

Millennium  
Development Goals  
Country Report  
— 2005 —



Sri Lanka



## *The cover story*



*"A hand of a child on the palm of an adult represents our nation's commitment, responsibility and the passion in leading our future generation to a more secure, prosperous and a better world... for all"*

Millennium Development Goals  
Country Report  
— 2005 —

Sri Lanka



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## Sri Lanka



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இலங்கை சனாதிபதி  
President of Sri Lanka

### Message from Her Excellency the President

In September 2000, the Government and people of Sri Lanka joined the international community, in pledging their support for the Millennium Declaration at the United Nations Millennium Summit. The Millennium Development Goals (MDGs) are the world's targets for dramatically reducing extreme poverty in its many dimensions by the year 2015. The goals are targeted to reduce poverty, hunger, disease, exclusion, lack of infrastructure and shelter while promoting gender equality, education, health and environment sustainability.

Sri Lanka can meet these goals if we commit ourselves to work together for a better future for us all. This report provides a testimony of Sri Lanka's achievements over the last decade while identifying challenges and opportunities for the future. It also points out areas that require improvement and systems for monitoring and evaluation.

Over the past ten years, Sri Lanka has made considerable progress in the areas of social and human development. We are already on track in achieving the MDG targets for primary education, infant and maternal mortality and gender equality in education. More people have access to basic infrastructure and services today than a decade ago. However, poverty still remains a major challenge in the country and we are aggressively re-aligning our development initiatives with the objective of reducing socio-economic disparities across the country.

This report is a timely contribution to promote dialogue in the sphere of policy-making with all the stakeholders in the country and with the donor community. Although our country is presently fighting against the setbacks caused by the tsunami disaster, I remain confident that my government will achieve the MDGs ahead of the scheduled time frames and pitch for MDG plus status thereafter. In this ambitious task, we require well-targeted adjustments to our policies, development plans and resource allocations at the provincial level to reduce isolation and increase participation, while broadening and deepening such efforts at the national level.

I believe that this report will open a forum for dialogue and encourage broader participation of the people in our journey towards achieving MDGs.

Chandrika Bandaranaike Kumaratunga



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இலங்கைச் சனநாயக சோசலிசக் குடியரசு  
Democratic Socialist Republic of Sri Lanka



## Message from United Nations Resident Coordinator - Sri Lanka

The Millennium Development Goals represent international consensus about essential actions needed to overcome challenges to humanity in the 21<sup>st</sup> century. Reduced poverty and greater equality, improved health, education and environmental sustainability are essential for human progress. The MDGs measure progress in terms of real improvements in people's lives.

Each country must find its own path to achieve the Goals. Sri Lanka has long been at the forefront of human development among developing countries. Access to health and education is widespread, and the results have been impressive. But still millions of Sri Lankans are living in poverty. If this problem could be solved by one set of actors or by one initiative, then greater reduction in poverty would have occurred already.

Achieving these ambitious Goals requires all of society to come together with one shared vision. "Business as usual" is not enough. Government, political parties, private sector, civil society and other actors need to come together to develop a shared vision for a society without poverty and inequality, and find consensus about the main priorities. This is the foundation for the creative partnerships and coalitions needed to achieve the Goals.

The MDGs place people at the centre, by focusing on investments in people's capabilities to take charge of their own development. People living in poverty often suffer disproportionately from poor health, nutrition, and education, and they are more dependent on natural resources. Not only is it critical to invest in their resources, skills and abilities, but also to involve them directly in making their own strategies for reducing poverty. This in itself will strengthen governance and effectiveness of development.

The tsunami disaster and the two-decade internal conflict have raised tremendous challenges for Sri Lanka. This progress report is produced by the Government of Sri Lanka, on behalf of the country and its people, during a historically challenging time. The commitment and dedication shown by those involved is a promising first step. The next steps should involve intense dialogue and constructive debate about how to take the MDG agenda forward.

The MDG agenda highlights the opportunity for the country to come together for peace and recovery through a development framework owned by all, and centered on the needs of the most vulnerable. On behalf of the UN system in Sri Lanka, I express our fullest support in this endeavor.

A handwritten signature in black ink, appearing to read 'Miguel Bermeo', with a stylized flourish at the end.

**Miguel Bermeo**

*United Nations Resident Coordinator*

This report could not have been prepared without the contribution of many individuals and various organizations. A number of ministries, line agencies and private sector stakeholders were consulted during the preparation of the report and they provided invaluable advice, information and material. Although the broader consultation of non-government stakeholders was hampered to some extent with the difficult circumstances that the country faced due to the Tsunami disaster, it is our intent to continue with such consultations after the launch of this report.

### Contributors

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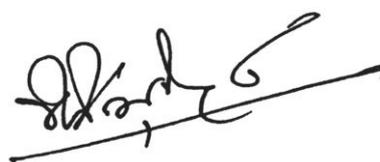
### Government Consultations

The report benefited greatly from the intellectual advice and guidance of the MDG Cluster, which is created under the National Council for Economic Development (NCED). The MDG Cluster include Dr. Tara de Mel, Secretary, Ministry of Education, Mr. F.R. Maligaspe, Secretary, Ministry of Health Care and Nutrition and Uva Wellassa Development, Mr. N. A. Malimage, Secretary Ministry of Indigenous Medicine, Mr. Tissa Warnasuriya, Secretary, Ministry of Agriculture, Livestock, Land & Irrigation, Mr. T. Hapangama, Secretary Ministry of Samurdhi & Poverty Alleviation, Mr. Leelaratne, Secretary, Ministry of Environment & Natural Resources, Mr. P. Subasinghe, Secretary, Ministry of Regional Infrastructure Development, Mrs. M.S. Rajapakse, Secretary, Ministry of Women's Empowerment & Social Welfare, Mrs. S.M. Karunarathne, Secretary, Ministry of Housing and Construction Industry, Eastern Province Education & Irrigation Development, Mr. A.M. Chandrapala, Secretary, Ministry of Provincial Councils & Local Government, Mr. Deva Rodrigo, Chairman, Ceylon Chamber of Commerce and Dr. A.T. Ariyaratne, Chairman, Lanka Jathika Sarvodaya Sangamaya.

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### The Country Team

This report is a result of hard work and dedication of the country team. This special note of appreciation goes to Mr. Sherman Gunatillake, Team Leader/National Coordinator, Ms. Shihana Samad and Ms. Tilani Jayawardena, the co-authors, Mr. Chandeeema Perera and Ms. Nadya Perera and the staff of NCED for their valuable contribution in the preparation of this report. The support extended by Ms. Louise Chamberlain of UNDP, who represented the UN in the country team is also appreciated.



**P. B. Jayasundera**

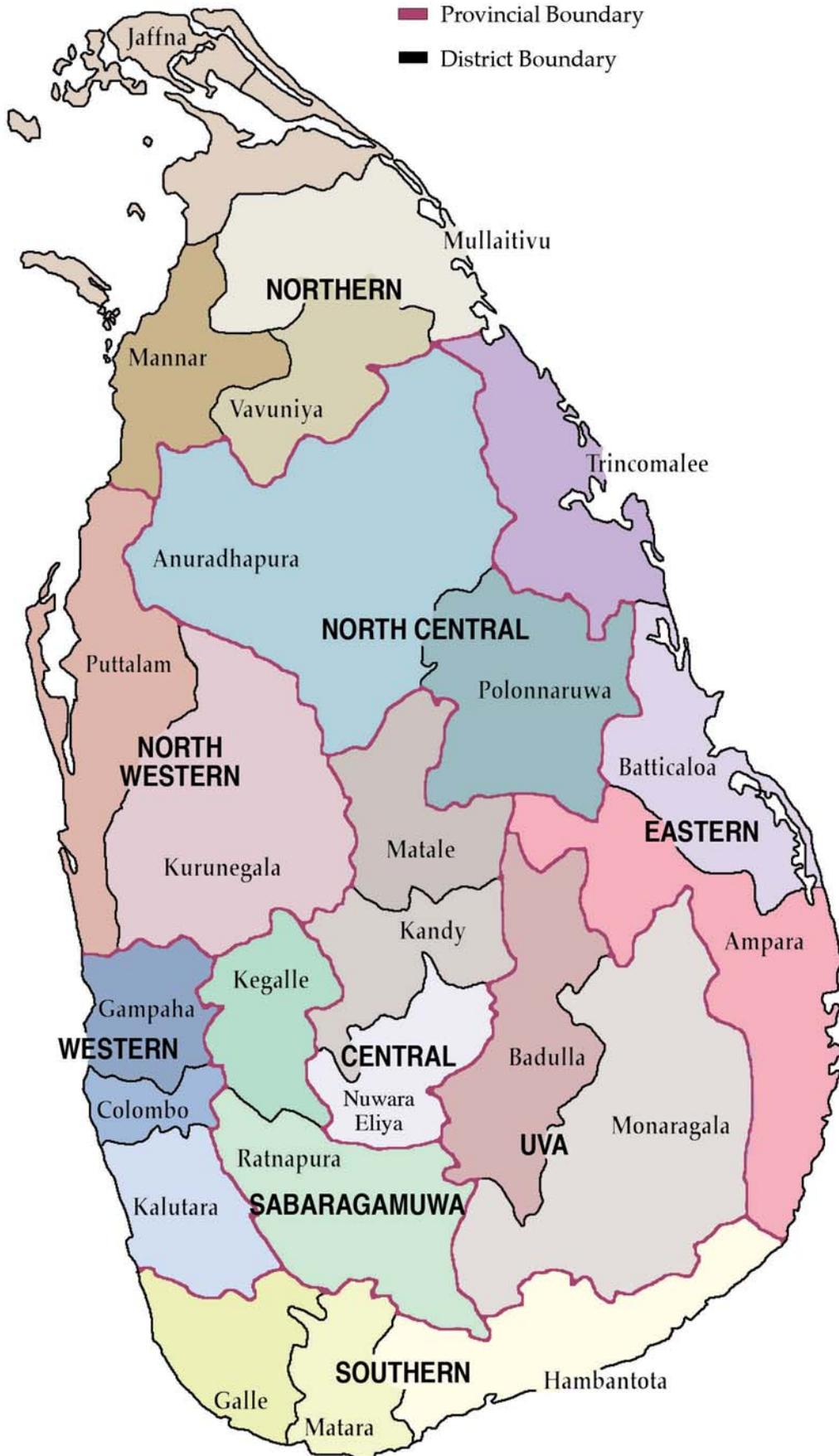
*Chairman / Secretary General*

*National Council for Economic Development*

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## Acronyms

<b>BA</b>	Bangkok Agreement	<b>IMF</b>	International Monetary Fund
<b>BIMST-EC</b>	Bangladesh, India, Myanmar, Sri Lanka, Thailand - Economic Corporation	<b>ISFTA</b>	Indo-Sri Lanka Free Trade Agreement
<b>CCPI</b>	Colombo Consumer Price Index	<b>LGA</b>	Local Government Authorities
<b>CEA</b>	Central Environmental Authority	<b>LKR</b>	Lankan Rupees
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination Against Women	<b>LTTE</b>	Liberation Tigers of Tamil Eelam
<b>CEPA</b>	Comprehensive Economic Partnership Agreement	<b>MCH</b>	Maternal and Child Health
<b>CFSES</b>	Consumer Finance and Socio Economic Survey	<b>MMR</b>	Maternal Mortality Rate
<b>CHDR</b>	Child Health Development Record	<b>MDGs</b>	Millennium Development Goals
<b>CPH</b>	Census of Population and Housing	<b>NCED</b>	National Council for Economic Development
<b>DCS</b>	Department of Census and Statistics	<b>NE</b>	North East
<b>DDT</b>	Dichloro-Diphenyl-Trinchloroethane	<b>NGOs</b>	Non Governmental Organisations
<b>DHS</b>	Demographic Health Survey	<b>NHS</b>	Nutrition and Health Survey
<b>DOE</b>	Department of Examinations	<b>NHDA</b>	National Housing Development Authority
<b>DOTS</b>	Directly Observed Treatment Short	<b>NPA</b>	National Procurement Agency
<b>EPF</b>	Employees' Provident Fund	<b>NSACP</b>	National STD/AIDS Control Programme
<b>ERM</b>	Environmental Resource Management	<b>NW</b>	North West
<b>ETF</b>	Employees' Trust Fund	<b>ODA</b>	Overseas Development Assistance
<b>FDI</b>	Foreign Direct Investment	<b>PC</b>	Personal Computers
<b>FMRA</b>	Fiscal Management Responsibility Act	<b>PEM</b>	Protein Energy Malnutrition
<b>GCE A/L</b>	General Certificate Examination - Advance Level	<b>PHC</b>	Primary Health Care
<b>GCE O/L</b>	General Certificate Examination - Ordinary Level	<b>QLFS</b>	Quarterly Labour Force Survey
<b>GDCF</b>	Gross Domestic Capital Formation	<b>SAFTA</b>	South Asian Free Trade Agreement
<b>GDI</b>	Gender Development Index	<b>SAPTA</b>	South Asian Preferential Trading Agreement
<b>GDP</b>	Gross Domestic Product	<b>SLHDS</b>	Sri Lanka Health and Demographic Survey
<b>GSTP</b>	Generalised System of Trade Preferences	<b>STI</b>	Sexually Transmitted Infections
<b>HDI</b>	Human Development Index	<b>STD</b>	Sexually Transmitted Diseases
<b>HIES</b>	Household Income and Expenditure Survey	<b>TIFA</b>	Trade and Investment Framework
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome	<b>UNAIDS</b>	United Nations Programme on HIV/AIDS
<b>HPI</b>	Human Poverty Index	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>ICT</b>	Information and Communication Technology	<b>UNDP</b>	United Nations Development Programme
<b>ISPs</b>	Internet Service Providers	<b>UNICEF</b>	United Nations Children's Fund
<b>IT</b>	Information Technology	<b>UXO</b>	Unexploded Ordinance
<b>ILFTA</b>	Indo-Lanka Free Trade Agreement	<b>WHO</b>	World Health Organisation
<b>ILO</b>	International Labour Organisation	<b>WLL</b>	Wireless Local Loop
		<b>WSSD</b>	World Summit on Sustainable Development
		<b>WTO</b>	World Trade Organisation
		<b>YEN</b>	Youth Employment Network



Achieving the  
Millennium  
Development  
Goals in  
Sri Lanka

| Section I

## The Millennium Declaration and Development Goals

In September 2000, world leaders gathered at the UN General Assembly in New York to take stock of the challenges to humanity in the new millennium. They noted the importance of establishing peace and security, and turning globalisation into a positive force for the world's people. Sri Lanka is one of the 191 signatories to the Millennium Declaration, which emerged from the Summit.

“For while globalisation offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed” (Millennium Declaration).

The Declaration captures the universal aspirations for peace, cooperation and development. It sets out, within a single framework, concrete goals and targets on development, governance, peace, security and human rights, and thereby consolidated international goals agreed in a series of conferences during the 1990s.

“We will spare no effort to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone” (Millennium Declaration).

## Box 1 - Values in the Millennium Declaration

- **Freedom** - Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.
- **Equality** - No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of men and women must be assured.
- **Solidarity** - Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.

- **Tolerance** - Human beings must respect one another, in all their diversity of belief, culture and language. Differences within and between societies should be neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue among all civilisations should be actively promoted.
- **Respect for nature** - Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.
- **Shared responsibility** - Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally. As the most universal and most representative organization in the world, the United Nations must play the central role.

The international community developed eight, inter-related goals to reduce poverty in the new millennium. The MDGs essentially embody the agreed commitments made by Sri Lanka and other countries at a range of United Nations World Summits and global conferences throughout the 1990s.

## Achieving the Goals by 2015

This report provides a preliminary assessment of how Sri Lanka's people are faring with respect to the range of social indicators that comprise the MDGs. There are about 5 million people living in poverty in Sri Lanka, perhaps more. Because of the internal war, there are no exact figures for the population in eight districts of the country, and the surveys used to capture incidence of poverty have not yet reached all areas.

Although Sri Lanka has achieved considerable success in the improvement of non-income poverty, it is less clear the success with regard to reducing income poverty. Presently 23% of the population lies below the national poverty line. With this challenge ahead the country is presently following a pro-poor, pro-growth development strategy towards poverty reduction.

Sri Lanka is already on track in achieving its MDG targets for social indicators. The Net enrolment ratio and retention rates

in primary education, and literacy rates are all above 95%. The government's role has been crucial in ensuring that all children within the age of 5-14 are in school. However, there are still a percentage of children from marginalised groups who are out of the schooling system. The challenge remains in ensuring that these students are brought into the system. In addition new targets such as increasing the quality of education, teacher training and the development of infrastructure facilities should be in place to further develop this sector.

Sri Lankan women have a relatively better status than women in many other developing countries but have yet to achieve gender equality and empowerment in consonance with international norms. The confluence of positive social policies, slow economic growth and consequent persistent poverty among segments of the population, armed conflict, and engendered social norms have contributed to uneven development that impinges on the quality of life of women.

In terms of Goal 4 infant mortality and under 5 mortality rates have shown a declining trend over the years. The challenging task ahead is to reduce prenatal and neonatal mortality, which are generally linked to the mother's health and nutrition status during pregnancy. Immunisation coverage has also been successful in most sectors with 88% of 1-year-old children immunised against measles.

Sri Lanka's achievement in reducing the maternal mortality ratio is a widely accepted success story. The consistent decline in maternal mortality for over 5 decades is attributed to a wide network of maternal services which has been integrated with child care and a trained cadre of public health midwives.

The prevalence of HIV/AIDS has been low in Sri Lanka, but the number of reported HIV cases has been on the rise since 1987. However there is potential for spread if this disease is not combated at an early stage. The government has initiated various programmes for HIV prevention and control but further intervention is needed in reaching persons with high-risk behaviours such as commercial sex workers and homosexuals.

While the incidence of malaria per 100,000 persons has declined by 79% between 1994 and 2001, regional disparities exist. Difficulties in detection and in carrying out anti-malaria operations in certain areas are the main causes for such variations. A more targeted approach is required in these instances.

Sri Lanka is an island endowed with many natural resources. However with industrialisation and commercialisation of products and services, the harmony between the environment

and humans has been greatly impaired. The major environmental issues faced include land degradation, deforestation, loss of biodiversity, air pollution, declining availability of fresh water, degradation of marine and coastal habitats and inadequacy in solid waste disposal measures. Policies and programmes need to be set in place to ensure environmental sustainability.

The process of globalisation has necessitated Sri Lanka to establish a global partnership that is supportive of and contributes to the achievement of MDGs in the local context. With a clear commitment to global integration, Sri Lanka today is well integrated with its global partners.

## The Way Forward

Sri Lanka's commitment to achieve these Goals by 2015 is a commitment to change. The goals will not be achieved with a "business as usual" approach. In some cases, more ambitious targets than the global ones can and will be set. The purpose of this report is to stimulate public discussion that can lead to a national strategy for achieving the MDGs.

"To enable all countries to achieve the MDGs, the world must treat them not as abstract ambitions but as practical policy objectives... The starting assumption should be that they are feasible unless technically proven otherwise" (UN Millennium project 2005 - Investing in Development: A Practical Plan to Achieve the Millennium Development Goals. Overview).

## Overcome Disparities and Reduce Inequality

A challenge in achieving the MDGs in Sri Lanka is the regional differences in MDG achievement. A greater part of the country's wealth and economic activity is located in the Western Province. Poverty is concentrated in rural areas and performance in health, education, access to water and sanitation differs greatly between districts. Achieving the MDGs mean recognising the right of everyone to development and making it a priority to improve the situation for the poor and vulnerable, based on the simple principle of needs.

## Local Actions Using Local Resources

Sri Lanka's commitment to the MDGs will be realised through local actions. Local resources and the skills of people

## Achieving the Millennium Development Goals in Sri Lanka

themselves, with the support of policies and national financial resources, are essential ingredients in achieving the MDGs. Therefore, local action plans - enabling approaches that suit each region best - should be developed around the country.

### Improving Governance

Governance is the way a society organises itself to make and implement decisions - achieving mutual understanding, agreement and action. Achieving the MDGs requires better governance of society as a whole in the following areas:

- Mechanisms for citizen groups to articulate their interests, participate in decisions concerning their future, and exercise their legal rights and obligations
- The rule of law; access to justice, safety from violence and physical abuse
- An accountable and efficient public administration
- Greater transparency - open and accurate information
- Sound economic policies, a strengthened role of Government as an enabler of private sector activities in support of MDGs, and eliminating corruption
- An active civil society; helping to empower people and contribute to policy-making

### International Support and Access to International Markets

The international community has shown tremendous support for Sri Lanka after the Tsunami. The challenge now is to ensure that assistance is effective and can reach the poorest in all areas. International trade and foreign direct investment are productive ways in which developed countries can continue to support Sri Lanka. Measures should be taken to ensure that the benefits of trade and investment reach the poor.

### Dialogue and Partnerships - Building the Country Together

Achieving the Goals is not the single-handed responsibility of any one party. All stakeholders need to be involved. The poor themselves should be part of formulating solutions to their problems, with the help of civil society. The private sector can contribute to growth and job creation in poor areas, if supported by infrastructures and other public investments. All stakeholders should come together and agree on a simple agenda for reaching the poorest in Sri Lanka, in support of

peace, unity, and prosperity. We all play a role in making this happen.

International research suggests a four-step approach to achieving the Millennium Development Goals:

- Map the dimensions and underlying determinants of extreme poverty by region, locality and gender
- Undertake a needs assessment to identify the public investments necessary to achieve the goals
- Convert the needs assessment into a 10-year framework for action, including public investment, public management, and financing
- Elaborate a 3-5-year MDG-based poverty reduction strategy within the context of the 10-year framework

UN Millennium Project 2005 - Investing in Development: A Practical Plan to Achieve the Millennium Development Goals. Overview.



| Sri Lanka  
| Development  
| Context

| Section II

*“The Strength of this nation lies uniquely within. The policies we develop will take advantage of our competitive strengths and proactively plan the development path based on our culture, resources and regional dynamics. It is time to look ahead and convert strategies into action and make genuine progress towards sustainability for the benefit of the society, the environment and creation of wealth in Sri Lanka”*  
(Economic Policy Statement of the Government)

## Overview of the Economy

Sri Lanka is a small open economy with a land area of 65, 610 sq km, with a population of 19.3 million in 2004. The country's per capita income exceeded US Dollars 1,000 in 2004 which is higher than that of most of its South Asian neighbors despite the country facing a 20 year civil conflict in the Northern and Eastern provinces. The pre Tsunami challenge for Sri Lanka was to place the economy on a pro-poor, pro-growth strategy within the Private-Public Partnership development framework as articulated in the new Government policy framework - 'Creating our Future - Building our Nation', announced in June 2004. The destructions caused by the Tsunamis have added new dimensions to the country's socio-economic challenges. Larger parts of the North and East coast as well as of the South and West coast, which are areas worst affected by the Tsunamis, represent a high level of poverty and unemployment and are now further confronted with the multifaceted challenge of rebuilding. As such the country in addition to being engaged in resolving the conflict in the North and East is now in the process of rehabilitating and reconstructing the areas affected by the Tsunamis. Consequently, Sri Lanka's post conflict and post Tsunami eras could be viewed as new opportunities capable of creating widespread equitable growth and development in the economy.

Sri Lanka has experienced a steady economic growth of around 5.5%, over the years. Despite having to face severe droughts and the rise in international oil prices, the country was able to achieve an economic growth rate of 5.4% in 2004. Sri Lanka was one of the first developing nations to understand the importance of investing in human resources and promoting gender equality. Sri Lanka's social indicators such as life expectancy, literacy rates are well above those in comparable developing countries and are on par with many developed countries. In terms of the Human Development Index (HDI) Sri Lanka ranked 96th with an index of 0.740 among 177 countries, in 2004. However, poverty still remains an issue affecting nearly one in four Sri Lankans.

The sectoral composition of the economy has changed from that of an agriculture based economy to one dominated by the services sector. The services sector has been the highest contributor to GDP of 56%, followed by the Industrial sector at 26% and the agricultural sector at 18% by the end of 2004. Liberalization, private sector participation, modernization and increased competition have contributed to the expansion of the services sector, with sectors such as transportation, communication, financial services, trade and tourism flourishing, reporting buoyant performance. Although its significance has declined in recent years, the agricultural sector is an important determinant of GDP, directly accounting for around one-fifth of national output and employing over one-third of the workforce. Indirectly, its importance is greater than what the figures indicate because of the link between agricultural, manufacturing and services sectors.

The manufacturing base is dominated by the apparel industry, the production of food and beverages, as well as chemical and rubber based goods are also important. Industrial production is dominated by the textile and apparel industry, which contributed to approximately 65% of industrial exports in 2004. The phasing out of the Multi Fiber Agreement is likely to pose some challenges despite the fact that this sector is already competing in a non quota market and caters to niche markets.

Sri Lanka's economy is predominantly a Small and Medium Enterprise (SME) economy where over 50% of our GDP is produced by the SME sector. The new Government having recognized the importance of this sector in achieving a balanced economic growth, equitable regional distribution and increasing employment and productivity levels, have adopted various policies for the development of SMEs in Sri Lanka. The launching of the SME Bank and the establishment of the SME Authority to function as the apex body for the development of the SME sector, are expected to be the catalyst for SME led growth.

The composition of exports has changed over the years from traditional exports to non-traditional industrial exports. In 1990, 36%, was agricultural based exports while industry accounted for 52%. In the first half of 2004, the composition of agricultural exports declined to 19% while the industrial exports accounted for 78%. The Government has implemented various policy measures to encourage greater non-traditional value addition to exports. Assistance to develop craft products for export markets, the apparel industry, and product improvement incentives for small exporters, product design, and financial assistance for technological improvements, are to name a few.

