial Statements

15. RETIREMENT BENEFIT OBLIGATION

Gratuity

	31.12.2007 Rs.	31.12.2006 Rs.
Balance on 1st January	2,308,850.00	939,475.00
Balance transferred from SMED	–	948,450.00
Provision for the year	1,254,450.00	485,275.00
	3,563,300.00	2,373,200.00
Payments made during the year	(536,000.00)	(64,350.00)
Balance on 31st December	3,027,300.00	2,308,850.00

16. NET LIABILITY TO THE LESSOR

Lease Obligation		
Balance on 1st January	2,788,721.13	1,614,935.00
Leases Obtained during the year	1,502,064.00	1,928,347.68
	4,290,785.13	3,543,282.68
Instalments Paid during the year	(1,411,294.92)	(754,561.55)
Balance on 31st December	2,879,490.21	2,788,721.13
Interest in Suspence		
Balance on 1st January	540,066.19	388,855.68
On New Lease Agreement	438,939.00	459,597.68
Overstated Cost Adjustment	68,750.00	–
Transferred to Income Statement	(535,598.88)	(308,387.17)
Balance on 31st December	512,156.31	540,066.19
Net Liability Payable within one year	(1,050,328.15)	(730,273.85)
Net Liability Payable after one year	1,317,005.75	1,518,381.09

17. TRADE & OTHER PAYABLES

Accrued Expenses	19,292,958.06	28,674,315.11
Other Payables	6,146,008.41	25,338,591.35
	25,438,966.47	54,012,906.46

18. TAX LIABILITIES

Balance on 1st January	2,066,321.88	2,294,511.00
Provision for the year	2,955,745.00	4,177,000.00
	5,022,066.88	6,471,511.00
ESC	(89,798.41)	–
WHT	(2,418,044.37)	(3,547,524.12)
Payments made during the year	(1,161,497.14)	(857,665.00)
Balance on 31st December	1,352,726.96	2,066,321.88

19. CAPITAL COMMITMENTS

There were no material capital commitments as at 31st December 2007.

20. CONTINGENT LIABILITIES

There are no contingent liabilities which would require adjustments to or disclosure in the Financial Statements.

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements.

22. RELATED PARTY TRANSACTIONS

22.1 No Council Member is directly or indirectly interested in any contract with the Chamber.

22.2 Transactions with Key Managerial Personnel

Key Managerial Personnel include members of the Council of the Chamber.

There were no transactions with Key Managerial Personnel and their close family members during the year.

86 Ten Year Summary

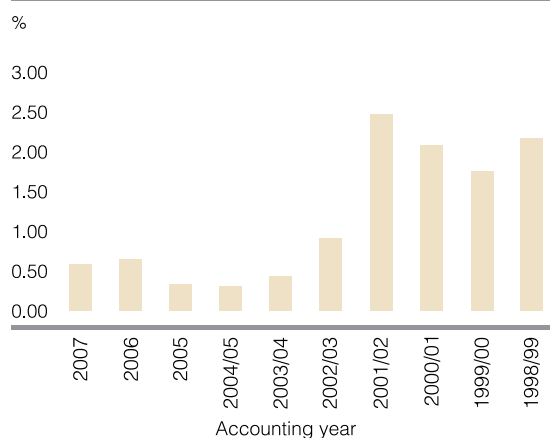
	Year Ended 31st December			Year ended 31st March						
	2007 Rs.'000	2006 Rs.'000	*2005 Rs.'000	2004/2005 Rs.'000	2003/2004 Rs.'000	2002/2003 Rs.'000	2001/2002 Rs.'000	2000/2001 Rs.'000	1999/2000 Rs.'000	1998/1999 Rs.'000
Operational Results										
Income	255,120	428,982	110,338	44,983	41,390	8,756	6,862	9,434	12,157	29,791
Depreciation On Property, Plant & Equipment	12,870	13,511	1,809	1,706	1,579	533	651	333	405	204
Surplus Befor Taxation	16,404	49,509	(12,696)	7,266	2,910	1,846	(1,831)	(2,708)	(1,452)	7,652
Income Tax Expenses	2,956	4,177	1,300	284	165	86	69	125	183	1,319
Surplus After Taxation	13,448	45,332	(13,996)	6,983	2,745	1,760	(1,900)	(2,833)	1,635	6,333
Reserves										
Accumulated Fund	59,284	45,836	504	14,500	7,559	(2500)	1,741	1,640	473	555
Other Funds	46,917	45,330	7,757	7,312	6,573	13,873	44	2,002	6,002	7,550
Liabilities										
Current Liabilities	165,175	303,148	341,226	5,378	20,760	5,289	6,518	3,598	3,571	4,551
Non-Current Liabilities	4,344	3,827	1,830	534	505	340	347	325	235	191
Assets										
Property Plant & Equipment	79,764	71,199	25,762	10,729	10,071	8,857	3,202	3,798	1,977	3,123
Current Assets	48,195	122,854	133,218	11,546	12,664	5,808	2,646	1,739	2,050	2,107
Ratios										
Current Ratio	3.43	2.47	2.56	0.47	1.64	0.91	2.46	2.07	1.74	2.16
Current Ratio without grant received in advance	0.58	0.65	0.33	0.31	0.43	0.91	2.46	2.07	1.74	2.16
No. of Staff	94	59	42	16	14	17	13	12	11	10