Sri Lanka has shifted towards a lower tariff regime. In the 2005 Budget, tariff lines were further reduced in order to adopt a more liberal trade policy regime. Further, the country has entered into several preferential and regional trade agreements and as such is well integrated both regionally and internationally. Free Trade Agreements with neighbouring India and Pakistan have deepened the liberalize trade arrangements in the region.

In 2004, there was an increase in imports leading to a decline in the balance of trade by 49% from its value, in comparison to the same time last year. The higher import bill was mainly due to high international oil prices. Increases in inflows to the Services and Income Account from tourism, port related activities and inward remittances were able to offset only a part of the increase in trade deficit. The Government's key policy objectives relating to its balance of payments are to diversify export earnings, trade and services, improve inflows from overseas employment and promote foreign investment and build external reserves.

The declining tax to GDP ratio, lower levels of public investment and a relatively high level of debt to GDP ratio can be identified as the key problems in the fiscal sector in the recent years. A series of measures have been introduced to increase tax revenue, which include simplifying the tax system, expanding the tax base, rationalizing tax exemptions and improving tax administration. Sri Lanka is now committed to a large public investment program with a view to providing a wide range of infrastructure facilities, developing human resources and undertaking governance and capacity building as well as post conflict rehabilitation work in the northern and eastern provinces. This was not the case in the past where, public investment in Sri Lanka declined from 8.3% in 1990 to 5% in 2004. Public investment is expected to increase to 8.0% of GDP in 2008 and various investment programmes have been planned towards achieving this target. (Annex 1)

## Box 2 - Government Initiatives at Provincial Level

### • Gamata Thaakshanaya

This programme has been designed with the aim of supporting science and technology for national development. Provision of technology, basic infrastructure, market access and diversified production activities are considered essential in reducing rural poverty and regional disparities.

For technology to be transferred to micro and SME entrepreneurs, computer linked "Vidatha" resource centers would be set-up in each of the 320 Divisional Secretariats in the country. In addition, at the village level science and technology societies would be formed to transfer technology to the villages and promote SMEs with the view to creating employment and reducing poverty.

### • Pubudamu Wellassa

Badulla and Monoragala districts are the poorest and most neglected districts in the island, where poverty remains high. School enrolment, access to drinking water, infrastructure and health facilities remain below national level. A 3 year accelerated development programme providing a wide range of infrastructure facilities would be implemented under this initiative.

### • Rajarata Navodaya

Villages in the Anuradhapura and Polonnaruwa districts and border villages of the conflict affected areas, which lack basic irrigation and infrastructure facilities would be developed under a 3 year programme.

### • Dayata Sevana

The Government's target is to construct 300,000 housing units to be developed for low and middle-income persons in the medium term. In this regard, priority would be given to low income housing requirements of shanty dwellers, the plantation community, the coastal fishing community and the rural sector.

### • Sector specific assistance programmes -

- \* Floriculture Sector Development
- \* Dairy Industry Development
- \* Incentives for Foundry Industries
- \* Incentives for Prawn Farming
- \* Assistance for Organic Product Exports
- \* Development of the Cinnamon Export Industry
- \* Incentives for cultivation and value addition of rubber
- \* 'Osu Gammana' (promotion of growing medicinal plants) and the reforestation programme
- \* Creation of model farms for fruit and vegetable
- \* Assistance to develop craft products for export markets
- \* Incentives for the revival of the construction industry
- \* Incentives for advanced technology

## Post Conflict Challenges

Two decades of conflict have hindered Sri Lanka's economic progress to a large extent, having adversely affected the socio economic conditions. Thousands have been killed or disabled due to the war. This has weakened the human capital base of the country and has also encouraged 'brain - drain'. Pre conflict Sri Lanka commanded the best human capital in Asia. The war has also prevented the economy from operating at its full capacity, hindered improvements in productivity, disrupted the efficiency of resource allocation, interfered with the free mobility of inputs and finished products, island wide thus making the economy vulnerable for numerous shocks. The resultant deterioration of market confidence and constrained investment expansion has particularly discouraged the much-needed foreign investment inflows. Moreover, a large extent of infrastructure such as roads, rail roads, telecommunications, electricity and housing have been destroyed, while agricultural and industrial resources have been heavily underutilized consequent to the war. The war has further aggravated the poverty situation and

unemployment, especially in the Northern and the Eastern provinces and border villages to the conflict areas.

Meanwhile, increased defence expenditure due to the war has widened the fiscal deficit, thus reducing resources available for economic development and raising the burden of public debt. Defence expenditure as a percent of GDP, which was less than 3% during early 1980s increased to 4.5% by 2000 and declined to 3% of in 2004. The total Government debt, which was 77% of GDP in 1980 increased to 106% by 2004. Increased defence expenditure also exerted pressure on the domestic interest rates and the exchange rates. The production loss alone, due to the war has been estimated to be around 2% of GDP, per year.

However, since the ceasefire between the Government and the LTTE in February 2002, economic fundamentals have improved. Various projects are now being initiated with support from development partners of Sri Lanka in the rehabilitation and reconstruction efforts in the North and East. (Table 1)

**Table 1: Development Initiatives in the Northern and Eastern Provinces**

Donor	Project Name	Project Components
World Bank	North East Irrigation Agriculture Project (NEIAPI and II)	<ul style="list-style-type: none"> <li>• Rehabilitation of small irrigation schemes</li> <li>• Community capacity building and reconstruction</li> <li>• Feasibility studies for major / medium term irrigation schemes</li> <li>• Project implementation support</li> <li>• Technical assistance</li> <li>• Village rehabilitation and development</li> <li>• Farmer organization capacity building and strengthening the agricultural support services</li> </ul>
	North East Housing Reconstruction Project (NEIAP - II)	<ul style="list-style-type: none"> <li>• Housing assistance</li> <li>• Capacity building in housing repair and reconstruction</li> <li>• Programme management and monitoring</li> </ul>
Asian Development Bank	Secondary Towns and Rural Community Based Water Supply and Sanitation Project	<ul style="list-style-type: none"> <li>• New piped water system</li> <li>• Low cost latrine programme</li> <li>• Drainage improvement</li> <li>• Waste treatment plant for Batticaloa Hospital and Prison</li> </ul>
	North East Coastal Community Development Project	<ul style="list-style-type: none"> <li>• Provision of micro credit to support sustainable livelihood activities</li> <li>• Resource management in Trincomalee Bay, Batticaloa Lagoon and Southern Ampara biodiversity Zone</li> <li>• Coastal resource planning in Trincomalee and Batticaloa districts</li> <li>• Fisheries development in Ampara, Batticaloa and Trincomalee</li> </ul>
	Conflict Affected Area Rehabilitation Project	<ul style="list-style-type: none"> <li>• Road rehabilitation</li> <li>• Water supply feasibility study</li> <li>• Power and electrification</li> <li>• Community development and income generation</li> </ul>

Donor	Project Name	Project Components
ADB, OPEC,	NECORD	This project contributes towards the overall relief and rehabilitation of Programmes of the NE by improving the living conditions and well being of communities affected by the conflict sectors - education, health, agriculture, livestock, roads, water supply, fisheries, social welfare, institutional development, shelter, irrigation, vocational training. Up-front community development
Japan/JABIC Germany Netherlands	Small and Micro Industries Lender & Entrepreneurship Promotion Project II	Provision of small & micro finance to SMEs through banking system
	Poverty Alleviation and Micro Finance Project	Provision of small & micro credit to low income householders through the banking system
	Pro-poor Economic Advancement and Community Empowerment (PEACE) Project	Rehabilitation of irrigation facilities and income generating activities such as rehabilitation of tanks, training and awareness programmes, various livelihood support activities etc.
	Small-scale Infrastructure Rehabilitation and Upgrading Project (SIRUP)	<ul style="list-style-type: none"> <li>• Development of education and health sectors</li> <li>• Road rehabilitation</li> <li>• Irrigation development</li> <li>• Water supply and sanitation</li> </ul>
WFP	Project Relief and Recovery Operations	<ul style="list-style-type: none"> <li>• Mother child nutrition</li> <li>• Food for education in selected primary schools</li> <li>• Food for work for the rehabilitation of village infrastructure</li> </ul>
Austrada	Integrated Water Supply Scheme for Eastern Coastal Area	Provide safe drinking water to Ampara district
Austrade	Jaffna Water Conservation and Environmental Management Project	<ul style="list-style-type: none"> <li>• Rehabilitation of 42 ponds and canals in Jaffna</li> <li>• Compost making</li> <li>• Rainwater harvesting</li> </ul>
Sweden	Rehabilitation of bridges in the North East	Supply and construction of 89 bridges and 2 ferries in the North East
UNDP	Support to the Sri Lanka National Mine Action Project	Provide support to agencies involved in mine clearance such as survivor on mine fields
	Repatriation, Reintegration, and Reconstruction Programme Rehabilitation	Protection, income generation, community infrastructure, local governance and capacity building

### Impact of Tsunamis on the Economy and the Resultant Changes to the MDGs

The Tsunamis that devastated two thirds of the coastal belt of Sri Lanka on December 26th 2004, caused heavy damage to human life and property. Sri Lanka being the second worst affected country in the region, suffered extensive loss with more than 31,000 dead, over 15,000 injured, more than 5,000 reported missing and nearly a million people displaced. At least 100,000 people lost jobs. Even though the Tsunamis affected mostly the least developed areas in the country, the consequential asset loss is estimated to be around US\$ 1,000 Million or 5 percent of the country's GDP, including loss to private property, transport infrastructure, fisheries harbours, hotels, schools, hospitals, water and electricity supplies and telecommunications.

The agricultural and services sectors are likely to decelerate mainly due to the anticipated underperformance in fisheries and tourism sectors, which have been badly affected by the Tsunamis. The relief is that, the fisheries and tourism sectors constitute only a small share of GDP, which is less than 3%. The Tsunami affected provinces, excluding the Western Province, account for 17.2% of GDP. Between 25%-33% of the population in the affected districts live below the poverty line. The Tsunami disaster has increased the vulnerability of a large proportion of the very people whose income was to be uplifted under the Governments poverty reduction programme. Economic growth in 2005 has been estimated to decelerate by about 0.5% - 1.0% from the original estimate of 6.0% due to the impact of the Tsunamis. The construction sector is expected to grow at more than 8% per annum as opposed to 5% before the Tsunamis due to the anticipated construction work related to reconstruction of the affected areas. As such, the external trade deficit is likely to widen in the short term mainly due to the anticipated increase in imports and the expected marginal drop in exports. However, this deficit will be more than offset by the expected inflows of foreign aid from international donors. The disaster would have a significant impact on the Government Budget, particularly on Government expenditure. However, this impact will be mitigated with the assistance extended by domestic and foreign donors. In fact, the exchange rate initially appreciated in view of the aid flow.

The Tsunami disaster would have a short term adverse impact on the MDGs, especially in the areas of poverty, education, child mortality, health and environment. The Government is adopting a multi-faceted approach in terms of rebuilding the affected areas and has already introduced a series of relief measures to restore the Tsunami affected areas on a fast track

basis. It is therefore believed that the Tsunami disaster would not obstruct plans set out in achieving the MDGs. The Government's plan for rebuilding the nation addresses poverty alleviation, infrastructure development, rehabilitation of education and health sectors, social services, development of industrial and tourism sectors, gender dimension and environmental issues.

The initial institutional framework has already been set up for this purpose and the Government is firmly committed to ensure that essential rehabilitation and reconstruction work will be completed within a 2 - 3 year period. Tsunami inflicted areas would be developed on a sustainable basis with emphasis on infrastructure and services. Resource constraints would not hamper the proposed process since the required resources would be available through donor assistance already pledged for Tsunami related reconstruction and rehabilitation work. The effects of such development work will essentially have a positive impact on other areas as well, through employment generation, trade, and other services. Further, there is renewed trust for communal unity, which gives hope towards achieving permanent peace in the North and East.

### Challenges and Risks over the Medium Term

As a small open economy, the challenge for Sri Lanka in the medium term is to achieve a sustainable high economic growth with greater equity whilst integrating in the process of globalization, achieving permanent peace, and rehabilitating and reconstructing the Tsunami affected areas. The costly and destructive civil conflict, macroeconomic imbalances mainly consequent to the high fiscal deficit, the slow progress in economic reforms and poor infrastructure are the factors responsible for limiting economic development in the past. Hence, achieving a sustainable high level of economic growth with equity and improving the resilience of the economy will largely depend on realizing permanent peace, prudent macro-economic management, undertaking necessary economic reforms, infrastructure development and human resource development.

### The Medium Term Macro Economic Framework

The macro economic policy vision of the Government is to position Sri Lanka as a modern economy free from corruption and political interference, with equal opportunities for its

citizens and to emerge as an environment-friendly development center. The medium term strategy of the Government is as follows:

- GDP growth is expected to increase to 7.5% in 2008. This growth is to be backed by a strong macro economic framework, which has a diversified domestic resource base, modern infrastructure and regionally balanced development. The use of untapped resources coupled with enhanced regional activities and infrastructure development will create employment opportunities, which in turn would address the issue of unemployment
- The Government will take appropriate measures in striking the right balance between foreign financing and domestic borrowing. This would assist in consolidating a low interest rate regime, which in turn would enable more resources to be channeled to the private sector, thus stimulating economic growth
- Monetary policy would be designed to prevent demand-fuelled inflation and would be formulated to promote a proper balance between investments and savings. Total investments and domestic savings is expected to grow by 25.8% and 36% respectively, over the medium term
- The Government's industrialization strategy is towards high value-added domestic-based production. As such domestic industries would be encouraged to diversify and improve productivity levels. Liberalization commitments and trade agreements would be encouraged to ensure competitiveness, interest rate management, labour market reforms, maintaining a stable exchange rate and policies for the development of the SME sector are measures taken in support thereof
- As the part of the Government's investment strategy, Public-Private Partnerships would be encouraged to promote large scale infrastructure projects. The Government aims to move away from its reliance on debt finance and instead focus on targeting private equity funds and increased foreign direct investments (FDIs) to the country. For the country to achieve growth, enhance competitiveness and further development, attracting FDIs is important as it affects the rate of growth through research and development and its impact on human capital and infrastructure development
- The Government's aim is to attract FDIs into strategic sectors, activities or regions, for industrial policy considerations. As such, it is necessary to maintain a stable macro and fiscal policy environment. The Government having recognized this has taken several measures for fiscal consolidation, human resource development including development of the education sector, enhancing IT skills and has also adopted various policy measures including strengthening governance, towards creating a macro economic environment which is conducive for foreign investment
- As a measure towards promoting foreign investment, the Board of Investment (BOI) is being restructured to make it more pro-active and focused towards investor needs and to be the "one - stop - shop" for investors. Its functions are being strengthened to ensure speedy clearance of investment approvals and related clearances
- The Government hopes to attract FDIs into export industries and industries engaged in high local value addition, generating employment, use advanced technological methods and undertake high research and development. In addition to the manufacturing sector, FDIs are sought after, for developing the tourism sector and funding of infrastructure development projects across the island. Enhancement of investment activities funded by foreign capital inflows will necessitate higher investment related imports. Although this would widen the current account deficit of the Balance of Payments, these imports would positively contribute to higher economic growth in the future
- The Government's trade and tariff policy would be aimed at providing a stable and predictable medium term framework and would be geared to facilitate a fair trading environment for the import and export sectors, in order to enhance a competitive environment. Sri Lanka is committed to strengthen its standards of health, environment and labour safety to comply with best international practices
- The Government has recognized the importance of a governance structure that is transparent, accountable and built on an equitable legal and institutional framework to achieve economic growth. As such, institutions responsible for law reform are being strengthened with capacity building and outdated legislations are being repealed or amended

Table 2 : Growth with Development

OUTPUT	2004	2005	2006	2007	2008
GDP at Market prices (Rs. Bn)	2,029	2,343	2,658	3,000	3,371
Real GDP Growth (%)	5.4	5.3	6.0	6.5	7.0
Inflation/GDP Deflator (%)	9.2	9.7	7.0	6.0	5.0
INVESTMENT & SAVINGS (% GDP)					
Total Investments	25.0	30.0	32.2	32.8	33.9
Private Investments	19.8	21.9	22.7	24.2	25.9
Public Investments	5.2	8.1	9.5	8.6	8.0
Domestic Savings	15.9	17.0	20.8	22.2	24.8
Private Savings	19.8	18.6	20.3	19.8	21.2
Public Savings	-3.9	-1.6	0.5	2.4	3.6
National Savings	21.6	23.1	26.1	27.6	30.1
TRADE (US\$ Mn)					
Trade Gap	-2,243	-3,370	-3,353	-3,478	-3,406
Exports	5,757	6,354	6,860	7,343	7,978
Imports	8,000	9,725	10,213	10,821	11,384
Services	419	352	484	521	593
Receipts	1,527	1,572	1,794	1,952	2,131
Payments	1,108	1,220	1,310	1,431	1,538
BALANCE OF PAYMENTS (US\$ Mn)					
Current Account	-648	-1,572	-1,505	-1,408	-1,133
Current Account Deficit (% GDP)	-3.3	-6.8	-6.0	-5.1	-3.7
Overall Balance	-205	101	176	200	250
External Reserves (Months of imports)	2.8	2.7	2.9	3.1	3.2
Debt Servicing (% GDP)	11.5	7.4	11.1	10.0	9.7
GOVERNMENT FINANCE (% GDP)					
Revenue	15.4	16.9	17.8	18.8	19.5
Expenditure	23.5	26.5	26.8	25.1	24.0
Revenue (Deficit/Surplus)	-3.9	-1.6	0.5	2.4	3.6
Overall Budget Deficit	-8.2	-9.6	-9.0	-6.3	-4.4
Domestic Financing	5.8	3.6	2.9	2.0	1.6
Government Debt	106.2	103.9	102.1	98.1	93.5
MONEY SUPPLY (YoY % Growth)					
Broad Money (M2)	19.6	15.0	14.0	13.0	12.5
Narrow Money (M1)	16.6	13.0	12.0	11.0	10.5

### BOX 3 - Government's New Policy Initiatives

- **National Council for Economic Development (NCED)**

The NCED is built on the concept of bringing together stakeholders from the private and state sectors to jointly develop national economic policies and action plans. 22 cluster committees have been created directly engaging over 300 private and public sector domain expertise and citizen volunteer members who facilitate in the policy formulation and execution process of the Government. Clusters vary from Exports to Employment Creation, Financial Sector Reforms, Education, Taxation, Legal, Trade and Tariff and Millennium Development Goals.

- **Strategic Enterprise Management Agency (SEMA)**

SEMA has been created to strengthen the management of 14 strategic state enterprises and to improve their performance. It is managed by a team of professionals with domain knowledge and expertise to assist business development of these state enterprises. Their mandate is to ensure that these enterprises would adopt best management practices and corporate strategies, and also undertake management reforms to ensure optimum productivity and focus on initiatives to become efficient partners in the national economy.

- **Administrative Reforms Committee (ARC)**

ARC was established to oversee institutional reforms in the public sector in order to make the Government's administrative machinery efficient, citizen friendly and modern. Major areas of reform would be the rationalization of the activities of Government agencies, to ensure that they are focused on functions relevant to current needs, with special emphasis on transparency and use of modern technology.

- **National Procurement Agency (NPA)**

NPA has been established to strengthen and streamline the Government procurement system. It is mandated to prevent delays and inefficiencies through the formulation of simplified and harmonized procurement policies, guidelines and standards. In addition NPA will also engage in capacity building and monitoring to ensure accountability and transparency in procurement practices.

- **National Council for Administration (NCA)**

NCA was created to revive the recommendations of the Salaries Commission - 2000, which called for the establishment of a permanent commission on administration with statutory powers. Some of the responsibilities of the council include, monitoring of salary structures and making relevant recommendations to the Government, developing a national wage policy, cadre management in the public sector, identifying institutional shortcomings and taking measures to remove such constraints.

- **Inland Revenue Modernization Project**

Measures are underway to modernize the Inland Revenue Department through the introduction of a modern administrative structure supported by technology and human resource development.

- **Automation of the Company Registrar's Office**

The objective is to transform the Company Registrar's Office into a more effective and efficient unit in order to provide quality and timely services to its clients and to perform its monitoring and regulatory functions more expeditiously, towards facilitating and promoting enterprise development in the country. This measure will enable the public to perform registration on, searching, etc. of companies online which minimizes human intervention and thereby corruption.

**Table 3 : Medium Term Macro Fiscal Framework 2004-2008**

(As a % of GDP)	2004	2005	2006	2007	2008
	Revised	Budget	Medium Term	Budget	Budget
Revenue	15.6	17.2	18.0	18.9	19.5
Taxation	14.1	15.5	16.3	17.1	17.7
Income and Profits	2.2	2.4	2.6	2.9	3.1
Goods and Services	9.4	10.1	10.6	11.1	11.5
Non Tax Revenue	1.5	1.7	1.7	1.8	1.9
Profit and Dividend of State Owned Enterprises	0.3	0.3	0.4	0.5	0.6
Expenditure	24.2	24.8	24.7	24.6	23.9
Current Expenditure	19.3	18.5	17.6	16.7	15.9
HR Development	2.7	2.8	2.9	3.0	3.0
Interest on Public Debt	6.0	5.7	5.4	4.9	4.5
Public Investments	5.0	6.4	7.0	7.8	7.9
Large Scale Infrastructure	2.4	2.5	3.1	3.1	3.3
Provincial/Rural Infrastructure	2.6	3.8	4.0	4.7	4.6
Government Savings	-3.7	-1.3	0.4	2.2	3.6
Budget Deficit	-8.6	-7.6	-6.7	-5.7	-4.4
Overseas Development Assistance	1.7	2.6	3.1	2.9	2.7
Domestic Financing	6.8	4.6	3.5	2.7	1.6
Non-Bank Institutional Savings	5.3	4.6	3.5	2.7	1.6
Bank Financing	1.5	0.0	0.0	0.0	0.0
Other	0.1	0.3	0.1	0.1	0.1

Source-Spotlight on Budget 2005, Ministry of Finance

## Medium Term Fiscal Framework

The country's current macro economic policies are geared to achieving a high economic growth which is sustainable, with macro economic stability as well as greater regional and income equality. As such, the medium term macro fiscal policy framework of the Government is designed to achieve the following three key objectives;

- Transform the prevailing revenue deficit in the national budget to a surplus and generate Government savings of over 2% of GDP by 2007
- Augment public investment over 7% of GDP by 2006, in order to accelerate the national infrastructure development programme, rapidly expand provincial and rural infrastructure facilities, rehabilitate and reconstruct infrastructure in the North and East and upgrade and modernize human resource development facilities
- Reduce domestic borrowings to 2% of GDP in order to enhance available resources for the development of SME led private sector capital formation and income generation activities

Through the improvement of productivity in all industrial sectors, including the public sector, Sri Lanka is seeking to attract investment, promote economic growth, and increase the national income. It will be essential for Sri Lanka to raise productivity in all sectors of the economy by removing barriers impeding the productive use of its resources. The future of the country's economy will heavily depend on the continuous improvements to its capabilities to attract foreign

investment and promotion of Public-Private Partnerships. A sound macro economic environment with diverse incentives to attract foreign investment should be in place in establishing its position as an export - oriented economy. In addition, the improvement of the country's economic infrastructure and the implementation of institutional capacity building programmes are also essential. Such strong Government supported initiatives are likely to pave the way for Sri Lanka to achieve sound economic growth to reach and exceed its Millennium Development Goals.

### The Way Forward

Around 30%- 40% of the total population in Sri Lanka is considered poor and 90% of them live in rural areas. The Government is aiming at an annual economic growth rate of 7%-8% over the medium term. The Government's way forward to achieve such growth is by adopting pro-poor, pro-growth strategies.

The potentials from globalization in terms of growing connectivity and productive capacity are immense. For globalization to be effective for people, it is necessary to develop a system of global governance that is supportive of and conducive to national development strategies. Economic and social objectives should focus on the needs and aspirations of the ordinary people who are the center of development policy. It is in this regard that the Government has adopted measures to enhance infrastructure development, improve social infrastructure, rejuvenate the agricultural, livestock and fisheries sectors, create a dynamic and export-oriented industrial sector, encourage human resource development, and implement livelihood support programmes for the poor.

The principal objective of the Government's growth strategy is poverty reduction. For growth to be pro-poor, it must stimulate productivity, and create employment. In this regard, infrastructure development lagging in areas of agriculture, industry and tourism is the main focus of Government strategy. In addition, targeted programmes would also be initiated for the benefit of the vulnerable groups in the society such as the elderly and the disabled.

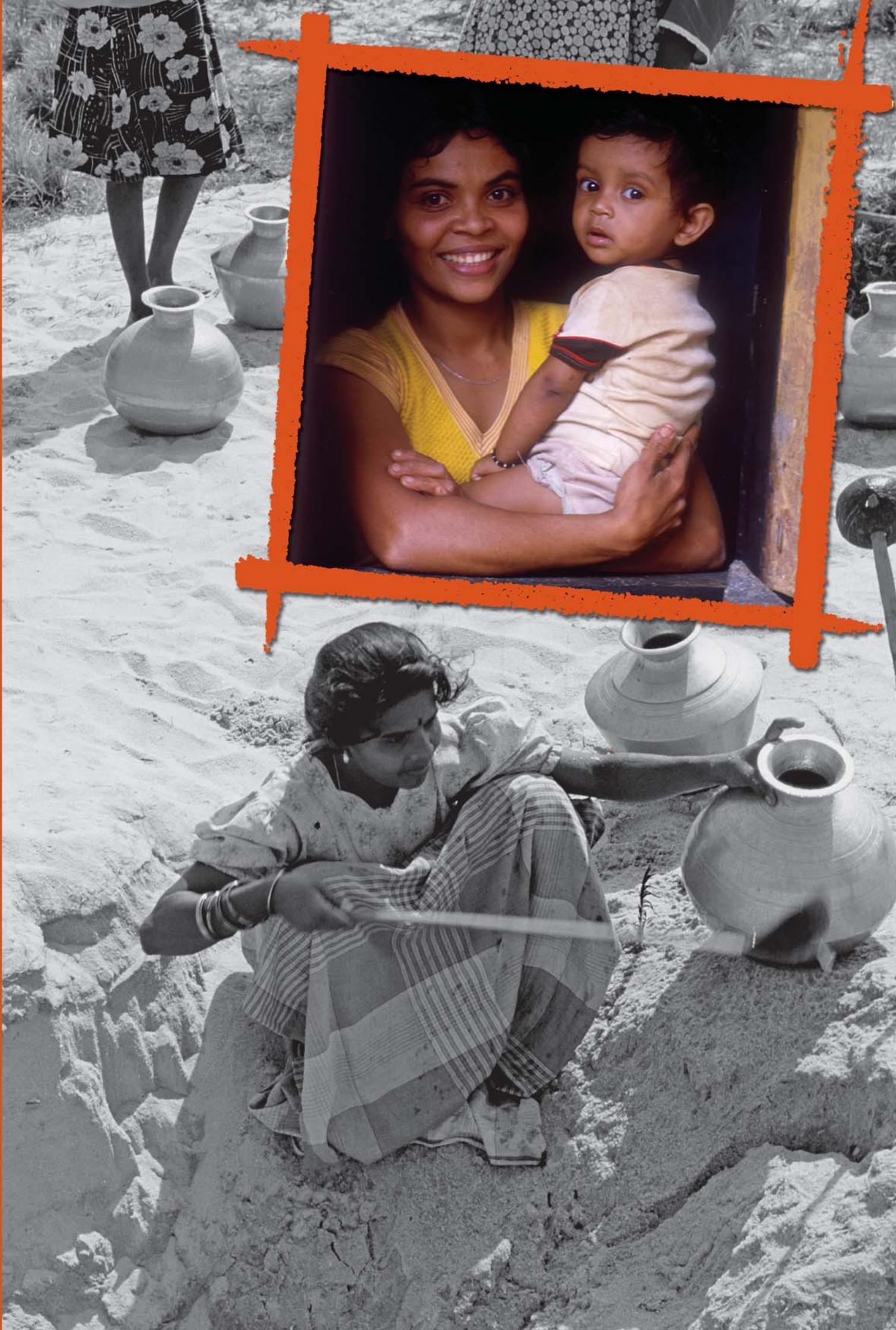
As most of the rural poor are engaged in the agricultural sector, research and development in agriculture would be encouraged. In addition, farmer education programmes on water conservation and timely cultivation methods, the use of new high-yielding varieties of crops, and adoption of indigenous technology would also be introduced.

The Government having recognized the importance of knowledge and skills development and in keeping with its commitment to achieve the MDGs, a National Action Plan for Children (NPC) for 2004-2008 with a budget of Rs. 2.2 billion was initiated. The objectives of this programme include increasing enrolment rates, increasing access to safe drinking water for the child population, protecting disadvantaged children and combating child labour. Further, technical and vocational schools, modern classroom teaching methods and resources such as IT infrastructure and computer laboratories would be set up. English Language and Information Communication Technology would be introduced as new subjects into the curricula. A programme to reduce the present 50-1 pupil-teacher ratio and measures to increase the quality of teacher training would also be introduced. In addition, 397 schools in rural areas would be developed under the "Navodaya" school development programme. The above policies together with a sound macro-economic environment, a strong financial services sector, productivity improvement programmes and sustained economic reforms would ensure equitable economic growth with low incidence of poverty, in the medium term.



| Eradicate Extreme  
Poverty and  
Hunger

| Goal 1



## Target 1

Halve, Between 1990 and 2015, the Proportion of People Whose Income is Less than One Dollar a Day

### Scorecard

Indicator	1990	2002	MDG target	
			2015	Status
1. Proportion of population below national poverty line <sup>1</sup>	26.1	22.7	13.1	Not on track
2. Poverty gap ratio (incidence and depth of poverty)	5.6	5.1	-	Not on track
3. Share of poorest quintile in national consumption	8.9	7.0	-	Not on track

Note: North & East not covered due to data limitations

Source: HIES/DCS

### Status and Trends

Though Sri Lanka has achieved considerable success in the improvement of non-income poverty, is less clear the success with regard to reducing income poverty, especially when contrasted with that of East Asian countries that were at comparable levels of development only few decades ago.

The case of Sri Lanka has often been cited as an example of a “support-led” strategy for improving basic capabilities. In Sri Lanka, a large share of public expenditure, around 4% of Gross Domestic Product (GDP), has been redistributed to households over the years, in the form of free education and health services, as well as food subsidies, food stamps, and subsidised credit to improve living standards to ensure minimum consumption levels of households perceived to be in need. Overall, poverty in Sri Lanka has declined since independence. A significant decline in the incidence of poverty in Sri Lanka was evident during 1953 to 1985. Analysis of the three most recent household data sets indicate that the declining trend in poverty continued since the mid 1980s but its reduction slowed during the early 1990s. This trend is apparent regardless of the income level at which the poverty threshold is set.

**Table 4: Trends in Household Income (Rs. '000 in constant 1996 prices from HIES)**

Segment	1990/91	2002	Increase (2002 over 1990/91)
Poorest 20%	8.2	11.2	36.6
Poorest 40%	11.7	15.6	33.3
Richest 20%	81.0	120.7	49.0
Ratio of poorest 20% to richest 20%	1 : 9.9	1 : 10.8	-

**Table 5: Trend in Household Consumption/ Expenditures (Rs. '000 in constant 2002 prices from HIES)**

Segment	1990/91	1995/96	2002	Increase (2002 over 1990/91)
Poorest 20%	1.05	0.99	1.07	2.2
Poorest 40%	1.27	1.22	1.33	4.7
Richest 20%	4.87	5.27	7.33	50.4
Ratio of Poorest 20% to Richest 20%	1 : 4.5	1 : 5.3	1 : 6.9	-

From 1990-91 to 2002 the income of the poorest 20% has increased by about 36% and the income of the poorest 40% has increased by 33%, both significantly low compared to the growth in income of the richest 20% which was increased by 49%. The situation on the expenditure side is no better for the poorest. The consumption of the poorest 20% increased by 2.2% and by 4.7% for the poorest 40%, which shows long term stagnation of the consumption expenditures with very little improvement. On the contrary, the consumption expenditure of the richest 20% of the country recorded a growth of 50% showing the huge disparity in income distribution.

<sup>1</sup> Target 1 has been changed using country specific indicators as \$1 per day is unrealistic in the context of Sri Lanka. The National Poverty Line has been used instead.

### Reasons for the Relative Stagnation in the Income of Low Income Groups

1. Growth was neither fast nor labour intensive enough

A major factor reducing the benefits for the poor was the failure to reduce unemployment and under-employment sufficiently to substantially increase labour income for unskilled and semi-skilled workers

2. Consumer subsidies and expenditures on health and education declined sharply but targeting has not been successful

Although the government spends about 4% of GDP as subsidies and transfers it has not resulted in significant favourable outcome. Better targeting of the subsidies is crucial in this regard

3. The acceleration in the rate of inflation

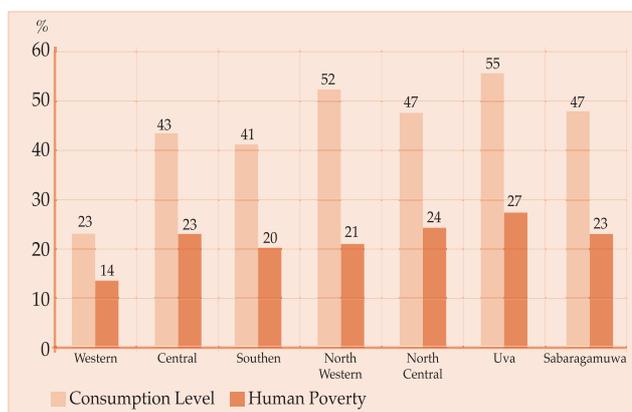
4. The rate of migration has increased significantly over the last 2 decades

This is due to two main factors. One is the migration as a result of the North and East conflict especially after the 1983 riots. The other is the demand created migration for skilled and unskilled migrants from the Middle Eastern countries

It is evident that people engaged in non-farm employment are wealthier than those involved in farm based employment. Rural households that earn a higher proportion of their total income from non-farm employment are wealthier than those who earn a higher proportion of their total income from agriculture. Areas that have become urbanised over time or semi-urbanised are more affluent than those that have remained predominantly rural.

It is important to compare the consumption poverty level with the Human Poverty Index (HPI). The latter is a composite index of deprivation measured in terms of selected social indicators<sup>2</sup>. The lower the HPI, the better off the district in terms of social development.

Figure 2: Consumption and Human Poverty Levels by Province



Source: HES 1995/96, DCS Sri Lanka National Human Development Report 1998, UNDP

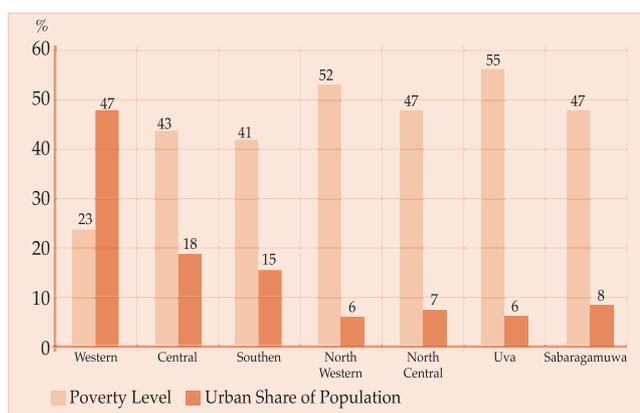
Both indices are lowest in the Western and Southern Provinces. While they don't exactly match in the other Provinces, they are significantly higher than in the Western Province. This suggests that it is possible to reduce the level of human deprivation despite a relatively high level of income deprivation through the provision of basic social services, safe drinking water, safe sanitation, and immunisation services.

<sup>2</sup> UNDP (1998), Sri Lanka: National Human Development Report. Indicators used included the following: Survival deprivation (the proportion of population dying before age 40); deprivation in knowledge, as measured by the proportion of adults who are illiterate, and the combined primary (grades 1-5) and junior secondary (grades 6-9) education non-enrolment rate; deprivation in access to safe drinking water, deprivation in the access to safe sanitation; deprivation in the access to adequate basic health care, as measured by the proportion of child births outside formal medical institutions, the proportions of children who do not receive medical attention.

### Poverty by Province - Rural Poverty

The more urbanised the Province, the lower the level of poverty. The Western and Southern Provinces are the most urbanised and have the lowest poverty levels. Conversely, the Uva and North Western Provinces are the least urbanised but have the highest poverty levels (Figure 1).

Figure 1: Poverty Levels and Urban Share of Population by Province



Source: HIES 1995/96, DCS Population Census 1981

Table 6 : Poverty Head Count Ratio by District

(%)

District	1990/91	1995/96	2002
Colombo	16	12	6
Gampaha	15	14	11
Kalutara	32	29	20
Anuradhapura	24	27	20
Nuwara Eliya	20	32	23
Polonnaruwa	24	20	24
Kurunegala	27	26	25
Kandy	36	37	25
Galle	30	32	26
Matara	29	35	27
Matale	29	42	30
Puttalam	22	31	31
Kegalle	31	36	32
Hambantota	32	31	32
Ratnapura	31	46	34
Badulla	31	41	37
Monaragala	34	56	37

Source: HIES 1990-91, 1995-96, and 2002

Table 7: Percentage of Poor Households Based on the Official Poverty Line by District and Sector

(%)

	1990/91	1995/96	2002
<b>Sri Lanka</b>	<b>21.8</b>	<b>24.3</b>	<b>19.2</b>
<b>DISTRICT</b>			
Colombo	13.1	8.8	5.0
Gampaha	11.7	11.3	9.2
Kalutara	27.0	24.6	17.7
Kandy	30.9	32.7	20.9
Matale	24.3	36.8	24.5
Nuwara Eliya	15.6	25.9	18.2
Galle	25.0	25.5	21.7
Matara	23.3	29.5	23.2
Hambantota	26.3	26.2	27.8
Kurunegala	22.8	22.6	21.2
Puttalam	18.6	25.8	24.5
Anuradhapura	20.1	21.9	17.2
Polonnaruwa	21.2	17.1	20.1
Badulla	26.8	35.8	31.5
Monaragala	27.4	48.8	32.4
Ratnapura	26.4	40.0	30.1
Kegalle	27.3	31.7	27.5
<b>SECTOR</b>			
Urban	12.9	11.0	6.2
Rural	24.7	25.9	20.8
Estate	16.7	32.2	24.3

Source: HIES 1990-91 and 2002, DCS

It is seen from Table 6 and 7 that poverty has declined sharply in the Colombo district, increased in Moneragala, Badulla, Ratnapura and Kegalle districts and has remained at the same level in the Hambantota district. Poverty has declined substantially in the Kalutara district in the Western Province and in the Kandy district in the Central Province, and increased sharply in Puttalam district in the North Western Province. Poverty in the urban sector is reported to have declined to 6.2% in 2002 but poverty is high in the rural (20.8%) and estate sectors (24.3%), with a substantial increase in poverty in the estate sector where women are half the labour force. These sectoral district data conceal intra-district disparities, as in the case of Colombo district with its low income shanty neighbourhood in the city of Colombo. The recent Consumer Finances and Socio-economic Survey of the Central Bank (2003/2004), has reiterated concerns over the wide socio-economic disparities between the Western Province and the disadvantaged districts.

A critical aspect of the regional dimension is the poverty situation in the North and East. Although the data is not available in the North and East, the scale of devastation and displacement suggest wide-spread poverty arising out of deprivation.

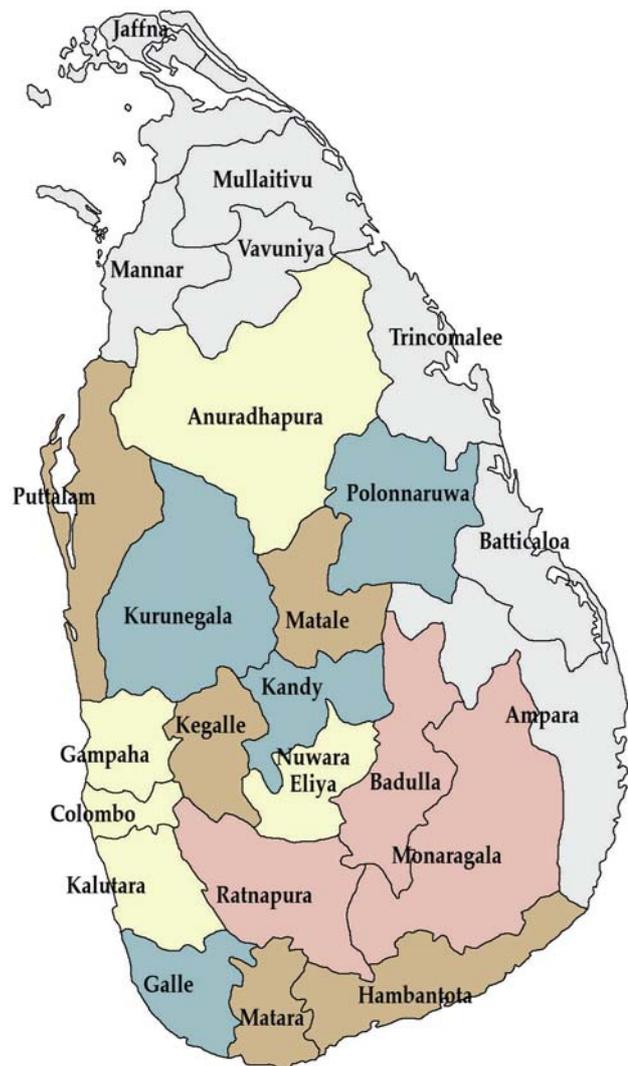
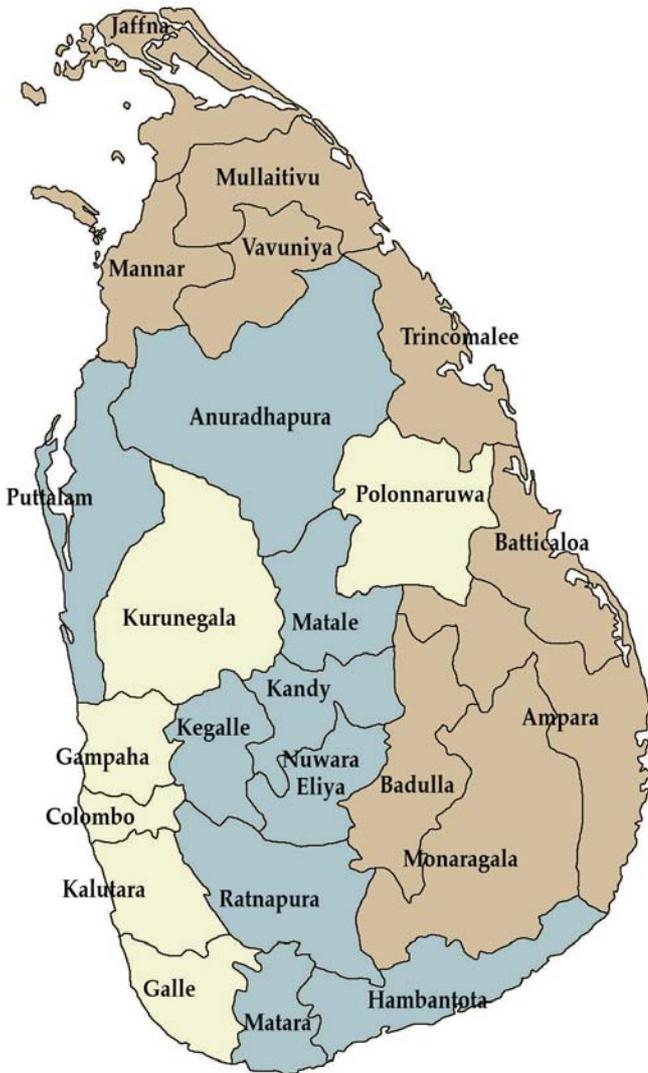
One aspect is that there is underutilisation of productive land or non-use of vital infrastructure for economic resurgence owing to landmine and UXO contamination. Prior to the conflict, the districts were highly productive agricultural areas.

Following landmine and UXO clearance, economic and other activities have recommenced in many of these areas, leading to an increase in productivity and reduction in poverty levels. However, lots more need to be done to reduce the impact of these explosive devices on productivity levels and poverty.

It is likely that the overall level of poverty would be higher if data from the North and East were available and counted.

Map 1: Poverty Map of Sri Lanka

Map 2: Poverty Headcount Ratio



Poverty level

- Moderate
- Average
- Severe

Percent

- 06 - 23
- 24 - 26
- 27 - 32
- 33 - 37
- Data not available

Source: DCS, HIES

## Target 2

Halve, Between 1990 and 2015, the Proportion of People Who Suffer from Hunger

## Scorecard

Indicator	1990	2002	MDG target	
			2015	Status
4. Prevalence of underweight children under 5 years of age	38 *	29 **	19	On track
5. Proportion of population below minimum level of dietary energy consumption	50.9	51.3	25	Not on track

\* 1993, \*\* 2000

Note: North &amp; East not covered due to data limitations

Source: DHS/DCS

Table 8: Anthropometric Indices for Children (3-59 months)

Sector	Stunted (Height-for-weight)		Wasted (weight-for-height)		Under-weight (weight-for-age)	
	1993	2000	1993	2000	1993	2000
	Metro Colombo	19.7	7.4	12.2	10.1	31.2
Other Urban	16.8	8.6	16.8	6.3	29.9	21.3
Rural	22.9	12.8	16.4	15.9	38.3	30.8
Estate	53.7	33.8	9.5	11.8	52.1	44.1
All	23.8	13.5	15.5	14.0	37.7	29.4

Source: DCS

## Status and Trends

Malnutrition followed by poverty is an acute problem especially among pre-school children in Sri Lanka. The human body requires a certain amount of macro-nutrients such as energy, protein, fats and micro-nutrients to maintain good health. Lack of one or more of the above factors cause problems for an individual to lead a healthy life. Any nutritional disorder caused by inappropriate dietary intake is referred to as malnutrition. Malnutrition can be categorised into four main groups, namely over-nutrition, dietary deficiency, secondary-malnutrition and under-nutrition. In the third world countries including Sri Lanka, under-nutrition is the most common phenomenon found largely among pre-school children. This is mainly due to the shortage of calories and/or protein, which are necessary for normal growth and body maintenance. This condition is technically referred as the Protein Energy Malnutrition (PEM). Under-nutrition is responsible for a number of adverse impacts on individuals, families as well as on the society in the long-term. At the same time, under-nutrition is costly to the country as it reduces labour productivity and increases morbidity and mortality.

The prevalence of malnutrition among children aged between 3-59 months is commonly measured using three anthropometric indices; i.e., stunting (height-for-weight), wasting (weight-for-height) and under weight (weight-for age). Though child malnutrition in Sri Lanka has been declining over the past decades, still 13.5% of children below the age of 5 years are stunted, while 14% and 29.4% are wasted and under-weight, respectively (Department of Census and Statistics, 2000).

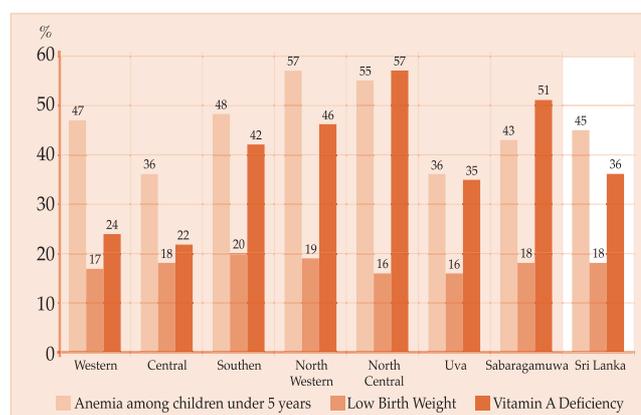
Sri Lanka has three micro-nutrient deficiencies that have been identified as public health problems; Iron, Vitamin A and Iodine. Applying 1995 nutritional assessment to present-day population estimates, the number of pre-school children suffering from stunting is about 0.33 million; while 0.21 million are wasted; and 0.54 million are under-weight. Furthermore, 0.66 million children suffer from Vitamin A deficiency whilst 0.72 million pre-school children are anemic. Nearly one third of the adult population in Sri Lanka has been classified as under-nourished although the likely impact of under-nutrition on labour productivity has not been estimated.

The small sample Nutrition and Health Surveys (NHS) carried out at national level between 1993 and 1995 found that: (a) rural and estate sectors have a higher prevalence of under-nutrition than urban areas; (b) stunting and under-weight are highest in the Central Province, while wasting is highest in the Sabaragamuwa Province; (c) under-nutrition is related to low income, poor housing and sanitation; (d) under-nutrition is also related to low birth weight and age (one in five children are born with low birth weight), but not to gender; and (e) the critical period of human vulnerability for Sri Lankan children is during the first 18 months of their lives. Iodine deficiency disorders are also a major health problem. One out of every five children suffer from iodine deficiency disorders - the single most important preventable cause of physical and mental retardation. A more recent study identified poor caring and feeding practices, high morbidity, poverty-related factors, such as lack of access to adequate food, adequate housing, clean water and safe sanitation, and maternal under-nutrition as the key causes of child malnutrition.

Maternal Malnutrition is a chronic concern. In addition to the relatively large proportion of low birth weight babies, one out of every three women is stunted with height less than 148 cm. Some 36% of women are anemic and the average weight gain during pregnancy is as low as 7.5 kg compared to the minimum requirement of 10 kg.

Data on anemia, low birth weight and vitamin A deficiency are given in figure 3 below. There are substantial regional variations with regard to micro-nutrient deficiencies, but not with regard to low birth weight. The high prevalence of anemia and Vitamin A deficiency in several Provinces is further evidence that the nutritional status of pre-school children is far from satisfactory.

**Figure 3: Provincial Variations in Child Malnutrition**



Source: Mudalige, R and P. Nestle (1996), Prevalence of Anemia in Sri Lanka, Ceylon Journal of Medical Science; Nutrition and Health Status of Children 1993, Nutrition and Poverty Policy Division, Ministry of Policy Planning and Implementation; and Medical Research Institute (1998) Vitamin A Deficiency: Status of Children, Sri Lanka 1995.

**Table 9: Prevalence of Under-weight Children (under 5 years)**

(%)

District	Female		Male	
	1993	2000	1993	2000
Colombo	26.56	20.64	21.24	13.27
Gampaha	33.48	19.67	25.42	21.85
Kalutara	38.47	31.53	25.73	26.55
Kandy	35.28	33.62	35.66	36.66
Matale	50.00	34.62	32.26	34.78
Nuwara Eliya	59.95	45.37	52.48	38.21
Galle	33.80	32.69	33.78	21.72
Matara	33.29	31.10	37.92	26.28
Hambantota	61.62	45.82	40.90	34.67
Jaffna	N.A.	N.A.	N.A.	N.A.
Kilinochchi	N.A.	N.A.	N.A.	N.A.
Mannar	N.A.	N.A.	N.A.	N.A.
Vavuniya	N.A.	N.A.	N.A.	N.A.
Mullaitivu	N.A.	N.A.	N.A.	N.A.
Batticaloa	N.A.	N.A.	N.A.	N.A.
Ampara	N.A.	N.A.	N.A.	N.A.
Trincomalee	N.A.	N.A.	N.A.	N.A.
Kurunegala	38.72	34.62	27.79	24.06
Puttalam	36.37	30.94	45.19	44.27
Anuradhapura	54.32	31.32	46.05	36.27
Polonnaruwa	49.15	35.28	40.03	20.74
Badulla	48.68	31.64	44.12	49.78
Monaragala	47.79	54.31	51.11	21.75
Ratnapura	43.58	29.49	53.63	41.41
Kegalle	34.52	10.83	31.36	36.15
<b>Sri Lanka</b>	<b>39.81</b>	<b>29.81</b>	<b>34.88</b>	<b>29.04</b>

Source: Calculated from DHS (1993-2000)

## Supportive Environment

**Table 10: Social Security Schemes - (2004)**

Scheme	Budget Allocation (Rs. Mn.)	Coverage (Persons)
Employees' Provident Fund (EPF)	63,603	1,926,702
Employees' Trust Fund (ETF)	10,492	1,800,000
Public Pension Scheme	37,410	399,532
Samurdhi Scheme	9,000	1,850,750
Payments to Disabled Soldiers	3,500	N.A.
School Mid-day Meal & Nutritional Programme	800	N.A.
Fertiliser Subsidy & Farmer Incentives	480	N.A.
Payments to Internally Displaced Persons	300	N.A.
School Uniform Scheme	1,000	N.A.