* Financial year was changed from March to December in the year 2005 and therefore in year 2005, only 9 months accounts were prepared.

Net Margin for 10 years (from 1998 - 2007)



Current Ratio (without grant received in advance) for 10 years (1998 - 2007)



Our Management

The Secretariat office, houses, several key business units each having a distinct role to perform in keeping with the overall objectives of the FCCISL.

Each of these units include;

- > Regional Chamber Development
- > Special Projects
- > Small and Medium Enterprise Development
- > Policy Support, Economic Affairs and Export Documentation
- > Human Resources Development
- > Foreign Trade & Export Promotion
- > SAARC & International Affairs
- > Chamber Development Project
- > Membership Services and CSR
- > Public Relations and Events
- > Finance Division
- > Administration
- > Management Information Systems Division (MIS)
- > Consultancy Research and Study Programmes

Our Secretariat

The day-to-day operations of the FCCISL are spearheaded by a competent Secretariat, conveniently located at # 53, Vauxhall Lane, Colombo 02. The Secretariat office is fully equipped with the necessary infrastructure and support services to provide its membership with a superior service.

Conference facilities are extensive, with six halls offering capacities ranging from 10-200 people. We have thus become a meeting hub of choice, for business leaders.

The FCCISL with its a 'business friendly' approach has been able to inspire many a member, preparing them to face the ever-changing economic landscape of Sri Lanka through a series of activities that have enhanced the level of competitiveness of the Sri Lankan business and industrial sector.

Our Intellectual Capital

We can be modestly proud of our human capital who are on par with the world's best. Each core unit is headed by highly competent, qualified, personnel who possess years of experience with proven track records in their respective disciplines.

A prime example would be our Secretariat consisting of highly qualified, multidisciplinary graduates, MBAs, IT professionals, fiscal and financial analysts, lawyers, etc., who can provide business solutions and guidance on industry issues like quality, market access, taxation, economic policy, etc. Our intellectual capital is ever-expanding to address newer areas and wider issues.

88 Notes

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Corporate Information

Name of the Company	Federation of Chambers of Commerce and Industry of Sri Lanka	
Legal Form	Company Limited by Guarantee	
Company Registration No.	A43 - 03/12/1973 (Applied for Re-registration)	
Registered Office	Federation House, No. 53, Vauxhall Lane, Colombo - 02	
Nature of Business	Trade Promotions and Providing Services to the Business Community	
Committee Members	Mr. Nawaz Rajabdeen Mr. Kosala Wickramanayake Mr. Tissa Jayaweera Mr. Samantha Abeywickrama	
Branch Offices	Institute of Business & Industrial Studies/FCCISL No. 56, Town Centre Building, Colombo Road, Kurunegala	Handwerk Training Centre Dodangoda Road, Malegoda, Payagala Kalutara
	Institute of Business & Industrial Studies/FCCISL No. 15/A, Siddihe Lebbe Mawatha, Kandy	Gampaha District Chamber of Commerce, Industry & Agriculture Pradeshiya Sabha Complex, Miriswatta Junction, Mudungoda, Gampaha
	Institute of Business & Industrial Studies/FCCISL No. 320, Matara Road, Magalle, Galle	Puttalam District Chamber of Commerce, Industry & Agribusiness No. 48/2/2, Sky Line Building, 2nd Floor, Colombo Road, Chilaw
Bankers	Commercial Bank, Seylan Bank, Sampath Bank, People's Bank, Hattion National Bank	
Auditors	Kreston MNS & Company - Audit Services No. 50/2, Sir James Peiris Mawatha, P.O. Box 210, Colombo - 02	
	P.E. Mathew & Company - Tax Services No. 94 1/4, York Building, York Street, Colombo - 01	
Secretaries	Co-operate Services Limited No. 216, De Saram Place, Colombo - 07	
Lawyers	Mr. Thilak Gunawardena, B.Sc., LLB. Attorney-at-Law & Notary Public No. 43, De Fonseka Place, Colombo - 05	