Source: Ministry of Finance and Planning

Although the government spends about 4% of GDP on subsidies and transfers to households, the success of these programmes is questionable. Proper planning of pro-poor relief measures has to be followed by targeting the benefits directly to the needy.

## Challenges

It is an accepted fact that growth is necessary; nevertheless it must be focused on the need for substantial reduction of poverty. For growth to be pro-poor, it must stimulate productivity which will attract the unemployed, the under employed as well as the new entrants to the labour force. Therefore, composition of growth is equally important in achieving high economic growth.

As poverty in Sri Lanka is predominantly concentrated in 8 districts in the North and East, 6 districts in the South including several plantation districts and in a few pockets, successful poverty reduction must address specific poverty profiles in those areas by either creating productive jobs or enabling people from those areas to move to productive jobs elsewhere. The centerpiece of this strategy is the massive infrastructure development in neglected areas as the basis for development of agriculture, industry, tourism and other activities to provide employment. To the maximum possible

extent, the poor need to be involved in rural infrastructure development projects so that they will have work to augment their income. The government strategy towards reducing poverty necessitates the following:, as immediate policy resume.

- Mobilising more investments, private or public; local or foreign, into labour intensive activities and into the less developed regions
- Ensuring an economic environment with stable financial conditions, which is conducive to long term investment decisions by the private sector particularly by Small and Medium Scale Enterprises
- Providing a wide range of infrastructure services to consumers such as electricity, road, transport, communication and water supply, at competitive prices
- Increasing efficiency to lower the costs of government enterprises that supply utilities to the private sector
- Encouraging the creation of an educated and skilled labour force and better working environments
- Increasing Government investments in infrastructure, particularly in less developed regions that have potential for value creation
- Mobilising higher Government revenue so that the public investment is protected and debt financing is reduced
- Improving the environment by conserving and developing natural resources namely, land, water, perennial vegetation etc.
- Improving production and productivity of crops, animals and environment to improve income and employment opportunities for the people, particularly the landless poor and the women
- Encouraging the use of technology in agriculture and industry to ensure increased productivity in value addition



Achieve Universal  
Primary  
Education

Goal 2



## Target 3

Ensure that by 2015, Children Everywhere, Boys and Girls Alike, Will be Able to Complete a Full Primary Schooling

### Scorecard

Indicator	1990 %	2002 %	2015 %	MDG target status
6. Net enrolment ratio in primary school	91.7	96.4	100	On track
7. Proportion of pupils in grade 1 who reach Grade 5	92.7	97.6	100	On track
8. Literacy rate of 15-24 year olds	92.7	95.6 *	100	On track

Source: (6) - QLFS/DCS, 6-10 year olds  
(7) - Ministry of Education  
(8) - HIES, PHC 2001/DCS

### Status and Trends

Education in Sri Lanka is viewed as a basic right and the government from as early as 1943, adopted policies to encourage schooling amongst children. Schooling for 5-14 age groups was made mandatory by Parliament in 1997. Free primary, secondary tertiary education and the establishment of an islandwide network of primary and secondary schools were set up in this direction. Investment in education is at the heart of Sri Lankan government policies in order to increase national income, reduce poverty and promote human development. Government incentives include, scholarships, mid-day meals, free textbooks, material for school uniforms and easy access to a number of schools. Deserving students from low-income families are also provided with bursaries to meet their other expenses, which are continued up to university.

The country has an islandwide network of approximately 10,475 schools (public, private and pirivenas), which provide opportunities for primary and secondary education. Education in Sri Lanka is predominantly state run. The private sector is very small with only 78 schools in comparison to 9,790 government schools. Among these, 3,164 are schools with primary grades only, while in most instances primary grades were sections of schools that also offered post primary education. The student population was approximately 4 million in 2003, and on average there is a school for every 6 km<sup>2</sup> of the country.

### Net Enrolment Ratio

From as early as 1980, 85% of school children (6-10 year olds), both boys and girls, were enrolled in schools. Enrolment rates increased further after the ratification of the UN convention on the rights of children, and with the adoption of the National Action Plan for Children in 1991 and 2004.

Table 11: Enrolment Rates - (6 - 10 years)

(%)

	1995/1996	2002
<b>Sri Lanka</b>	<b>95.7</b>	<b>96.3</b>
<b>Sex</b>		
Male	95.6	97.1
Female	95.7	95.6
<b>Sector</b>		
Urban	96.1	95.9
Rural	95.6	96.4

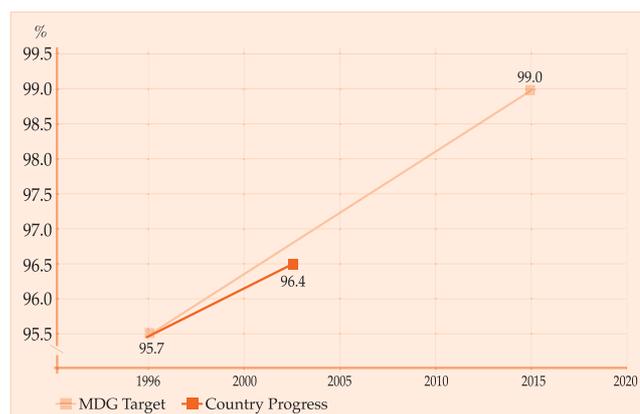
Source: HIES 1995/96 & 2002

The net enrolment ratio in primary education in 2003 was as high as 98.35%. This increased from 95.2% in 1990. The data from table 11 shows enrolment rates among males slightly higher than that of females. Sector-wise in 2002 there was only a 0.5% difference between urban and rural enrolment rates. Regional variations across districts in access to primary education are relatively low with net enrolment rates for all districts recording over 95%. Anuradhapura, Polonnaruwa, Batticaloa and Kegalle districts recorded 100% enrolment rates while Kurunegala and Matale districts have enrolment rates of 95.7%.

Although quantitatively Sri Lanka has credited achievements in primary school enrolment rates, there is still a percentage of children of marginalised groups that are out of the schooling system. These include children of poor families, those in rural, plantation and urban deprived pockets, street children, orphans, disabled, children dwelling in coastal areas, in probation centres and those displaced due to the conflict in the North and East province of the island. In addition, the closure of small schools in villages that traditionally facilitated access to education, the marginalisation and neglect of the schools of the poor and lethargy in the implementation of compulsory education legislation are further such reasons.

While there have been increases in net enrolment rates over the years, figure 4 forecasts that at the current rate of increase, Sri Lanka might just fall short of the desired target by 2015. Therefore, further policies need to be adopted by the government to encourage the remaining 3% to enter primary education.

**Figure 4: Net Enrolment Ratio (6-10 years)**



Source: DCS

Sri Lanka is the best performer in South Asia in terms of its primary school indicators. Its net attendance rates are more than 30 percentage points higher than Pakistan, India and Bangladesh where the rates are in the 49-65% range.

## Retention Rate

Significant progress has been made on overall student retention levels. The retention rate in 2001 was 97.6%, a 6.4% increase since 1990. Retention rates are the highest in the Colombo district (99.9%) while the lowest was in Mannar (82.2%). Although the overall completion rates for primary education are high, when disaggregated by gender, it appears that more boys than girls drop out after completing junior secondary education (Table 12).

**Table 12: Completion Rate for Primary and Junior Secondary Education by Gender - (2001)**

(%)			
Stage	Male	Female	Overall
Primary	96.9	98.3	97.6
Secondary	79.1	86.3	83.0

Source: The Development of Education, National Report 2004.

At the district level, primary completion rates of more than 95% was observed for boys in 18 districts and for girls in 21 districts. High drop-out rates are prevalent in low-income urban neighbourhoods, the plantation sector, remote deprived villages and in the conflict affected North East of the island. While a slightly higher percentage of boys than girls in the relevant age groups enter Grade 1, the drop-out rate for boys is higher than for girls. In 1990, this rate was 3.5% among boys and 3.05% among girls. This increased to 0.81% and 0.54% respectively in 2000.

**Table 13: Net Enrolment Ratios and Primary School Retention Rates (1990-2000)**

District	Net Enrolment Rate		Primary School Retention Rate	
	1990	2000	1990	2001
Colombo	95.8	98.6	96.4	99.9
Gampaha	96.4	98.7	98.7	96.8
Kalutara	92.8	97.7	94.9	99.8
Kandy	95.0	99.9	96.4	99.4
Matale	93.3	95.8	91.8	95.8
Nuwara Eliya	91.7	97.7	73.6	96.7
Galle	96.2	97.6	95.0	98.5
Matara	94.6	97.3	91.4	98.3
Hambantota	97.1	100.0	87.5	98.2
Jaffna	N.A.	99.7	84.4	96.1
Kilinochchi	N.A.	N.A.	90.8	9.9
Mannar	N.A.	95.9	N.A.	82.2
Vavuniya	N.A.	97.8	15.1	90.0
Mullaitivu	N.A.	N.A.	N.A.	91.2
Batticaloa	N.A.	100.0	N.A.	91.0
Ampara	N.A.	97.6	N.A.	95.2
Trincomalee	N.A.	100.0	76.2	97.9
Kurunegala	95.9	95.8	92.8	99.0
Puttalam	94.4	96.5	N.A.	96.6
Anuradhapura	95.8	100.0	98.9	97.7
Polonnaruwa	98.6	100.0	99.4	97.8
Badulla	92.4	97.5	84.7	98.4
Monaragala	94.7	96.9	95.2	97.1
Ratnapura	95.5	99.3	88.2	96.4
Kegalle	97.4	100.0	93.5	98.2
Sri Lanka	95.2	98.4	91.7	97.6

Source: Calculated from HIES 90/91, HIES 95/96, SLIS 00, and the Ministry of Education

Education Attainment

Table 14: Education Attainment (1953-2003)

	1953	1963	1973	1978	1981	1986	1996	2003
				/79	/82	/87(b)	/97(b)	/04(b)
Non Schooling	41.8	26.8	22.9	14.9	15.1	11.8	8.6	7.4
Primary	46.8	45.5	43.2	43.8	42.9	41.1	35.2	29.1
Secondary	9.8	22.7	27.3	29.8	29.2	32.1	35.5	42.2
Tertiary	1.8	5.0	6.6	11.5	12.8	15.0	20.7	21.3

(b) Excluding North and East provinces

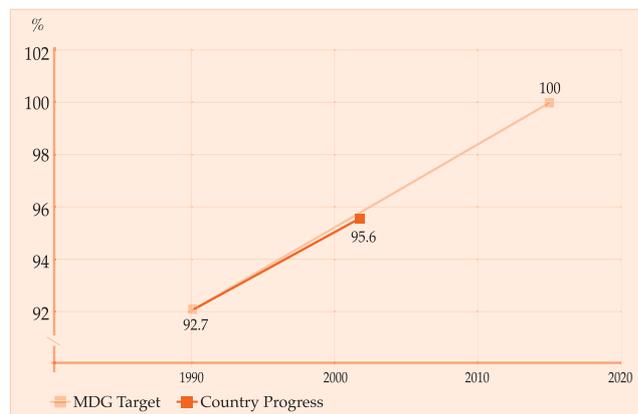
Source: CFSES 2003/2004

The above table shows that in the 2003/04 period the number of non schooling children was 7.4%. What is noteworthy from the data is that while the number in primary schooling decreased, those that go on to secondary and tertiary education increased. While primary education attainment is the highest in the Eastern and Uva Provinces; secondary and tertiary education are among the lowest. This shows that fewer students are continuing with higher education. The reasons for non participation are socio-economic, the principal factor being poverty.

Literacy Rate

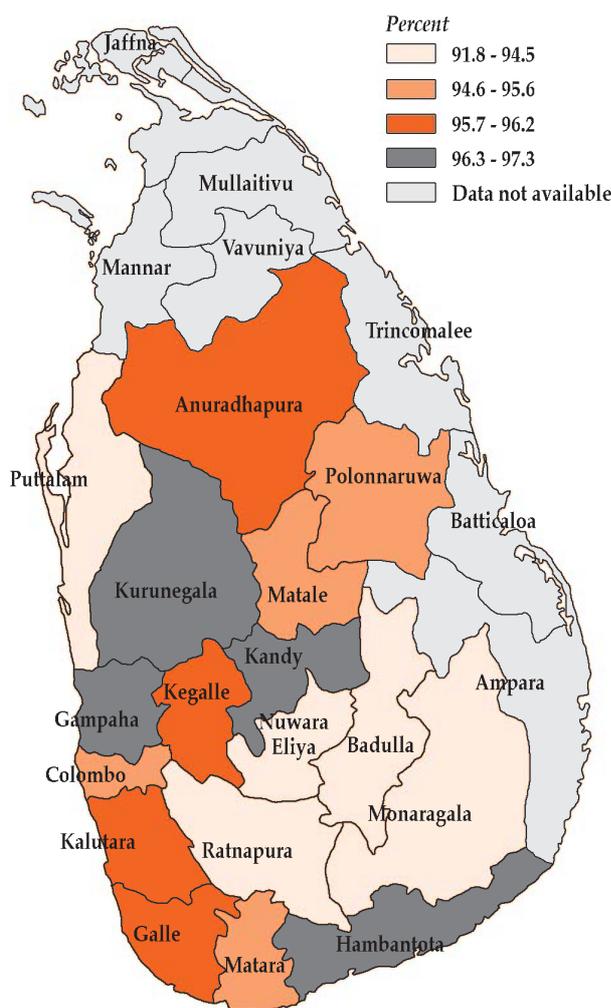
The increase in enrolment and retention rates are reflected in the rise in youth literary rates in the age group of 15-24 year olds. Youth literacy rates increased from 92.7% in 1990 to 95.6% in 2001. In 2000 at the provincial level the lowest levels of literacy was observed in the Sabaragamuwa (87.5%) and Central Provinces (93.8%), where the literacy rates declined by 6.7% and 0.6% respectively in 1995. At district level although Nuwara Eliya (91.8%), Ampara (93.5%) and Badulla (93.9%) recorded the lowest rates of literacy (Map 3). Figure 5 shows that Sri Lanka is already on track in achieving its MDG target by 2015.

Figure 5: Literacy Rate (15-24 Year)



Source: DCS

Map 3: Literacy Rate (5-24 years)



Source: DCS

## Teachers in Primary Education

Lack of qualified teachers and disparities in teacher deployment has led to a situation where schools, which cater to the vulnerable are faced with acute shortages of teachers. In 2003, 1,501 schools in rural and plantation areas, and 63 schools in urban areas had 4 teachers or less per school. The teaching and learning methods adopted in many of these schools are traditional and outdated. Many of the teachers are not competent and have not been adequately trained in adopting the curriculum to local needs.

**Table 15: Availability of Teachers**

Availability of Teachers	No. of schools Urban	Rural and Plantation
1	-	150
2	-	374
3	-	471
4	63	506

Source: Ministry of Education, 2004

## Quality of Education

Sri Lanka's impressive education indicators mask serious deficiencies in the quality and efficiency of education. Cognitive achievement tests among primary schools in Sri Lanka show shortfalls in the mastery of basic language and numeracy skills.

**Table 16: Proportion of Primary Children Achieving Mastery of Language Skills - (2003)**

Skills	First Language (Sinhala or Tamil)			English Language		
	Sri Lanka	Urban Sector	Rural Sector	Sri Lanka	Urban Sector	Rural Sector
Vocabulary	70	81	68	35	48	30
Comprehension	45	56	43	16	33	13
Syntax	30	44	27	20	34	17
Writing	28	40	25	1	4	1
Total	37	51	34	10	23	7

Source: Sri Lanka: Development Policy Review, World Bank 2004

**Table 17: Proportion of Primary Children Achieving Mastery of Numeracy Skills - (2003)**

Skills	Sri Lanka	Urban Sector	Rural Sector
Concepts	45	58	42
Procedures	51	56	40
Problem Solving	34	39	26
Total	38	52	35

Source: Sri Lanka; Development Policy Review, World Bank 2004

The data shows that primary students in the rural sector performed poorly in comparison to those in the Urban sector. Only 37% of students mastered language skills (Sinhala or Tamil), while a mere 10% mastered the English Language. While levels of vocabulary (in the first language) are above 60%, written and syntax skills are less than 30% in the Rural Sector. Only 38% of students have mastered numeracy skills. These poor education standards are also reflected by the low pass-out rates in secondary education, for example, between 1998-2002, only 37-40% of students passed the GCE O/L examination while 47-56% passed the GCE A/L examination.

Resource constraints have led to the decline in the quality of education provided in schools as seen in the governments "Education For All" Assessments.

## Children with Disabilities

The provincial School Census for 2003 indicates that there are 58,626 students with disabilities and only 12,407 students are catered for in special schools/classes. In the education system 1.8% of male students and 1.2% of female students were disabled. Dropout rates among students with disabilities was high, with only 56% of those entering grade 1 continuing to secondary grades. At present, there are 25 assisted special schools catering for 2,789 students with disabilities and 9,618 students in special classes in 852 mainstream schools. The pupil teacher ratio in special schools is 6.7:1 and in special classes 10.3:1, indicating that there is a shortage of teachers catering to this category<sup>3</sup>. Greater attention should be focused on catering to the needs/requirements of this group.

<sup>3</sup> Attaining Millennium Development Goals in Sri Lanka, World Bank (2003)

### Access to Education for Children in the North East

The conflict has heavily impacted children of the North East and all aspects of the education system are damaged. Problems such as non-enrolment, drop outs, absenteeism and poor learning and teaching is widespread. According to a Needs Assessment Report<sup>4</sup> of 2003, 50,000 school aged children in the North and East are currently out of school and there is a 15% dropout rate. There is a deficit of 5,000 teachers and principals. Approximately 15,000 classrooms in about 500 schools have been either destroyed or damaged and they lack furniture, libraries and other basic facilities. With the returning Internally Displaced Persons (IDPs) the demand for such services is likely to increase and thus the demand on the education system would be greater.

### Present Supportive Environment

Environment lead supportive policies include:

- Allocating public resources to favour poor geographical areas where learning levels are low. Public education spending across provinces is progressive with higher public expenditure per student in provinces where learning levels are poor. For example, the North and East province, receives the highest proportionate government expenditure per student on education<sup>5</sup>
- Policy Initiatives in curriculum, pedagogy and teacher education and training - This includes modernising the primary school curriculum along the lines of key stage model used in the UK, the curriculum being centered around 4 main subject areas (first language, mathematics, religion and environmental studies) and ensuring that all teachers are trained through a three-year pre-service teacher education course before entering the teaching service
- Monitoring and evaluation of education outcomes, with special emphasis on the measurement of cognitive achievement. In this regard the National Education Research and Evaluation Centre (NEREC) and the National Institute of Education (NIE) were established
- Development of a National Action Plan for Children with a medium-term outlook (from 2004-2008). The overall strategy of this programme is to ensure universal access to the services that children require for their full and free development and providing them with the opportunity

to develop their individual capacities in a safe and enabling environment. Various policy measures were introduced to ensure the provision of quality education and improvement of access. Such programmes range from early childhood care to secondary education, non-formal education and the development of education in conflict affected areas. In addition, programmes are formulated to protect disadvantaged children such as those abused, disabled, street children, children of migrant mothers and those in conflict with the law, and to ensure that they receive formal education and benefit from social welfare programmes

### Challenges

- Extreme poverty is still the main reason for non-participation of children at the primary stage. Children are employed to supplement the family income and the opportunity cost for education is very high among these groups
- Literacy of parents who do not value the merits of education
- Under-staffing of schools in the distant and disadvantaged areas
- Upgrading classrooms and the provision of other basic facilities have not been adequately implemented. Many of the schools in Rural Areas and the North East suffer from the lack of basic infrastructure facilities such as buildings, laboratories, libraries and educational equipment
- Reliable information to ascertain the number of disabled children is unavailable
- Lack of a systematic programme to identify disabled children and enroll them in schools
- Teachers have not been adequately trained in adapting the curriculum to the local needs in order that learning by children in school is perceived to be relevant by the community
- Lack of quality of the education system in catering to the present social and economic needs

<sup>4</sup> Prepared by the ADB, World Bank and the WFP

<sup>5</sup> Attaining Millennium Development Goals in Sri Lanka (2005)

## Priorities for Development

- Improve infrastructure facilities in small schools in Rural Areas and the North East
- To provide eleven years of compulsory education to all children as a policy decision to extend the period of compulsory education from the present 5 -14 years of age (9 years) to 5 - 16 years (11 years)
- Compulsory Attendance Committees at Schools (CACs) and School Attendance Monitoring Committees (SAMC) need to be reactivated and the convening of such committees should be entrusted to the state education authorities
- Enrolment rates in the primary stage is high; however participation at secondary levels need to be improved. Reform and expansion of the higher education system is necessary to widen the skills base and allow greater access
- Quality of education - The learning achievements of students need to be improved upon. Mastering of basic language, numeric skills and other subject areas such as science and social studies need to be improved at the primary level. There is also a need to develop general competencies among students in addition to the basic textbook teaching methods. The need to improve IT among school children, especially among those in the Rural Areas is important. There is also a need to match education to the needs of the labour market to create new opportunities and future growth. In this regard practical skills and command of the English language needs to be improved upon
- North and East - Schools in the North and East need special attention in terms of teacher supply, restoration of physical infrastructure, cater to the special needs of children affected by the conflict, providing of non-formal education, school feeding programmes, and pre and higher education facilities. Special catch up programmes should also be implemented to fill the lacunae of two decades of exclusion
- Teachers - Focus should be placed on proper training and deployment of teachers, improvement of facilities and training of special teachers for the disabled. Teacher education programmes need to be introduced and incentives provided to teachers to work in Rural Centres to ensure a more equitable distribution of qualified teachers. There is also a need to ensure opportunities for teachers to upgrade their knowledge and skills continuously over the full term of their professional career. To attract qualified teachers and increase retention, measures to motivate them such as better salaries, working conditions, improved autonomy and responsibility and promising career prospects should be provided
- To include children with disabilities, the destitute and abandoned, street and working children in to the education system
- Financial allocation for education has to be regularly increased to maintain equity and excellence. An examination of the past allocation of funds for recurrent and capital expenditure in education reveals that the proportion of recurrent expenditure is in the range of 80% while capital expenditure is around 20%. A large portion (75%) of the recurrent expenditure goes for teacher salaries. The reduction of capital expenditure contributes towards a serious decline in the quality of education at all levels. The inequitable allocation of resources widens the disparity among ever-expanding urban schools and the rural and small schools that meet the education needs of the disadvantaged communities. Resource allocation should be fair and transparent



Promote Gender  
Equality and  
Empower Women

Goal 3



## Target 4

Eliminate Gender Disparity in Primary and Secondary Education, Preferably by 2005, and in All Levels of Education No Later than 2015

## Scorecard

Indicator	1990	2001	MDG target	
			2015	Status
9. Ratio of girls to boys in Primary Education	93.1	95.3	100.0	On track
Ratio of girls to boys in Secondary Education	104.0	104.2	100.0	On track
Ratio of girls to boys in Tertiary Education	66.2	89.8	100.0	On track
10. Ratio of literate women to men 15-24 years old	100.0	101.0	100.0	On track
11. Share of women in wage employment in the non-agriculture sector	29.0	31.0	-	Not on track
12. Proportion of seats held by women in National Parliament.	5.3*	4.9**	-	Not on track

(10), (11) North & East not covered due to data limitations

\* 1994, \*\* 2004

Source: (9) - SC,DTET, (10) - DCS

(11) - QLFS /DCS (12) - DOE

## Status and Trends

Sri Lankan women have a comparatively better status than women in many other developing countries but have yet to achieve gender equality and empowerment in consonance with international norms. The confluence of positive social policies, slow economic growth and consequent persistent poverty among segments of the population, armed conflict, and gendered social norms have contributed to uneven development that impinges on the quality of life of women. According to the Human Development Report (UNDP 2002) Sri Lanka's Gender Development Index (GDI) in 2004 was

0.737 as compared with the Human Development Index (HDI) of 0.741 but the Gender Empowerment Measure (GEM) was only 0.274.<sup>6</sup>

The Constitutional provision (1978) of equal rights without discrimination on the grounds of sex, the ratification of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1981, universal franchise and equal rights to contest elections in 1931, and equal access to free education and health services in the 1940s have all contributed to promoting gender equality. In Sri Lanka, women have equal rights in the General Law but discriminatory provisions exist in varying degrees in the family law of each community pertaining to areas such as marriage, divorce, property, and financial transactions. Women are denied equal rights to land in State-assisted settlements. Labour legislation conforms to international practice but enforcement is relatively weak, and workers in the informal sector, a substantial proportion of whom are women, are outside the ambit of labour laws. The amendments to the Penal Code in 1995 expanded the scope of legislation to counter gender-based violence but gaps exist due to the absence of domestic violence legislation.

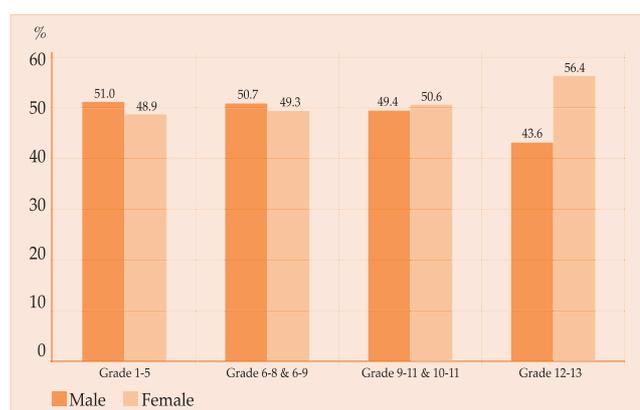
## Access to Education

An island-wide network of around 10,000 schools provides opportunities for primary and secondary education. As the majority of households have access to a primary school within 2 kilometers and as around 96% of the schools have been co-educational for decades and less than 1% of the schools are private schools, girls from most socio-economic strata have had reasonably extensive access to education.

As referred to under Goal 2 the right to education has been recognised for over six decades in Sri Lanka and free education and related incentives have promoted gender equality in the access of most socio-economic groups to education at all levels.

<sup>6</sup> The HDI is a summary measure of basic dimensions of human development life expectancy at birth; adult literacy rate; combined primary, secondary, and tertiary gross enrolment ratio; and gross domestic product per capita. While HDI measures the average achievement, the GDI adjusts average achievement to reflect inequalities between men and women in the same dimensions under HDI. The GEM measures the extent of women's achievements in reaching higher levels of economic and political decision-making power relative to men.

Figure 6: Total Enrolments to Schools - (2002)



Source: School Census 2002, Ministry of Education

Table 18: School Enrolments

Grade	1990				1996				2001			
	Male	Female	Total	Female %	Male	Female	Total	Female %	Male	Female	Total	Female %
1 - 5	1,077,745	100,337	2,081,082	48.2	938,156	877,946	1,816,102	48.3	911,530	864,170	1,775,700	48.7
6 - 8	496,799	485,993	982,792	49.5	595,686	530,352	1,076,038	49.3	511,771	493,651	1,005,422	49.1
9 - 11	416,167	449,844	866,011	51.9	492,819	529,671	1,022,490	51.8	496,707	513,631	1,010,338	50.8
12 - 13 (Arts)	22,559	51,939	74,498	69.7	3,620	73,535	109,736	67.0	67,641	131,240	196,881	66.0
12 - 13 (Com)	25,243	26,664	51,907	51.4	31,548	29,181	6,729	48.1	57,578	55,203	112,781	48.9
12 - 13 (Science)	30,115	24,867	54,982	45.2	25,627	19,875	45,502	43.7	48,383	42,403	90,786	46.7
12 - 13 Total	77,917	103,470	181,387	57.0	93,376	122,591	215,967	56.8	173,602	228,846	402,448	56.9
1 - 13	2,068,628	2,042,644	4,111,272	49.0	2,071,453	2,061,470	4,132,923	49.9	2,093,610	2,100,298	4,193,908	50.1

Source: Ministry of Education, Annual School Census 1990, 1996 & 2000

These statistics indicate that Sri Lanka has still to achieve universal primary education but has virtually achieved the gender equality in primary and secondary education. Non-school going is concentrated largely in low-income, remote and deprived villages, in plantation labour communities and in recent years, in conflict-affected areas. It is interesting to note that while plantation children are still disadvantaged in access to education and have a relatively high incidence of non-schooling and "dropping out," near gender equality in enrolment in primary education has been achieved over the last few years. As a whole, at country level (including estate sector) more girls than boys continue in senior secondary education. It appears that economic constraints rather than gender affect the access of girls to education in Sri Lanka.

Performance-wise too, gender differences are minimal at entry to Grade 1, at the Grade 5 Scholarship examination and at the public examination at the end of Grade 13 the highest grade in the school system.

Computation of the percentage of girls of total enrolment at different levels in the school system too shows that the percentage of girls is higher at senior secondary level. 48.7% in grades 1 - 5, 49.% in grades 6 - 8, 50.8% in grades 9 -11, and 56.9% in grades 12 and 13 in 2001, with little change from 1990.

**Table 19: University Admission by Sex 1990/1991 & 2001/2002**

Streams	1990/91				2001/2002			
	M	F	T	F %	M	F	T	F %
Arts	880	1,507	2,387	63.3	108	2,950	4,039	73.3
Management	368	285	653	43.6	716	815	1,532	3.2
Commerce	421	383	804	47.6	382	45	837	54.4
Law	86	103	189	59.5	41	159	200	79.5
Science	721	535	1,256	42.6	1,619	1,006	2,625	38.3
Medicine	471	357	828	43.1	407	464	871	53.3
Dental Science	41	32	73	43.8	47	39	86	45.3
Veterinary	19	26	45	57.8	54	33	87	37.9
Agriculture	155	134	289	46.4	309	315	624	50.5
Engineering	569	67	636	10.5	807	178	985	18.1
Architecture	21	25	46	54.4	26	76	102	74.5
Surveying	31	04	35	11.4	34	17	51	33.3
IT	-	-	-	-	77	29	106	27.4
<b>Total</b>	<b>3,780</b>	<b>3,458</b>	<b>7,145</b>	<b>47.7</b>	<b>5,615</b>	<b>6,529</b>	<b>12,144</b>	<b>53.8</b>

Source: University Grants Commission, Statistics 1991-2002

Sri Lanka has currently 13 universities, 6 postgraduate institutes and 7 non-graduate institutes under the purview of the University Grants Commission. The percentage of women students of all entrants has increased from 47.7% in 1990-1991 to 53.8% in 2001-2002 (Table 19). Similarly, the percentage of women in total enrollment has increased from 45.4% in 1995/96 to 53.5% in 2001-2002.

## Literacy

Male and female literacy rates were 90.2% and 83.1% in 1990-1991 in 17 districts, and 92.3% and 89.2% at the 2001 Census in 18 districts, that is, with the addition of Ampara, a district with relatively low literacy levels. These statistics exclude the Northern and Eastern Provinces as national surveys could not be conducted in conflict-affected localities in these provinces. Female literacy levels were relatively low in 2001 in Nuwara Eliya, Badulla, and Ratnapura districts with their large concentrations of plantations and in the Monaragala district, one of the most economically and socially disadvantaged districts in the country (Table 20). Therefore, gender differences in literacy rates are minuscule in the population below 50 years-the post-free education generations.

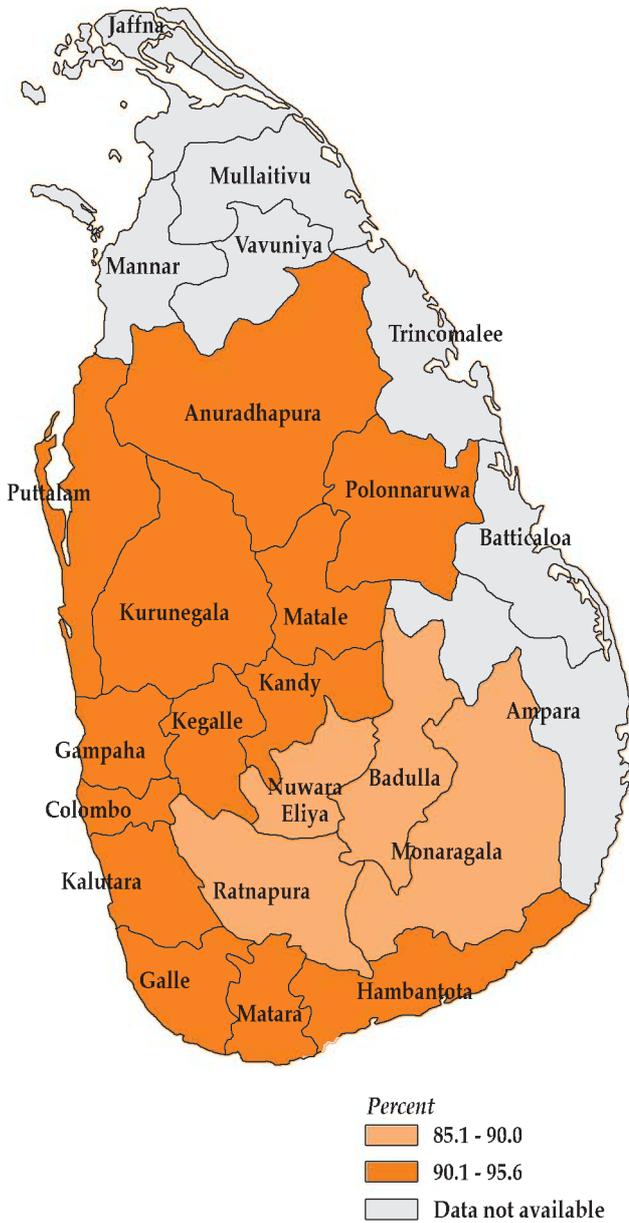
**Table 20: Literacy by Districts**

District	1990/91			2001		
	M	F	T	M	F	T
Colombo	93.4	89.4	91.3	94.0	93.1	93.6
Gampaha	96.4	92.2	94.3	95.6	94.9	95.3
Kalutara	91.7	86.	89.1	93.4	92.3	92.8
Kandy	87.7	79.2	83.3	92.8	89.0	90.9
Matale	85.2	76.9	81.1	90.2	86.0	88.1
Nuwara Eliya	82.6	64.8	73.5	87.1	76.6	81.7
Galle	91.3	84.6	87.8	93.7	92.2	92.9
Matara	91.7	82.9	87.1	91.5	88.2	89.8
Hambantota	82.5	75.9	79.2	91.4	86.8	89.1
Kurunegala	91.9	85.4	88.7	93.4	90.6	91.9
Puttalam	88.8	83.2	86.0	91.6	90.2	90.9
Anuradhapura	90.4	83.5	87.0	92.3	88.9	90.6
Polonnaruwa	84.3	82.7	83.6	90.9	88.8	89.9
Badulla	85.6	72.9	79.1	88.1	80.2	84.0
Monaragala	85.9	76.2	81.1	88.0	83.6	85.8
Ratnapura	85.4	75.2	80.3	89.4	85.0	87.2
Kegalle	92.1	85.5	88.8	93.9	89.6	91.3
Ampara	-	-	-	87.8	81.6	84.7
<b>Sri Lanka</b>	<b>90.2</b>	<b>83.1</b>	<b>86.6</b>	<b>92.3</b>	<b>89.2</b>	<b>90.7</b>

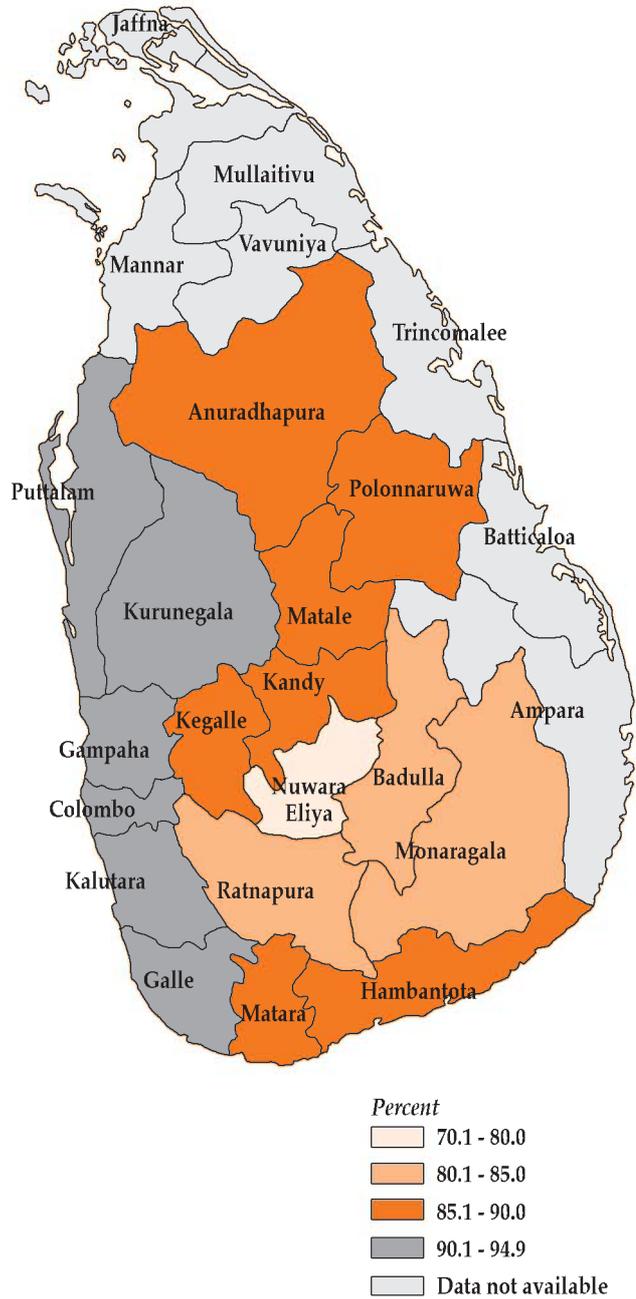
Source: HIES 1990/91

DCS (Northern and Eastern Provinces excluded)  
Census 2001 (Includes Ampara District)

Map 4: Male Literacy Rates - (2001)



Map 5: Female Literacy Rates - (2001)



Source: Census 2001, DCS, Sri Lanka 2001

Source: Census 2001, DCS, Sri Lanka 2001

### Economic Activities

In contrast to the education and health sectors, the labour market shows wide gender inequalities. In view of the fact that labour is the main asset of the poor and the access to an independent source of income, most often through employment, promotes economic empowerment, thereby, it is necessary to examine the relative position of women and men in the labour market.

The majority of women workers are in the informal sector, which according to the recent Central Bank Survey in 2003/2004 accounts for the largest share of the employed. The labour force participation rates, which have been around half of that of men-39.8% female participation and 67.4% male participation in 1990 and 32.5% and 67.2% respectively in 2002. The percentage of women in the total labour force declined from 32.8% in 1990 to 30% in 1995 and increased again to 33.4% in 2002. The decline in the rates from 1990 to 1995 has been in the rural sector, and while factors that contributed to this decline have not been identified clearly, there is little doubt that global economic recession and the consequent closure of rural garment factories have endangered the women’s niche in the manufacturing industry. The removal of export quotas in 2005 for garments under the Multi-Fibre Agreement is likely to exacerbate the employment problems of women unless alternative opportunities are provided through implementation of pro-active strategies. It is significant that the highest female labour force participation rates are in the plantation sector which is in the formal sector, in Nuwara Eliya (47.5%) and Badulla districts (58%) and also in the Monaragala district (52.2%) in 2002.

**Table 21: Labour Force Participation**

(%)

Total Participation	1990	1995	2002
Total labour force participation	57.3	47.9	49.5
Male labour force participation	67.4	64.4	67.2
Female labour force participation	39.4	31.7	32.5
Female labour force in the total labour force	32.8	30.0	33.4

Source: Labour Force Surveys. 1990, 1995 and 2002, DCS (excluding North and East)

Inequality is also reflected in unemployment statistics. The unemployment rates that declined progressively since the mid-1990s. The rate declined from 6.8% male, and 11.8% female unemployment in 1990 to 5.8% and 11.1%, respectively in 1999. However the unemployment rose again to 7.3% male and 14.8% female respectively in the year 2000. It is seen that women have been more adversely affected than men. It is also interesting to note that female unemployment rates have continued to be double as opposed to those of men for 3 decades, irrespective of whether unemployment increased or declined. Age-wise, there is a wide gender gap in unemployment rates in the 20-29 age group.

### Access to Decision Making Positions

Despite the experience of 7 decades of a democratic system of governance, universal franchise, equal participation of women in voting at elections, and elected women leaders in the highest seats of political power (President or Prime Minister), the percentage of women in Parliament and in local assemblies has been abysmally low. In the national legislature, there have never been more than 5% of women, and this low percentage even declined to around 4% at the last General Election in 2001. Cabinets have usually one woman Minister with a few other women Ministers in lesser positions. Representation in provincial and local assemblies has been unacceptably low. Provincial councils have around 2% women members and one Minister. Municipal Councils and Pradeshiya (divisional) Councils have around the same proportion of women.

Major factors behind the low participation of women in politics and decision making positions and the reluctance of women to enter politics are the gendered norm of male leadership; time constraints as women already combine employment, domestic tasks, and child care; lack of adequate financial resources; and the prevailing climate of political violence. On the other hand, political parties have made little effort to groom women members for election to assemblies.

### Gender Based Poverty

While the absence of adequate gender disaggregated data makes it difficult to substantiate the feminisation of poverty, the only gender disaggregated data available pertain to the mean income of “income receivers”- a category that excludes the majority of women who earn their livelihood in the

informal sector or in home-based economic activities. As seen in Table 22, the percentage of female income receivers has increased from 31.4% to 37.2% from 1996 to 2002 but the gender gap in mean income has widened in all sectors. The male/female ratio has increased from 1.63 to 1.79 overall, from 1.68 to 1.87 in the urban sector, 1.60 to 1.78 in the rural sector, and 1.32 to 1.44 in the estate sector. In 1996/97, 24.2% female employees and 15.0% of male employees were reported to have had weekly earnings below Rs. 300.

**Table 22: Income Receivers - Mean Income**

	1996-1997				2002			
	Mean Income (Rs)		Female Receivers of Total %	Male Female Ratio %	Mean Income (Rs)		Female Receivers of Total %	Male Female Ratio %
	Male	Female			Male	Female		
Total	6,556	4,025	31.4	1.63	8,476	4,722	37.2	1.79
Urban	10,955	6,521	33.9	1.68	14,182	7,570	38.7	1.87
Rural	6,082	3,810	29.8	1.60	7,803	4,369	36.4	1.78
Estate	2,922	2,208	47.9	1.32	4,190	2,897	45.8	1.44

Source: Report on Consumer Finance and Socio-Economic Survey, 1996/97 and Central ADB Household Income and Expenditure Survey, 2002 (excluding North and East), DCS

## Challenges

- Ensuring the legal rights of women through legal reforms and effective law enforcement
- Mainstreaming gender issues in all development programmes
- Reducing existing gender inequalities in access to and utilisation of services in all sectors and in outcomes of development programmes
- Reducing gender imbalances in skills development and in employment through attitudinal change and purposeful action
- Providing an enabling environment so that women in low-income families can move out of poverty
- Increasing the political participation of women and dismantling the "glass ceiling" that impedes access to decision-making positions
- Assisting women to deal adequately with gender based violence and with the consequences of the armed conflict
- Empowering women to challenge discrimination and inequalities, to control their resources and to create equitable and co-operative gender relations in working with men and in sharing their multiple roles and responsibilities

## Targets and Thrust Development Areas Towards Gender Empowerment

- Much remains to be done to ensure the legal rights of women. The provisions of CEDAW and the Women's Charter need to be incorporated in national laws, and in a Women's Rights Act. On the immediate agenda are amendments to the Land Development Ordinance (1935) that has denied land rights to women in settlement areas, implementation of legislation against domestic violence, legislation to protect workers in the informal sector, and bilateral agreements with labour receiving countries

- Gender mainstreaming has yet to take place and mechanisms need to be in place at national level for gender analysis and audit and sensitisation of policy makers and administrators. Poverty reduction strategies need to focus on women in poverty if the incidence of poverty in the country is to be reduced. In governance, the proposal of one third of seats for women in local assemblies needs to be implemented without delay
- Sector wise, gender equality in education has to go beyond access to empowerment through the curriculum in educational institutions, and in the health sector, to promote reproductive rights and the health of adolescents, workers, ageing women, and victims of sexual abuse who are still on the margins of national policy. Inequalities in the labour market need to be addressed through the creation of employment opportunities in the rural sector, and increasing productivity in agriculture; monitoring the working conditions of women in manufacturing establishments within and outside the country, subcontracted work, local and overseas domestic service and plantations; and the provision of a package of services to self employed women to increase their incomes and the integration of the informal sector with the formal economy
- Violence appears to be endemic in Sri Lanka, and support services for victims of violence are minimal. Women victims of gender based violence need the protection of the law as well as crisis centres, shelters, legal aid and counseling services. Women victims of the armed conflict in affected families throughout the island, both female heads of household and other women who are carers of families, are in urgent need of assistance in access to assets such as land, resources including credit, education, health and basic services, sustainable livelihoods, rehabilitation of housing and infrastructure, security from political and sexual violence and psycho-social support. The women's Gender Peace Committee needs support and peace building activated through the education process and community action
- Women's organisations need to expand their gender sensitisation programmes to ensure understanding and acceptance of the concept of non discriminatory gender roles of both women and men and equitable relations between them



| Reduce Child  
| Mortality

| Goal **4**



## Target 5

Reduce by Two-Thirds Between 1990 and 2015, the Under-Five Mortality Rate

### Scorecard

Indicator	1990	2000	MDG target	
			2015	Status
13. Under-five mortality rate per 1,000 Live births	22.2*	18.8**	12	On track
14. Infant mortality rate per 1,000 Live births	19.3	12.2	12.8	On track
15. Proportion of 1-year-old children immunised against measles.	80	88	99	On track

Source: (13,14) - RGO, (15) -Ministry of Health

\* 1991, \*\* 1999 (13),(14) - North & East not covered due to data limitations

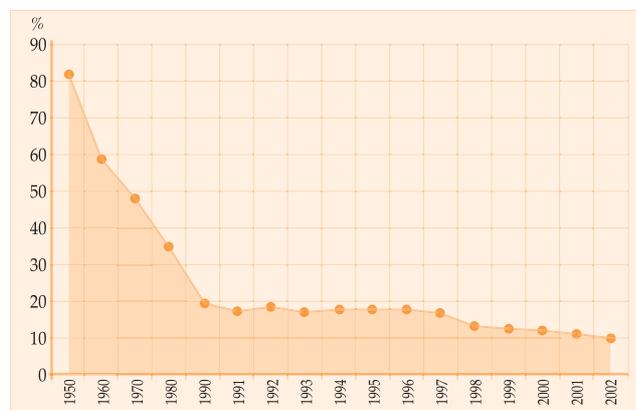
### Status and Trends

Sri Lanka has long been cited as an example of a low income country that has achieved remarkable progress in health and social development, particularly relative to comparable low income countries and its neighboring South Asian counterparts. Sri Lanka has adopted various policies related to childcare for several decades since independence, which have contributed to the consistent decline in infant and under five mortality rates.

### Infant Mortality

Infant mortality in Sri Lanka in 2002 was only 17 per 100,000 live births while under five mortality was 19 per 1,000 live births, the lowest rates in the WHO South East Asian region<sup>7</sup>. The establishment of a widespread system of Maternal and Child Health (MCH) clinics as well as an outreach of MCH care through home visits by Public Health Midwives, supported by family planning programmes particularly family spacing, and a reduction in home deliveries have contributed to declining mortality.

Figure 7: Infant Mortality Rate (1950 - 2000)



Source: Central Bank of Sri Lanka, various years

Since 1990 overall infant mortality rates have declined only marginally. Between 1991 and 1996 infant mortality rates increased in the Southern, Northern, North Central, Uva and Sabaragamuwa provinces and subsequently showed a declining trend. In 2002, infant mortality rates per 1,000 live births was the highest in the North Central (17.2) and Central (14.2) provinces. District wise the highest was recorded from Anuradhapura (16.8) Polonnaruwa (16.5) and Colombo (16.3) districts.<sup>8</sup>

Female mortality rates are lower than that of males, however this figure has shown a slight increase since 1991. Male mortality rates on the other hand decreased by 1% since 1991. District wise both female and male mortality rates were the highest in North Central and Central Provinces.

<sup>7</sup> WHO

<sup>8</sup> Selected MDG indicate - DCS, 2005

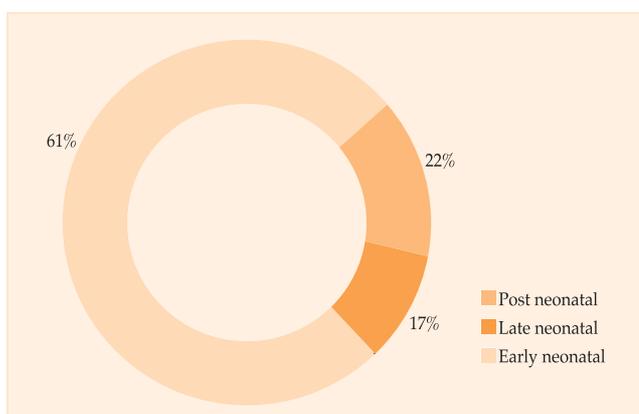
**Table 23: Male, Female and Infant Mortality Rates by Province**

per 100,000 live births

Province	1991		1993		1996		2002	
	Male	Female	Male	Female	Male	Female	Male	Female
Western	23.2	18.2	22.0	16.9	19.0	15.2	14.0	10.5
Central	26.8	22.9	24.5	21.5	24.8	21.6	16.1	12.4
Southern	17.2	13.0	15.9	14.5	22.3	17.1	9.3	6.7
Northern	9.2	7.8	12.8	11.7	12.1	11.3	7.6	6.1
Eastern	10.4	8.1	7.0	7.6	7.6	6.2	10.6	8.1
North Western	23.0	15.3	14.6	13.9	14.5	11.3	10.8	9.6
North Central	18.9	14.2	17.1	13.6	26.8	23.1	18.6	15.8
Uva	13.4	10.5	16.8	8.3	16.2	13.7	14.4	10.8
Sabaragamuwa	22.5	16.9	18.7	12.8	22.0	19.4	12.7	11.4
<b>Sri Lanka</b>	<b>19.9</b>	<b>15.4</b>	<b>17.9</b>	<b>14.6</b>	<b>18.8</b>	<b>15.6</b>	<b>12.9</b>	<b>10.2</b>

Source: Registrar General's Department

According to data from the Family Health Bureau of the Ministry of Health, approximately 83% of the reported infant deaths have occurred during the neonatal period (1-28 days) while 61.5% occurred during the early neonatal period (during the first 7 days).

**Figure 8: Infant Deaths reported by Public Health Midwives**

Source: Annual Health Bulletin 2002

**Table 24: Infant Mortality by Sector (1990-2000<sup>9</sup>)**

Sector	Neonatal mortality <sup>10</sup>	Postneonatal mortality <sup>11</sup>	Infant mortality	Child mortality	Under five Mortality
Urban	9.1	5.8	14.9	2.5	17.3
Rural	13.5	3.9	17.4	1.1	18.6
Estate	(31.0)*	(16.5)	(47.5)	(4.1)	(51.6)

\*Figures within parentheses are based on fewer than 500 cases

Source: DHS 2000

Mortality rates are relatively high in the estate sector, where nearly one in every 20 babies died in the first year of life.<sup>12</sup> Under five mortality is the lowest in the Urban Sector, while it is the highest in the Estate Sector. Mortality levels are the highest among children born to women below 20 years of age, especially infant mortality where 21.5 out of every 1,000 births occur. Post-neonatal mortality was highest (6.1 per 1,000 live births) among women in the 20-29 age group.

## Under 5 Mortality Rates

Under 5 mortality rates have also declined over the years, while the rate of decline was slow between 1991 and 1996. In 1991 under 5 mortality was 22.2 per 1,000 live births, this decreased to 20.9 in 1996. As in the case of infant mortality, under 5 mortality has increased in the same provinces in the above mentioned time period.

**Figure 9: Mortality Rate by Province of Registration (Under 5 Years)**

Source - Registrar Generals Department

<sup>9</sup> 1990.05.01 to 2000.04.30

<sup>10</sup> The probability of dying within the first month of life

<sup>11</sup> The probability of dying after the first month of life, but before reaching the first birthday

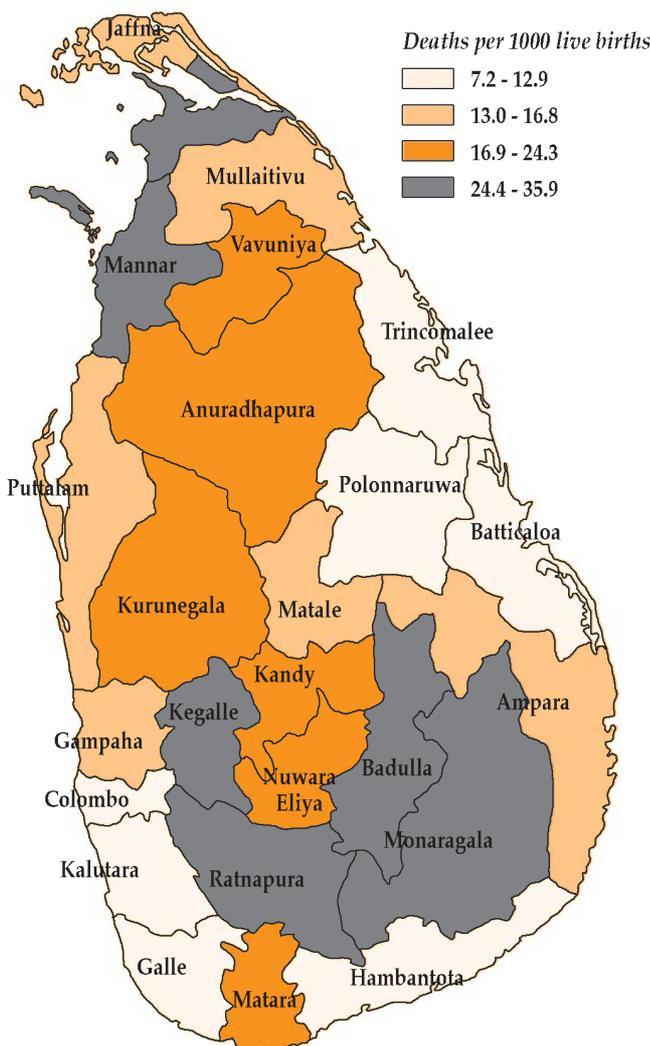
<sup>12</sup> DHS, 2000

## Reduce Child Mortality

In Sri Lanka the most challenging task is to reduce pre-natal and neonatal mortality. The reasons for such mortality rates could be linked to the mother's health and nutrition status during pregnancy and her access to quality pre-natal care at delivery and post-natal care thereafter. Maternal under-nutrition such as anaemia complicating pregnancy, low birth weight, poor quality antenatal care, poor management of pregnancy complications, sepsis during delivery, lack of proper newborn care including lack of means for resuscitation are other contributing factors.

Recipients of pre-natal care are numerous, as 94% of children are born to mothers who have visited maternal clinics during pregnancy, while 84% were visited by family health workers. Mothers in the estate sector and with no formal education are the least likely to receive home visits from family health workers. Only 42% of the mothers in the estate sector were visited by health workers in comparison to 90% in urban areas.

**Map 6: Mortality Rate (Under 5 years)**

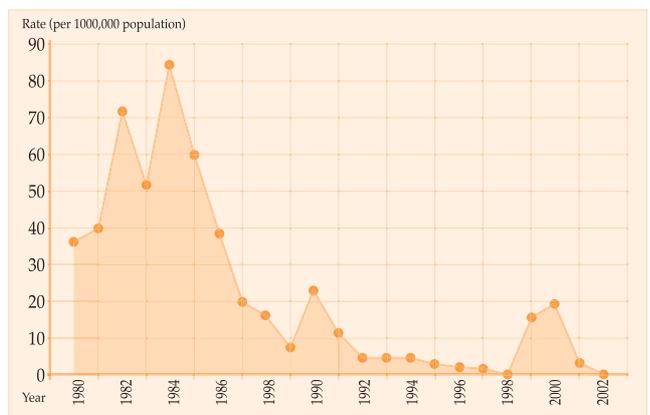


Source: DCS

## Proportion of One Year Old Children Immunised Against Measles

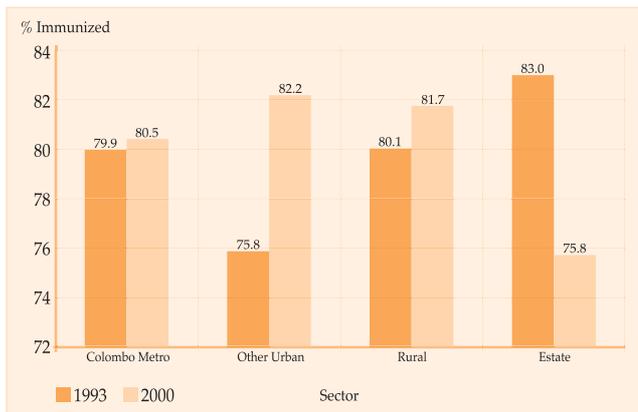
In Sri Lanka mothers are issued with a Child Health Development Record (CHDR) by the health authorities at the birth of their child. In 2000, approximately 86% of children under five years of age had a CHDR. Children with full immunisation coverage from Polio and Measles was 88% and 86% respectively. Progress of measles coverage has also been successful with the number of measles cases declining since 1980.

**Figure 10: Trends in Reported Measles Cases**



Source: Annual Health Bulletin 2002

Data from UNICEF, show that in 2003, 99% of children were immunised against measles. In 2000, the coverage was the highest in the Central province (97.1%) while the lowest recorded was in the Uva province where only 88% were immunised against measles. Most recent data available from the North East (2001) showed that only 69% of children aged between 1-59 months were immunised against measles in the Trincomalee district, followed by Ampara (71.8%) and Jaffna (73.5%) districts. However, immunisation against measles in the estate sector still remains low in comparison to other areas with the number declining in 2000.

**Figure 11: Vaccination for Measles (Under 5 Years)**

Source: Sri Lanka Demographic and Health Survey 2000

The National Immunisation Programme, which supports vaccine preventable diseases, has continued under constraints due to the irregular supply of vaccines, inability to maintain an effective chain of cold storage, lack of transport and trained personnel.

## Present Supportive Environment

The Government's emphasis on social development has given priority to health and schooling for both men and women. In turn this has increased individual demand for health care services. The extensive network of health facilities throughout the country have also contributed towards low mortality rates among children. With the exception of the North and East, health care of some sort is available within 1.4 kilometers from most homes and, on average, free state provided allopathic health care is available within 4.8 kilometers. At present, medical officers are available at the lowest level of the hierarchy (rural hospitals) and services of specialist pediatricians are available at the level of base hospitals and above. Data from various household and consumer finance surveys shows that approximately 8% of individuals experiencing an illness obtained treatment from western hospital outpatient facilities or private clinics. The DHS reported that all households reported that sick children were taken to a hospital within 2-3 days of the onset of an instance of episode, unless they resided in very remote and uncleared areas of the North and East provinces. Midwives are also well trained in dealing with and managing various health symptoms. In rural communities, most have accepted Public Health Midwives as a health professional in her own right.

Preventive care is provided through a system of Health Units manned by a Medical Officer of Health (MOH), Divisional Directors of Health Services (DDHS), Public Health Nurses

and Public Health Inspectors (PHI). This system is well organised and effective in most districts in delivering preventive and promotive health services to the population. Variations in health infrastructure and professionals are the main reasons for district disparities in infant mortality rates and therefore further policies need to be implemented in addressing this disparity.

## Healthcare in the North and East

As a result of the conflict, many health institutions have been destroyed or damaged. Some are closed for want of manpower and drugs or for security reasons. There is a shortage of almost all categories of health staff but more so with specialists for the secondary and tertiary care institutions, Family Health Workers and Public Health Midwives. Although government health service provisions and infrastructures exist, the delivery system lacks adequate facilities in terms of equipment and personnel. This becomes even more critical on the preventive side, which makes provision of adequate health services to the resident population difficult.

A virulent form of Malaria due to interruption of the vector control programme is prevalent in the North and East. The number of malaria cases was 50% in 2000, having declined from 62% in 1998. There has been an increase in the incidence of Acute Respiratory Infections (ARI) and Diarrhoe Diseases due to inadequate shelter and damage to water and sanitation systems. In addition there has been worsening of maternal and child health status due to the low nutrition status of children and mothers, the deterioration of public health services and non functioning of maternal and child health programmes.

## Challenges

- Most of the deaths that occur among children under five are between the neo-natal and pre-natal stages. The causes are closely linked to pregnancy, antenatal, natal and postnatal care, newborn and neonatal care. However, the lack of data prevents a comprehensive analysis of the reasons for such deaths. Data on these indicators need to be improved further and resources need to be allocated towards preventive care
- Conflict-affected areas, and the estate sector need to be given special priority in terms of infrastructure, experienced health personnel and awareness building

## Reduce Child Mortality

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- The peripheral health network suffers from limited development in human resources and inadequate geographical distribution. Many of the medical professionals are unwilling to work in the peripheral areas due to the lack of incentives and are largely concentrated in the urban areas
- Recording of mortality rates needs to be improved. There is a possibility of poor registration of infant deaths in remote and conflict affected areas, which needs further examination
- Pre-natal and Neonatal mortality rates need to be reduced. Issues in relation to the well being of pregnant women during the antenatal period, delivery and postnatal period need to be addressed
- Greater priority should be placed on the quality of care during the prenatal and neonatal periods. Skills development programmes for midwives, public health nurses and health professionals need to be provided
- Immunisation programmes need to be provided at an aggregate level

## Priorities for Development

The key thrusts for addressing child health concerns are the following:

- Improvement in the quality of care and services provided to pregnant women and infants to ensure safe delivery and survival
- Improvement of facilities for infants and ensure continuous upgrading of skills and quality assurance of services provided
- Provision of required health staff in the conflict affected areas and other under-served pockets
- Improvement of infrastructure and introduction of mobile clinics in under-served areas



| Improve Maternal  
| Health

| Goal 5



## Target 6

Reduce by Three-quarters, Between 1990 and 2015, the Maternal Mortality Ratio

### Scorecard

Indicator	1990	2001	MDG target	
			2015	Status
16. Maternal Mortality ratio per 1,000 live births	0.92	0.47	0.36	On track
17. Proportion of births attended by skilled health personnel	-	97	99	On track

Source: (16)-Family Health Bureau

### Status and Trends

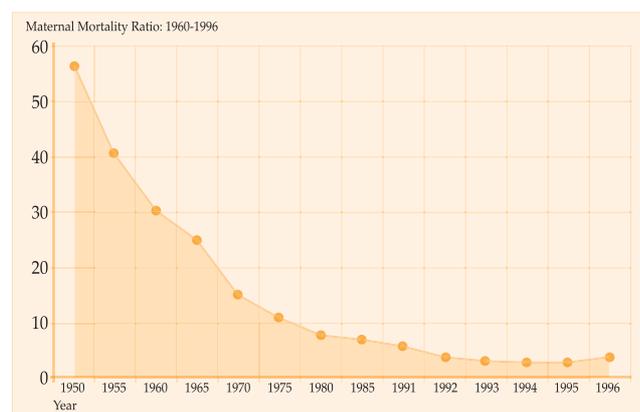
Sri Lanka's achievement in reducing the maternal mortality ratio is a widely accepted success story. Sri Lanka's consistent decline in maternal mortality for over 5 decades is attributed to a wide network of maternal services, which has been integrated with childcare and a trained cadre of Public Health Midwives.

The declining trend in maternal mortality in Sri Lanka started in the 1930s, and is associated with the control of malaria and access to a wide network of free health services throughout the country particularly in maternal services, which include antenatal care, care at delivery and postnatal care. Family planning services were also provided through the network of primary health care facilities since the late 1960s. This has been more recently extended to cover STI/AIDS and cancers of the reproductive organs within the broader framework of reproductive health.

A significant feature of the cost-effective strategy adopted by Sri Lanka in the early years was that of using trained midwives for home deliveries, while developing an institutional structure for deliveries in institutions and access to emergency obstetric care. In the 1950s home deliveries began to decline and by 2000 only 3% of deliveries took place at home. The government maternal and child health care system currently provides domiciliary and clinic services to about 80% of pregnant women and infants. However, postnatal care is weak, i.e. in 2000, a public health midwife visited only 77% of mothers at home. The coverage of this service has to be improved, especially as most mothers are discharged from hospital after 24-48 hours of a normal delivery.

According to Demographic and Health Survey (DHS) 2000, 98.4% of the mothers who had a live birth within the preceding five years, had antenatal care and 94.5% had visited a clinic at least once and 84% had a midwife visiting their home. The Sri Lanka Health and Demographic Survey (SLDHS) carried out in the conflict-affected areas of Sri Lanka in 2001 also indicated that among a comparable group of mothers, 99.8% received antenatal care, 96.8% of them had visited an antenatal clinic and 45.7% had been visited at home by the midwife. (This survey was limited to areas that were accessible to the interviewers i.e. "cleared areas").

Figure 12: Maternal Mortality Ratio: (1960-1996)



Source: Annual Health Bulletin, 2002. Based on Registrar General's Department Statistics.

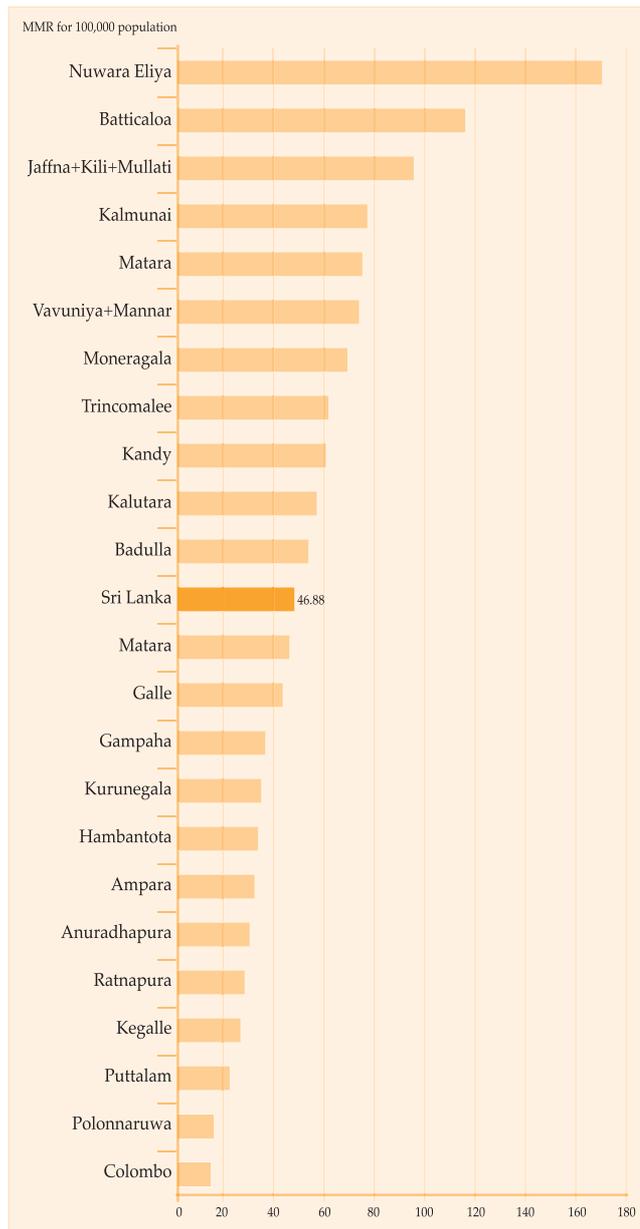
Table 25: Time Taken to Halve the Maternal Mortality Ratio (1930-1996)

Year	MMR	Interval (years)
1930	2,136	N.A.
1947	1,056	17
1950	486	3
1963	245	13
1973	121	10
1981	58	8
1992	27	11
1996	24	4

Source: Investing in Maternal Health, World Bank, 2003

Review of the time taken to reduce the MMR (maternal deaths per 100,000) by 50% demonstrate an interesting pattern. It took 17 years (1930-47) for MMR to decline more than 2,000 to about 1,000. In the next 3 years (1947-50), the MMR diminished by a further 50%. Subsequent 50% reductions have been achieved during periods of 8 to 13 years (table 25).

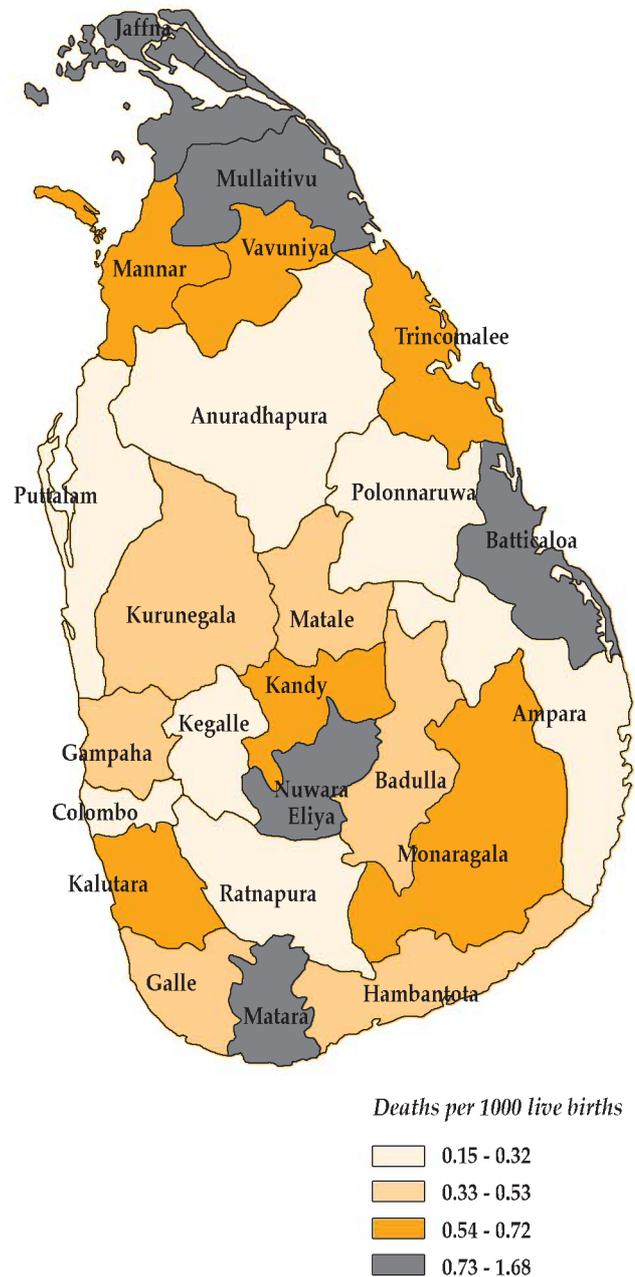
**Figure 13: MMR of Selected Districts - (1995)**



Source: Registrar General's Department

The inter-district variations in MMR are an area of concern (Figure 13). To a large extent, these differentials could be attributed to two main areas, the plantation sector and the conflict affected districts.

**Map 7: Maternal Mortality Ratio**



Source: Ministry of Health, WHO, Family Health Bureau

**Table 26: Maternal Deaths by Cause of Death - (2000)**

Cause of Death	Number	%
Haemorrhages of pregnancy	41	24.5
PIH and eclampsia	27	16.2
Heart disease complicating pregnancy	16	9.6
Septic abortion	14	8.0
Amniotic fluid embolism & pulmonary embolism	21	12.6
Liver diseases complicating pregnancy	8	4.8
Post-partum septicaemia	4	2.4
Ectopic pregnancy	5	2.9
Obstructed labour	1	0.6
Pneumonia/Tuberculosis	5	3.0
Suicide	1	0.6
Anaesthetic Complications	1	0.6
Asthma	1	0.6
Diabetes	0	0
Anaemia complicating pregnancy	0	0
Cause not known	7	4.1
Miscellaneous	3	1.8
Other Direct	4	2.4
Other Indirect	8	4.8
<b>TOTAL</b>	<b>167</b>	<b>100</b>

Source: Family Health Bureau-Maternal Death Review

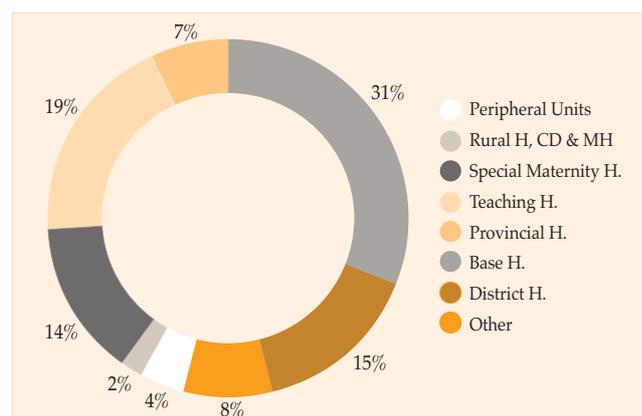
As shown in the above table, in the year 2000, the information available from the maternal death reviews have shown that more than 70% of maternal deaths are due to direct obstetric causes, haemorrhage being the leading cause. Septic abortion contributes to 8% of the maternal deaths linked to the urgent need for family planning services. Around 23% of maternal deaths are due to medical causes aggravated by pregnancy, especially heart diseases, liver diseases, pneumonia and tuberculosis.

Although maternal mortality is relatively low in Sri Lanka, it is above the national average in disadvantaged populations in the estates and in conflict-affected areas, mainly due to poverty associated maternal malnutrition and poor access to emergency obstetric care. Even today, the majority of maternal deaths of a preventable nature are due to health services factors, reproductive health factors and socio-economic concerns. Post-partum care is weak and access to emergency obstetric care varies widely and is inadequate in several districts where one facility covers around 1,000 to 2,000 square kilometers.

### Institutional Services

A network of state sector institutions spread throughout the country provides antenatal clinic services. All activities included in field clinics are also carried out in formal institutions. In addition, facilities for specialised investigations are available, depending on the type of institution. Services of a specialist in Obstetrics are also available, in the higher level hospitals (Teaching, Provincial, Base and Special Maternity Hospitals) and in some of the intermediate level hospitals (District Hospitals and Peripheral Units). A consistent upward trend in the percentage of institutional deliveries has been noted during the past few decades. This percentage has increased from 75.6% in 1980 to 91.9% in 2003. It is estimated that another 5% - 6% of deliveries take place in private sector hospitals.

**Figure 14: Institutional Distribution of Maternal Health Services - (2001)**



Source: Annual Health Bulletin, 2001

As shown in the above figure, 78% of all institutional deliveries took place in higher level institutions and another 18% in the intermediate level hospitals. Availability of human resources for maternal health services also shows an improvement over the years from 23 midwives per 100,000 population in 1980 to 38 in 2000 and 14 medical officers per 100,000 population in 1980 to 41 in the year 2000. Within the

past few years, there has been an increase in the number of qualified obstetricians from 77 in 1995 to 99 in the year 2001.

## Supportive Environment for the Reduction in MMR

Decline in MMR observed during the past decades could be attributed to a multitude of factors, many of which are related to the key strategies adopted by the health sector. Programmes implemented through the health sector ensuring availability of family planning services, antenatal services, skilled attendance at birth, improved quality of antenatal and natal care, improved access to blood transfusion services and other specialised care, have contributed significantly to the decline in the MMR. The state played a major role in providing services for maternal care, with a focus on improving access and quality of services. These services are continued to date. To further reduce the MMR, the expansion of services to improve antenatal and natal care has to be linked with adequate utilisation of the services provided. Available information indicates a high degree of utilisation of all services related to maternal care. Other measures such as enforcement of legal enactments that necessitated registration of midwives, registration of vital statistical data, development of an information system, all contributed to the development of services aimed at improving maternal health. In addition, the adoption of a comprehensive national population and Reproductive Health Policy was an important measure towards improving maternal health.

## Contributions made by the Programmes Outside the Health Sector

Most of the programmes have focused directly and indirectly, on improving the nutritional status of the mother and improved use of health care, as well as health practices to reduce, the MMR.

The introduction of free education in early 1940's is considered to have had a long term beneficial effect on the health status at national level especially for the health of mothers and children. These reforms contributed significantly to the increase in literacy levels seen during the post independence period. It has been suggested that the two inter linked factors; (education and empowerment of women) have had an important influence on the utilisation of health services and improved practices related to maternal care, which contributed to the decline in the MMR.

The free education system was extended to University, technical and education of other para-professionals required for services in the health system and elsewhere. This contributed to a wider influence on the health services as all training programmes were funded entirely by the state.

The food subsidies and food supplementation programmes implemented over the past decades in varying forms could be considered to have had an impact on the Maternal and

Child Health (MCH) status by ensuring availability of a proportion of the nutrient requirement to a given family, even though limited reviews undertaken to assess the effectiveness of food supplementation programmes have shown varied results. At the present time, the only food supplementation programme implemented is the Thripasha programme targeted at pregnant women, malnourished infants and pre-school children. Provision of nutrient supplements such as iron, foliate etc. is an on-going activity in antenatal clinics.

Issues that still need to be addressed more intensively include the provision of services to isolated rural families where accessibility is difficult, vulnerable groups of young women workers employed in industrial promotion zones, women who seek employment abroad and the families they leave behind, and services that would specifically address the needs of adolescents and youth.

## Priority Development Areas

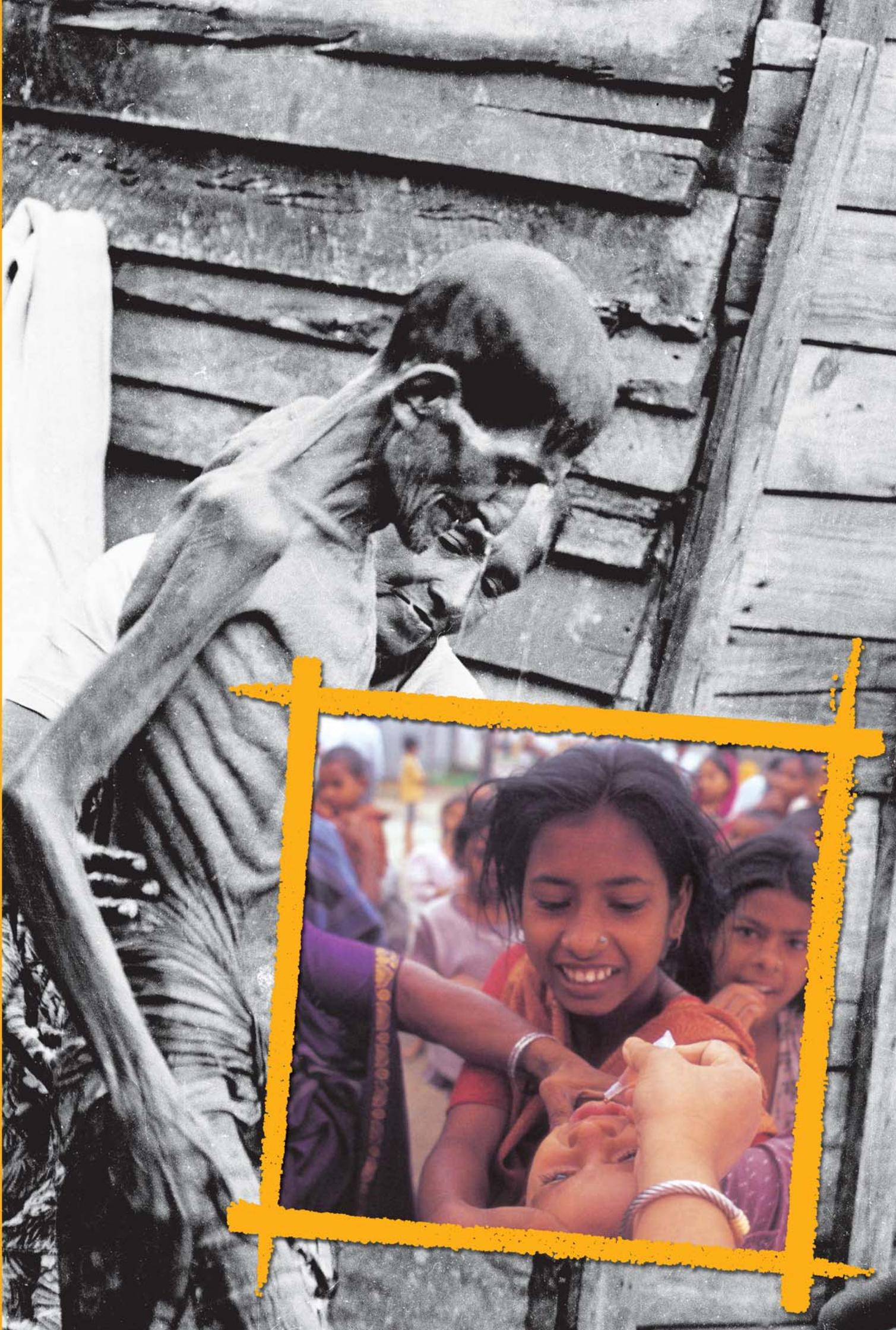
- To improve the quality of family planning services to couples, including a wider choice of contraceptive methods and better counseling services for the clients to make informed choices and prevent unsafe abortions
- It is important to examine in greater detail the rising level of abortions, which are illegal and its impact on maternal mortality and morbidity and to promote use of modern methods of contraception as well as encourage male participation
- Improve access and the quality of antenatal and natal care with greater attention to postnatal care with special attention to access to emergency obstetric care
- Improve maternal under-nutrition with emphasis on promoting adequate weight gain in pregnancy and the control of anemia
- To identify and address the special problems of the underserved and underprivileged segments of the population in special geographic localities
- Provide adolescents and youth access to reproductive health information and services
- It is necessary to establish an accurate database, which reflects the overall maternal mortality situation as well as district disparities; since the numbers are relatively few, even divisional level may need to be considered to plan interventions
- Policies on access to Emergency Obstetric Care and the quality of services particularly in terms of reducing intra-district variations and disparities need to be implemented efficiently



Sri Lankan Ambassadors of HIV/AIDS

# Combat HIV/AIDS, Malaria and other Diseases

| Goal 6



# Target 7

Have Halted by 2015 and Begun to Reverse the Spread of HIV/AIDS

## Scorecard

Indicator	2001	MDG target	
		2015	Status
18. HIV prevalence among 15-24 old pregnant Women	As Sri Lanka is a HIV low prevalence country, the antenatal population is not screened for HIV		
•19. HIV prevalence rate Track among women (age 15-24) attending antenatal clinics	<0.1%	<1% To remain below 1%	On Track
•19.1 Increase the percentage of sex workers who report condom use with most recent client	40%	80%	On Track
•19.2 Increase the percentage of clients of sex workers who report using condoms at least in commercial sex	30%	70%	On Track
20. Ratio of school attendance of orphans to school attendance of non-orphans aged 10 - 14 years of age	At present there are only 6 such orphans		

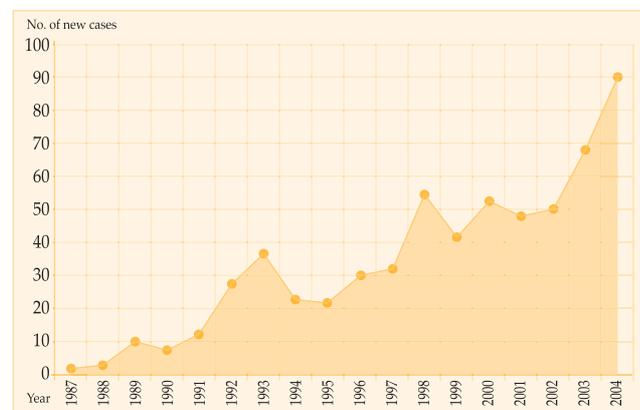
Source: STD/AIDS

- Country Specific Indicators

## Current Status and Trends

The first case of HIV infection was reported in 1986 and the cumulative total reported as at end 2004 was 614. Of these 363 were male and 251 were female. The reported number of deaths due to AIDS was 131 as of end 2004. The estimated HIV prevalence between 15 - 49 year olds in 2003 was less than 0.1%. This is low for the South Asian region and very low in comparison with sub Saharan Africa. It is estimated that 3,500 persons are living with HIV in Sri Lanka at the end of 2003. According to the UNAIDS classification Sri Lanka is a country of "low level HIV epidemic" but there is potential for spread. Behavioural factors that facilitate the spread of infection are prevalent in the country, such as the presence of large number of sexually active youth, an increasing number of sex workers, and overseas migration. These pose the threat that the disease can become concentrated in highly vulnerable groups and then become generalised if not combated at the early stages. There were 35 cases of HIV among young people between the ages 15-24 years as of the end 2004 according to the NSACP.

Figure 15: Reported HIV/AIDS Cases (1987-2004)



Source: National STD/AIDS Control Programme, Ministry of Health

In 86% of HIV cases, transmission was through heterosexual contact. Other modes of transmission include homosexual/bisexual contact, through infected blood and blood products and transmission from an infected mother to child. 11% of the reported HIV infections were due to homosexual/bisexual transmission. Since homosexual behaviour is illegal, interventions targeted at this group are limited. The male to female ratio of HIV infection is 1.4: 1 as of the end 2004. However, the proportion of females infected are increasing over the years.

One of the vulnerable groups for HIV infection are the Internally Displaced Persons of the North and East due to the ongoing armed conflict. Table 27 shows the reported HIV cases in the North East region as at the end of 2004.

Table 27: HIV Cases - Reported upto 2004 in the Northern and Eastern Provinces

District	HIV Prevalence
Ampara	5
Batticaloa	8
Jaffna	23
Kilinochchi	2
Mannar	0
Mullaitivu	2
Trincomalee	7
Vavuniya	1

Source: NSACP

Other vulnerable groups include women employed in factories in the free trade zones, persons seeking foreign employment, workers in the plantation sector and the fishing community. In 2001, 48% of HIV cases were among women who sought employment (housemaids) abroad. The percentage of injected drug users in Sri Lanka is estimated to be less than 1% of all drug users. The only case of HIV transmission attributed to injecting drugs was reported in 2004.

To date there are only 3 cases reported through blood transfusion. This is because Sri Lanka was one of the first countries in South Asia to reform its blood transfusion services to prevent HIV transmission. As a result, screening of donor blood for HIV antibodies commenced in 1987. In addition to the Central Blood Bank in Colombo there are 56 regional blood banks throughout the country that screen donated blood on site.

According to an estimate done in 1991, approximately 200,000 sexually transmitted infections occur annually. However, it is estimated that only 15% are seen in government clinics as most seek treatment from the private sector or self treat. A total of 14,389 persons were newly registered at Government Sexually Transmitted Disease (STD) clinics in 2003. 49% of those registered were diagnosed as having one or more STDs. The total number of new STDs in 2003 was 8,233. Of these 21% were due to candidiasis, 18% due to genital herpes, whilst non gonococcal infections and gonorrhoea accounted for 16.5 and 12%, respectively.

Over 90% of women in Sri Lanka are aware of AIDS while 60% are aware of other STDs. Of the women in the Estate sector, only 45% were aware of AIDS and 10% of STDs.

The underlying factors for sexual transmission that lead to high partner exchange are mainly due to poverty, deteriorating economic and social conditions, armed conflict, the presence of a large military force, youth and women migrants.

## Sub Targets and New Targets

### Sub Target 1

**HIV prevalence rate among women (age 15-24) attending antenatal clinics to remain below 1% by 2015**

The indicator, HIV Prevalence among pregnant women in the age group of 15-24 are often used as a proxy for new or incident cases of HIV infections. To date only one pregnant woman was found to be HIV positive in this age group. The above indicator is more suitable to the national context in a low prevalent situation.

### Sub target 2

**Ensure that by 2015, 90% of pregnant women are treated with antiretroviral therapy for the prevention of HIV transmission to the baby**

The proposed indicator is, the percentage of pregnant women found to be infected with HIV who will receive antiretroviral therapy for prevention of HIV transmission to the baby. The current government policy is to provide antiretroviral therapy free of charge to pregnant women infected with HIV to prevent transmission to the baby. Up to 2004 only 14 cases of mother-to-child transmission of HIV were reported to the National STD/AIDS Control Programme. A pilot project was initiated in 2004 in the Gampaha district to assess the feasibility of implementing a programme for prevention of mother-to-child transmission of HIV in Sri Lanka.

## Proportion of Children Orphaned by HIV/AIDS

This indicator includes the number of children below 15 years of age who have lost their mother, father or both parents to HIV/AIDS expressed as a proportion of children in that age group. In Sri Lanka the incidence of HIV/AIDS is very low. As there are very few AIDS orphans (6) in Sri Lanka, this indicator is not considered as reflecting the true situation for prevention measures in the country. Therefore this indicator is not recommended for Sri Lanka.

## Condom use Rate of the Contraceptive Prevalence Rate

In Sri Lanka condom use is very low and is not a popular family planning method among the general population. Therefore the following indicators are suggested, which assess the behavioural risk for HIV among the vulnerable groups.

1. Increase in percentage of sex workers who report condom use with most recent clients
2. Increase in percentage of clients of sex workers who report using condoms at the last incidence of commercial sex or in recent commercial sex

In 2001 the percentage of sex workers who users condom is estimated at around 10% and it is expected that this could be improved to 70% by 2015. Similarly, the percentage of clients of sex workers who report using condoms at least in all recent commercial sexual encounters, which were estimated at less than 10% in 2001 increased to 50% in 2004 and is expected to increase further to 70% by 2015. However, according to a survey done in 2004, 40% of sex workers have used condoms.

### National Response to HIV/AIDS

In 1992, the government of Sri Lanka initiated HIV prevention and control efforts through the National STD AIDS Control programme (NSACP). This programme is implemented in collaboration with provincial directors of health services, STD clinics and the National Blood Transfusion Service. The NSACP has also taken measures to increase awareness on HIV/AIDS among the general public as well as specific target groups on a large scale through production and distribution of education material, TV spots, drama etc. The World Bank and UN agencies have provided financial and technical assistance to the government and NGOs in carrying out targeted interventions among vulnerable groups and the general public, strengthening STD services through refurbishment of clinics, laboratories, provision of equipment and training of health staff.

Many government organisations apart from the health sector e.g Education, Labour, Youth, Defence and Women Affairs are participating in the National STD /AIDS prevention efforts. The government has recognised that although the total number of people living with HIV and AIDS in Sri Lanka is low, there is no guarantee that this number would remain low tomorrow. This is particularly true in the light of a number of risk factors that could spread infection. These includes:

- Having a significant number of commercial sex workers, specially in the areas close to military camps, increases the risk of HIV among military service personnel
- Large numbers of military service personnel, who are living away from their homes and families
- Low use of condoms

- High incidence of STDs
- External migration
- Presence of men who have sex with men
- Beach boys and others who are involved in commercial sex trade with tourists
- The Free Trade Zone area, where many young women employed go to work away from home, family and social support structures
- A large youth population

### Challenges

- Expanding prevention programmes for highly vulnerable groups (sex workers, men having sex with men) and the general population, particularly youth
- Need to strengthen the facilities at Hospitals where AIDS patients are admitted
- One of the key factors precipitating the spread of HIV is sexually transmitted infections. Therefore, the provision of comprehensive care in the management of sexually transmitted infections remains an important strategy both in the private and public sector
- As the spread of HIV/AIDS has economic and social consequences, a multisectoral approach needs to be adopted in addition to medical interventions. Ministries such as Education, Defence, Labour, Women's and Youth Affairs should participate in HIV prevention programmes
- HIV interventions are primarily implemented through STD clinics, which still have low coverage. The use of community based approaches and engagement with civil society needs to be encouraged
- To curb the spread of HIV infection through:
  - \* Encouraging the political leadership to break the silence in order to encourage people to learn how to protect themselves, and how to show respect and compassion for those living with HIV (thus reducing stigma and discrimination)

- \* Expanding intervention on population thought to be at high risk (e.g. sex workers and their partners, homosexuals) while at the same time spreading the message on prevention widely to the general population
- \* Providing anti-retroviral drugs for those who are medically eligible to receive them, and ensuring that these drugs are taken consistently and properly to avoid the possibility of drug resistance

## Priorities for Development

- Support training of HIV/AIDS prevention measures in the workplace
- Provide young people with accurate information on STIs and HIV/AIDS and access to youth friendly services
- Further strengthen advocacy to empower the groups at risk to better protect themselves and demand better prevention and care services
- Standardise STI treatment by training of general practitioners in syndromic management
- Put in place a strong programme for comprehensive care and treatment for HIV infected people
- Establishing a programme for prevention of mother-to-child transmission of HIV

## Target 8

Have Halted by 2015 and Begun to Reverse, the Incidence of Malaria and Other Major Diseases

### Scorecard

Indicator	1994	2001	MDG target	
			2015	Status
21. a) Incidence of Malaria /100,000	1,520	350	-	On Track
b) Death rate associated with Malaria (Nos.)	50	53	-	Not on Track
22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures	This is a new indicator for Sri Lanka and data is not available.			
23. a) Incidence of TB/100,000	39.1	44.1	-	Not on Track
b) Death rates (100,000) associated with TB	2.4	1.8	-	On Track
24. Proportion of TB cases under detected and cured directly observed short course (DOTS)	-	75%	100%	On Track

Source: (21) - Malaria Campaign , (24) -Ministry of Health

## Status and Trends

### Incidence of Malaria

From as early as the 1940s Sri Lanka was faced with high incidences of malaria. The Malaria Control Programme, which began in 1945 with Dichloro-Diphenyl-Trichloroethane (DDT) spraying, was associated with a 100-fold reduction in morbidity and mortality over the following ten years, and gave way to the Malaria Eradication Programme in 1958. DDT spraying ceased in 1964 and the result was a resurgence of infection. In Sri Lanka, the incidence of malaria reached its lowest point in 1963, when 17 cases were reported. By 1969, the number of registered cases increased up to more than half a million. After the discovery of DDT resistance in 1969, malathion spraying took over in 1973. Today Sri Lanka, like most other malarious countries, is still struggling to control the disease. Mortality rates since 1960 have however remained lower than at any other previous time. DDT has over many decades proven the most effective chemical for malaria (mosquito) control but its use is often restricted on environmental grounds.

Containment of the disease has been difficult due to population increases, large-scale human settlement in disease-endemic areas, rapid agro-ecological change, and altered patterns of population mobility. Malaria in Sri Lanka is unstable and fluctuates intensity both spatially and temporally. Thus resources have to be spread to cover all potential risk areas, regardless of whether an outbreak will occur or not at a given point in time.

Table 28: Incidence of Malaria-Province Wise

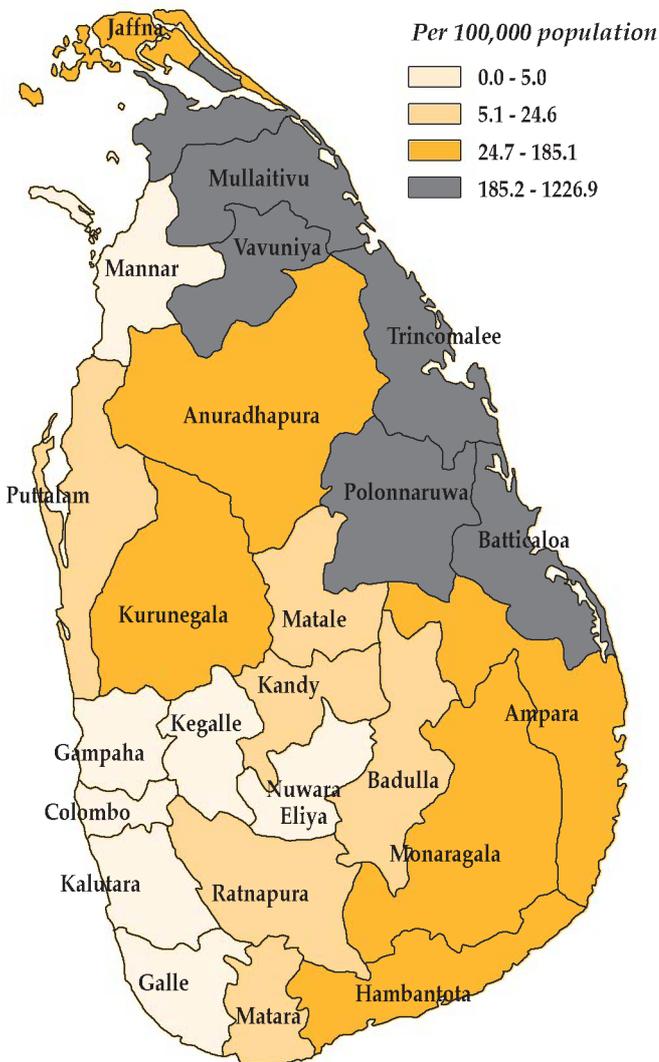
(%)

Province	1990	1995	2000	2002
Western	1.8	2.3	1.2	0.9
Central	11.1	7.5	1.1	0.9
Southern	3.6	8.9	1.7	2.8
North and East	5.4	31.0	50.3	70.4
North Western	39.3	9.3	10.7	8.1
North Central	21.3	23.2	8.2	9.4
Uva	8.6	12.3	22.2	2.7
Sabaragamuwa	8.9	5.6	3.7	4.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Annual Health Bulletin

By 2002 all provinces except the North and East experienced a decline in the incidence of malaria. The number of malaria cases increased by 92.3% in the North and East between 1990 and 2002. The total number of malaria deaths in 2000 was 76, of which 70 of those were reported from the Northern province. 48 of the 70 deaths were from the Kilinochchi district, where there were zero deaths reported in 1994, and 1997. This figure further increased to 81 in 2002. Batticaloa had the highest number of cases from the North and East at 1,138 cases in 2002. Difficulties in detection, the inability for patients to obtain prompt treatment and carrying out anti-malaria operations in these districts may have been the reasons for such escalating figures. In the rest of the island incidences are lower as health systems are well developed. The lowest percentage of malaria cases were in the Western and Southern provinces (0.9%).

### Map 8: Incidence of Malaria



Source: Malaria Campaign, Ministry of Health

### Priorities for Development

- Improved water management-reducing the amount of time that paddy is wet, either by changing flooding schedules or alternating rice cultivation with a dry-land crop such as soya. In addition to limiting the mosquitoes habitat, planting soya could boost income and improve nutrition
- Biological control-introduce naturally occurring bacteria into stagnant water to kill mosquito larvae during the peak breeding season. Such biological control agents would be harmless to humans and other animals

- Mosquito nets-providing insecticide treated bed nets for high-risk groups; young children and pregnant women
- The major constraint to a more focused approach to malaria control is the lack of a forecasting system. Geographic and seasonal specificity of impending malaria risk will be particularly useful in communicating with environmental managers such as irrigation engineers who can use water management techniques to reduce mosquito breeding in pools & river beds

### Prevalence of Tuberculosis

The prevalence of Tuberculosis (TB) in Sri Lanka is on the rise. The number of cases increased from 6,174 in 1991 to 8,884 in 2002 (see figure 16)

Figure 16: New Cases of Tuberculosis - (1993-2000)

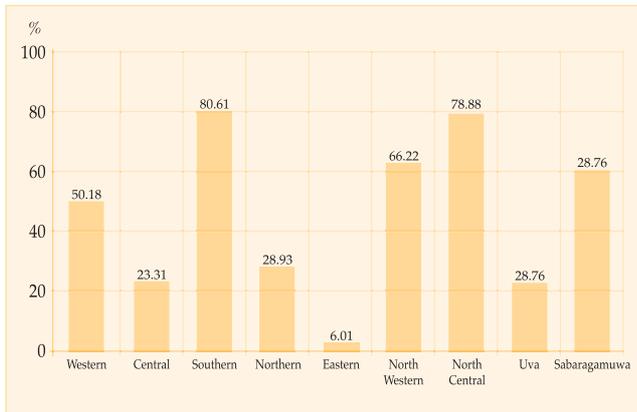


Source: Annual Health Bulletin, 2002

The country's vulnerability to an HIV epidemic highlights concerns over the resurgence of TB. TB has been considered as the principal killer of HIV infected persons worldwide. In 2000 the highest number of cases was reported from the Western province (3,159), the highest in the Colombo district. This is followed by the Central and Eastern provinces. The lowest case was in the Northern province where the number of cases was only 335. Unlike in the case of malaria, Killinochchi district had the lowest incidence where only 2 cases were reported in 2000.

The proportion of TB cases detected under Directly Observed Treatment Short Courses (DOTS) provincially is shown in figure 17 where the number of cases ranges from between 6.01% (Eastern) to 80.61% in the Southern province.

Figure 17: TB DOTS Detection Rate by Province, (2001)

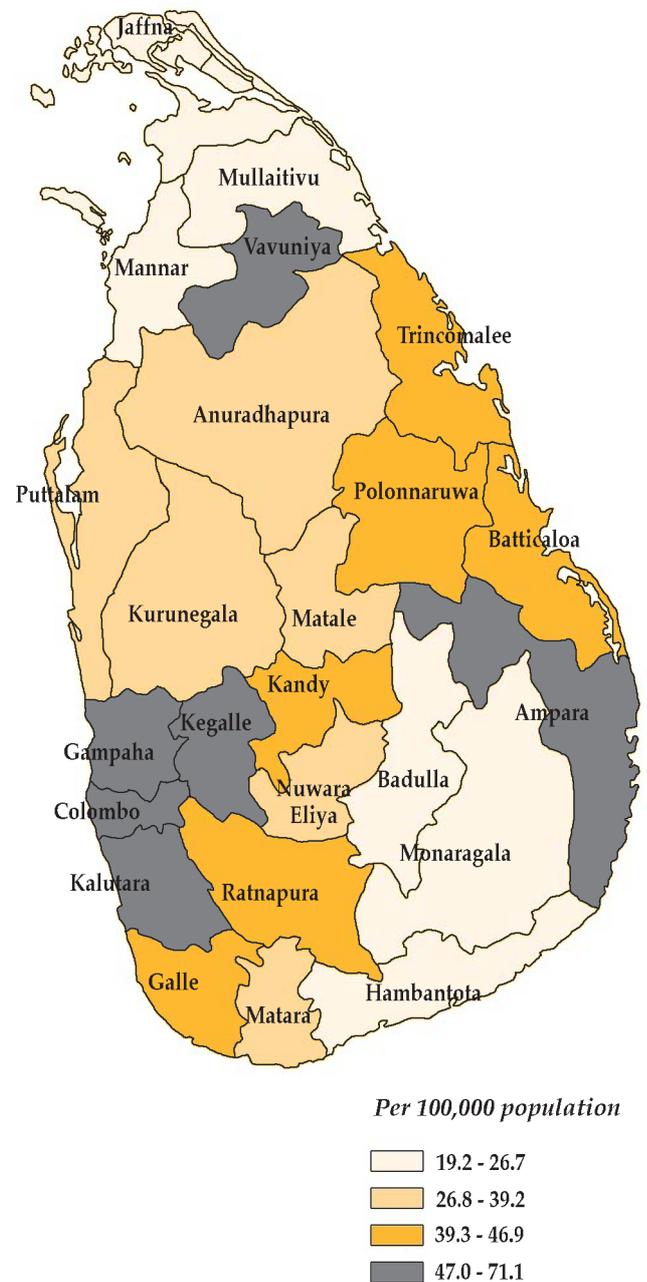


Source: Respiratory Disease Control Programme, Ministry of Health.

At the national level, in 2001 only 48% of cases were detected using DOTS. At the district level, the highest was in the Matara district (94.09%) while 0% were recorded in Nuwara Eliya, Matale, Mullaitivu, Ampara and Trincomalee districts. Due to the lack of personnel and screening facilities early detection of TB has been difficult in the NE province. Differences in inter-district rates could be due to the extent of the usage of the DOTS strategy for TB detection. However, it is interesting to note that in 2003, 99% of one-year-old children were immunised against TB.

Factors that could have led to an increase in the incidence of TB include urban migration and significant internal migration within the country, alteration and restrictions to the operation of the national programme for the prevention of TB which has been affected by the decentralisation of the health system management to provincial and district levels, the lack of resources and support and also weak infrastructure and lab capacities. As a result, Sri Lanka's ability to reach the MDG targets by 2015 is questionable.

Map 9: Incidence of Tuberculosis



Source: Ministry of Health, NPTCCD

### Priorities for Development

- Improve TB detection to over 80%-90% in all provinces
- Draw up mechanisms in order to prevent and control most vulnerable population segments for TB and HIV, such as defence, prisoners, marginalised groups and estate worker community

**Sub Target 1**

**Have halted by 2015 and begun to reverse the spread of dengue**

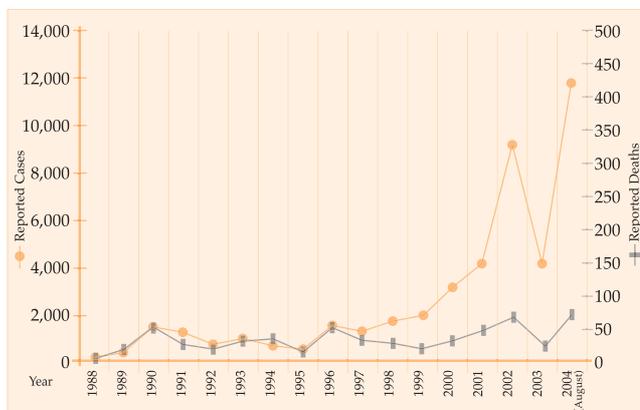
**Spread of Dengue**

Dengue fever is a debilitating mosquito-borne disease that is potentially fatal, particularly to young children and the elderly. It was first reported in Sri Lanka in 1965 but has become a regular epidemic since 1989. The peak incidence of the disease generally comes after the monsoon season, when the density of the two mosquito carrier species- *Aedes aegypti* and *Aedes albopictus*-is especially high. Dengue viruses are transmitted throughout the year in the greater Colombo area and in highly populated urban areas, although in some years an increase in the number of cases has been observed in the middle of the year (June-August) and/or towards the end of the year (December- February).

The real reasons for the spread of the disease lie in poor sanitation, ineffective preventive preventative measures, lack of awareness of the disease and. poor environmental management practices.

With regard to dengue control special task forces and committees have been set up to “curb” the outbreak. Since 1989 the number of dengue cases has been on the rise. In 2002 number of reported dengue cases rose to almost 9,000 while the number of deaths was 70. The number of dengue cases declined by a little more than half the number to 4,000 reported cases in 2003. However by August 2004, the epidemic worsened with the number of reported cases increasing to 12,000 and the number of deaths reaching almost 90 (see figure 18)

**Figure 18: Dengue - Reported Cases and Deaths (1988-2004)**

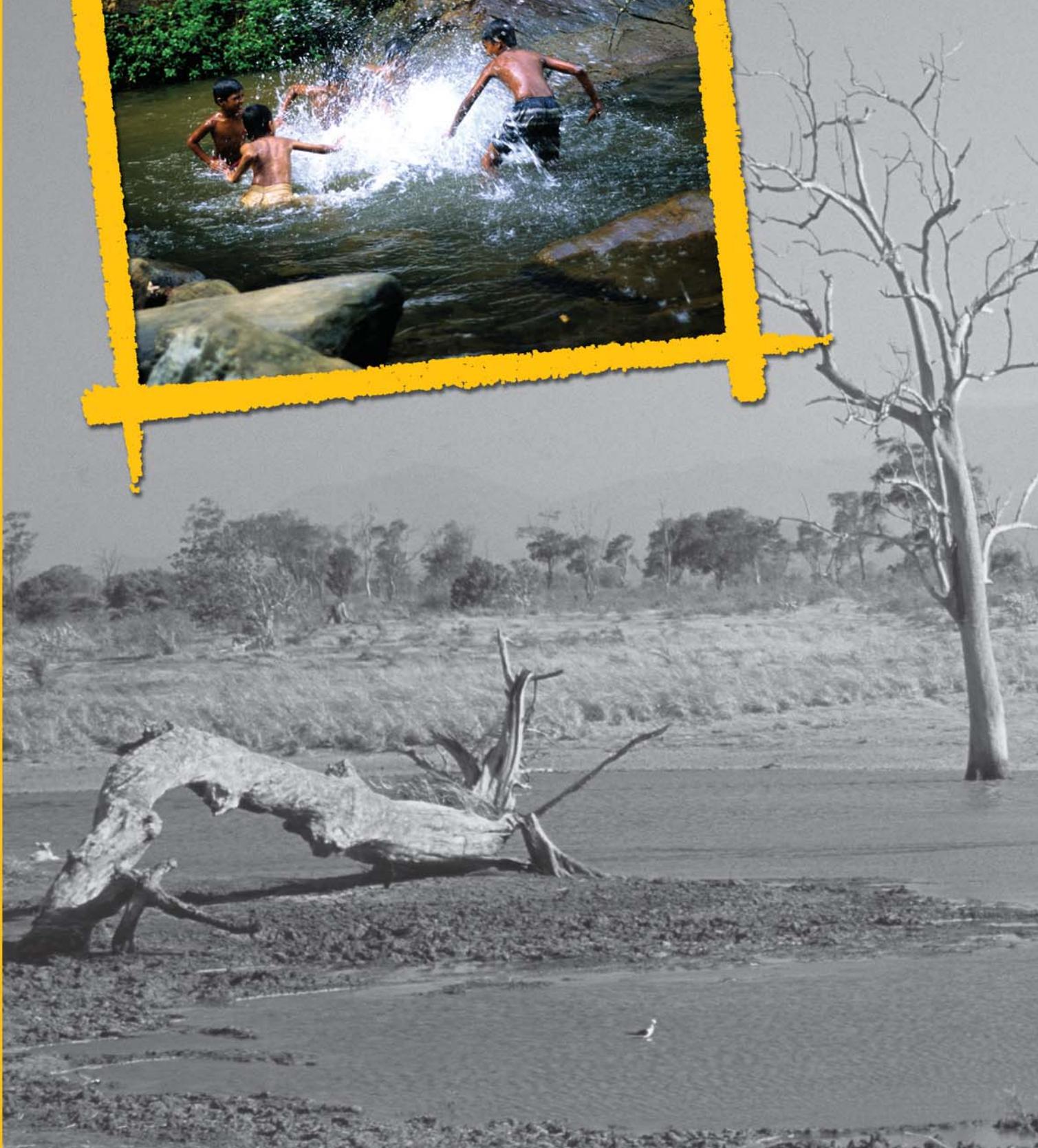
**Priorities for Development**

- \* Destroy mosquito breeding grounds. The *Aedes* mosquito needs only 2-3mm (0.5 cm) of stagnant water to breed. It cannot fly beyond 150-175 yards. Therefore there is a need to educate people to take initiatives to dispose off mosquito breeding grounds
- \* Enforce effective solid waste management
- \* Adopt long-term effort towards elimination of dengue with the active participation of both the government and the community
- \* Formulate a long term strategy for dealing with dengue that includes research into dengue mosquitoes and dengue viruses in the Sri Lankan setting
- \* Develop a well organized vector control program can reduce the number of infections but dengue would is going to continue to be a problem until an effective vaccine is discovered



| Ensure  
| Environmental  
| Sustainability

| Goal 7



## Target 9

### Integrate the Principles of Sustainable Development into Country Policies and Programmes and Reverse Loss of Environmental Resources

#### Scorecard

Indicator	1990	2001	MDG Target	
			2015	Status
25. Proportion of land area covered by forest (%)	17.4	16.3	-	Not on Track
26. Ratio of area protected to maintain biological diversity to surface area (%)	13.0	-	-	Not on Track
27. Carbon dioxide emissions (per capita and consumption of ozone-depleting CFCs (ODP tons)	0.201	*0.382	-	Not on Track
28. Proportion of population using solid fuels	89.0*	80.2	-	Not on Track

Source: (25,26, 28) - Ministry of Environment (29) - HIES/DCS. \*1994

## Status and Trends

### Forest Cover

As total forest area declines, so does the overall supply of forest-related ecosystem services. Deforestation resulting from unsustainable logging practices and conversion of forest to other land uses is a major factor contributing to the loss of biodiversity and other forest-based resources. Forests provide a number of functions, which are vital for mankind. These functions include the provision of products, e.g. timber and non-timber products and the provision of services such as protection against flooding, habitat for biodiversity, carbon sequestration, watershed protection and soil conservation. While substantial areas of productive forest remain, there is now widespread recognition that the resources are not infinite, and that its wise and sustainable use is needed for our survival.

The extent of natural forest eco-systems in Sri Lanka is approximately 19,288 km<sup>2</sup> or 30% of land area. This area can be divided into Dense (70% canopy cover) and Sparse. 13% of the total land area is under the protected area system with 43 protected areas covering 783 km<sup>2</sup>. Forest cover has declined over the years from 80% in 1881 to 24% in 1990. Between 1990 and 2001, the proportion of land area covered by dense forest decreased by 6.6% while sparse forest increased by a marginal 2.6%. Sparse forests are an indication of forest degradation and they are such forests that are used for seasonal cultivation and occupation. As the state owns most of the forest lands, over the years forests have been cleared to provide land to peasant farmers and landless persons under various village expansion schemes. Encroachment, inappropriate land use, unsuitable forestry practices and high market prices for timber are some of the other causes for deforestation. Reports from the Forest Department suggests that approximately 2,500 hectares of forest lands were encroached upon between 1991 and 1996.

The Killinochchi district has the high percentage of deforestation since 1983, amounting to 53% of total district area. Further decreases in forest cover can be observed in the Batticaloa, Polonnaruwa and Vavuniya districts. Hambantota is the most critical district under deforestation where forest area decline is 5.7% of its districts total area. The reasons for such decline as mentioned above include agricultural development, immigration flux and rural settlement programmes.

To protect forest land, a National Forest Policy was formulated with government approval in 1995. This policy emphasised the importance of retaining the present natural forest cover and increasing overall tree cover. A Forest Sector Master Plan was also developed where emphasis was placed on the alienation of land and land divided according to land capability. The National Wildlife Policy was also formulated in the year 2000 to conserve wildlife resources. The Forest Department also adopted a facilitator role in maximising the participation of communities and especially the private sector in various tree planting activities. These initiatives have produced positive results in certain districts, for example, between 1992-2001 forest area in Kandy and Badulla districts increased by 5.2 and 7.8% respectively. Man made plantations increased by 8% between the period 1993-1998, with the highest being in the Puttalam district. However, further intervention is required in order to protect our forest reserves.

## Challenges

- Despite various policies and master plans to protect forest cover, deforestation still continues. As a result, the policy environment and enforcement needs to be further strengthened
- Forest areas are being inundated and converted to agricultural purposes in large scale irrigation and settlement projects. Environmental factors should be carefully considered in such instances
- Local communities should be mobilised for forest development through education and awareness building on forest conservation

## Forest Conservation and the Poor

The World Conservation Union has highlighted the important contribution forests make to poor peoples livelihoods in terms of:

- Supportive income generating activities (Products derived from forests and trees, such as furniture, foodstuffs and agricultural implements, are important sources of income and employment for the rural poor)
- Underpinning subsistence economies and providing a safety net to minimise vulnerability to risk: Forest products help meet the subsistence needs of millions of people, particularly women and children in the poorest households
- Supplying the energy requirements of poor rural households by providing low cost energy, and employment and cash income from the production of fuelwood and charcoal
- Maintaining productivity of land use systems of poor farmers through intimate tree-crop or tree-livestock interactions. This is by providing soil nutrients and animal fodder, protecting against soil erosion, maintaining water supply, pollinating crops, regulating weeds and pests

In this regard, forest conservation and poverty reduction strategies can go hand-in-hand and the approach is to strike a balance between ecological, social, and economic requirements for sustainable and equitable resource use. The first step is to better articulate what livelihood emphasis

means within forest policy and vice versa. This would require a shift in attention from an emphasis on win-win, to a practical understanding of how land use trade-offs can be equitably balanced.

In this regard, the policies that government could adopt include:

- Reward environmental stewardship through innovative sources of financing, for example for forest landscape restoration initiatives
- Incorporate livelihood and landscape approaches into poverty reduction, forest conservation and development efforts
- Improve the knowledge base on forest sector contributions to poverty reduction, including analysis of values of subsistence and environmental benefits

## Biodiversity

Biodiversity is defined as the variability among living organisms from all sources including land based and aquatic ecosystems, and the ecosystems of which they are a part of. The survival of genes, species and natural communities requires the preservation of biodiversity at the genetic, species, community, and landscape levels. Each level is dependent on and inextricably linked to the other levels. Sri Lanka is endowed with rich biodiversity and is considered as one of the biodiversity hotspots in the world. The ratio of area protected to maintain biological diversity is relevant in the context of environmental sustainability as protected areas contain the highest biodiversity.

The land set apart for protection of biodiversity is 13% of the islands total land area. This has increased from the 1950s where the land area was only 8%. Of the lands total area 12.5% is administered by the Department of Wildlife Conservation, while the Forest Department manages 18% of the islands natural habitats set aside for forestry. As biodiversity is highest under wet tropical conditions, maintaining these areas should be of highest priority. In 1994 there were 363,854 hectares of protected wet zone forest, this decreased to 346,684 hectares in 2001, which is now a little over 3% of total area of the country. Small forest areas in the south west lowlands are affected due to population density, the production of high valued tea and various development activities.

## Ensure Environmental Sustainability

Sri Lanka's coastal zone contains diverse sites of archeological, historical and cultural significance and also of natural value. The Coastal Conservation Act requires that these sites and the coastal zone's scenic beauty is preserved. Sri Lanka's ecological system faces great threats due to habitat losses. The loss of wetlands for housing, mangroves for prawn farming, coral reefs blown up for building materials, blast fishing and the growing market in ornamental fishing are some such contributing factors. Presently Sri Lanka faces a threat to biodiversity with poor prognosis for the year 2015.

Over the past 20 years the government has made concerted efforts to contain and prevent biodiversity loss from the country. Attention was forced on capacity development, assessment of biodiversity at national and international levels encouraging the participation of local communities, and for the state to exercise sovereign rights to protect, foster and exploit biological resources. A framework for action on the Conservation of Biological Diversity in Sri Lanka was also prepared with cabinet approval.

### Priorities for Development

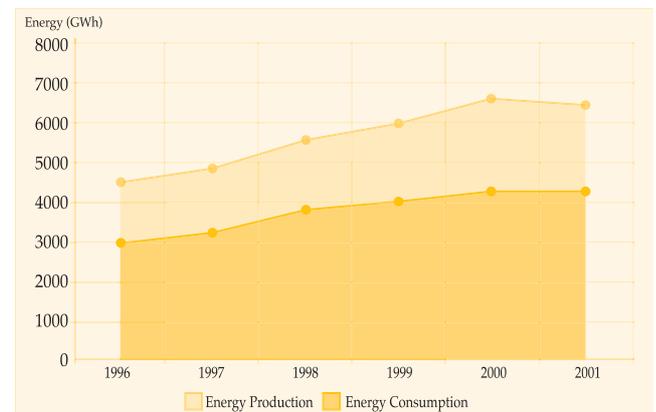
- Address the major impediments in achieving biodiversity and adopt policies to ensure sustainability
- Mobilise financial and technical resources
- Conduct an evaluation of biodiversity for all goods and services and provide eco-systems in order to fully appreciate their importance and justify their maintenance

### Energy Use

Energy supply in Sri Lanka is based on three primary sources, hydroelectricity, biomass and petroleum. In 2000, out of the total 8,384 thousand tons of oil equivalents, 9% was attributable to hydroelectricity while 49% was from biomass. Petroleum oil products on the other hand contributed to 42% of the total. Growth in energy demand increased annually by approximately 3-3.5% during the last three decades and is expected to grow at similar levels in the future. All petroleum products are imported and refined for use. As the refinery cannot cope with large amounts of crude oil imported to meet increasing demand, 40% of petroleum products imported are

of refined quality. In addition other forms of energy such as solar and draft power are used. Hydro-power and biomass based supplies, which are the only large scale indigenous primary energy source available are expected to remain fixed in the future. With the increasing demand, future energy requirements would mainly have to be supplied by imported fossil fuels. The change in energy consumption is shown in figure 19.

Figure 19: Electricity Generation and Consumption (1996-2001)



Source: Department of Census and Statistics, 2002

Hydroelectricity is the dominant energy used in the country. Due to the weather crises in 1996 and 2001, the government was compelled to resort to alternative solutions with a high degree of dependency on thermal power. With a further crisis in 2002, thermal power increased to 60.4% while hydro-power accounted for 39.53%. This is in contrast with the figures in 1995 where hydro-power accounted for 94.26% and thermal power was a meager 5.74%.

The fuel consumption patterns across districts in 1990 and 2001 is shown in table 29. While the consumption of fuel wood was high in all districts, reliance on it has been decreasing over time, while the consumption of gas and kerosene is increasing. The highest is in the Colombo district.

However, with increases in petroleum prices there is a shift towards renewable energy sources. Energy from wind, solar, dendro-power and particularly from mini hydros are being encouraged.

Table 29: Fuel Consumption Patterns

(%)

District	1990			2001		
	Fuel-wood	Gas	Kerosene	Fuel-wood	Gas	Kerosene
Ampara	-	-	-	85.6	8.4	2.0
Anuradhapura	97.2	2.4	0.3	91.7	5.6	0.4
Badulla	96.0	3.3	0.1	92.2	5.4	0.5
Colombo	52.3	37.7	7.5	32.0	49.3	14.4
Gampaha	84.5	13.0	1.6	65.7	24.4	6.8
Galle	95.2	5.3	0.3	85.6	12.5	0.7
Hambantota	97.2	2.3	0.7	94.9	3.8	0.3
Kalutara	91.5	7.4	0.4	81.5	15.0	1.5
Kandy	91.3	5.0	0.6	85.1	11.9	1.3
Kegalle	98.5	1.1	0.1	94.1	4.2	0.3
Kurunegala	97.7	1.8	0.1	94.8	3.8	0.3
Matara	95.9	3.7	0.3	89.0	8.9	0.6
Matale	96.2	2.9	0.2	92.4	5.9	0.5
Monaragala	98.3	1.2	0.2	95.0	2.7	0.1
Nuwara Eliya	95.9	2.7	0.7	88.8	5.9	2.4
Puttalam	94.6	4.4	0.7	88.3	8.2	1.8
Polonnaruwa	98.1	1.2	0.1	94.9	3.4	0.1
Ratnapura	97.4	2.0	0.2	94.3	4.4	0.4

Source: Sri Lanka Energy Balance 2000 Energy Conservation Fund

The high use of biomass as cooking fuel, poses a serious health problem in poor households which are badly ventilated. Smoke and particle inhalation associated with firewood use often results in serious health problems, with a disproportionate incidence among women and children. What matters in energy for the poor is not the supply as much as the actual end services that are available.

## Challenges and Recommendations

- Due to intensive harnessing, the potential of hydroelectricity is almost complete, greater emphasis is now placed on diesel which is causing severe environmental damage. The use of energy sources that are environmentally friendly should be encouraged

- There should be a strong reliance on education and training to encourage the adoption of more efficient and environment-friendly energy practices
- Mobilisation of government support for the introduction of energy-efficient technology

## Carbon Dioxide Emissions

Industrialisation has resulted in air pollution becoming a serious issue in urban areas, especially in the Western Province. This results in greater health hazards to children, senior citizens, agriculture, and livestock. Presently, the consumption of fossil fuels by the transport, industry and power generation is estimated at 80%, 12% and 8% respectively. A 10% rate of increase per year is estimated in these sectors, (which use fossil fuels) thus aggravating air pollution. Air pollution is largely caused by uncontrolled emissions from vehicles, which currently accounts for 65% of air pollution in urban areas. The subsidised price for diesel in the local market has led to an increase in demand for diesel driven vehicles, thus further increasing the level of carbon dioxide emissions.

## Supportive Environment

The Government of Sri Lanka in the 1990s formulated various programmes that compromised three main components for the protection of the atmosphere from air pollution. This includes vehicle emission reduction, quality improvement in gasoline, tax policies on fuels and vehicles. Other supportive programmes include the adoption of Clean Air Action Plan in 1992 to achieve emission reduction by 2000. Table 30 shows carbon dioxide emissions through energy generation between 1990 and 2005 (prediction for 2005). The highest percentage of carbon dioxide emissions is from the transport sector, and since 2000, from the power sector.

Table 30: CO<sub>2</sub> Emission under baseline scenario through Energy Generation

Sector CO <sub>2</sub> Emissions in Gg	1990	1995	2000	2005
Energy (from fossil fuels)	3,306.2	5,181.4	7,072.0	12,528.8
Power	8.5	615.8	1,904.1	6,445.1
Transport	2,213.4	3,188.7	3,481.5	4,067.4
Domestic	550.5	727.5	896.3	1,055.1
Industry	533.8	649.4	790.1	961.3

Source: State of the Environment Report on Air Pollution (MOFE)

### Effect of Landmines on the Environment

Two decades of conflict resulted in significant mine and unexploded ordnance (UXO) contamination throughout the North and East of Sri Lanka. While the entire country has suffered from the consequences of the conflict, the districts of Jaffna, Killinochchi, Mannar, Mullaitivu, Vavuniya, Batticaloa, Trincomalee and Ampara have borne the brunt. At the time of the ceasefire, monthly mine casualties numbered between 15 and 20 in affected areas. The latest statistics show that 600 villages are known to be affected by mines.

Landmines are a man-made contaminant placed in the soil. They block access to cultivable land, to resettlement, reconstruction and access to water. This has additional secondary effects on the environment as it forces populations to concentrate on "safe" areas and constrains them from using natural resources such as agricultural and grazing land in the most environmentally sensible way. A mine action programme launched in 2002 has resulted in the release of land for productive use. This has marginally released the strain on the environment. More needs to be done to clear the vast tracts of land in the North and East of the island that are still blocked for use by the threat of mines and UXO.

On 21<sup>st</sup> September 2004, Sri Lanka became a party to Amended Protocol II of the Treaty on Certain Conventional Weapons (CCW) that stringently regulates the use of anti-personnel landmines

### Priorities for Development

- Mines and UXO must be cleared from areas that block cultivation and the safe return of hundreds of thousands of IDP
- Mine action should support reconstruction and development projects which provide incentives to resettlement

### Sub Targets and New Targets

#### Sub Target 1

#### Proper waste management set in place by 100% by 2015

Management of waste, both liquid and solid has become a critical environmental concern particularly in the more urbanised areas of Sri Lanka. With changing consumption patterns, the quantity of solid waste has increased over the years. Rapid economic changes resulting from the introduction of more liberal, industrial and expansive growth policies during the last two decades have not been balanced by necessary investments in urban infrastructure facilities, particularly in the areas of urban solid waste management.

Solid waste management comes within the purview of Local Government Authorities (LGA). The total waste generated in Sri Lanka is approximately 6,400 tonnes per day, of which about 2,500 tonnes are collected by LGAs. The waste from residential, public markets and other commercial services is mainly organic in nature, with smaller amounts of hazardous waste. Waste disposed from industrial establishments and hospitals comprise largely of hazardous materials. In 1996 hazardous waste amounted to approximately 40,617 tonnes.

The Municipal waste collection differs among the provinces where the highest was in the Western Province. It is projected that there would be an increase of waste from 2,560 tonnes per day in 2000 to 2,885 tonnes per day by 2010.

Solid waste in Sri Lanka is largely disposed of in open dump sites without any pre-treatment. A review of dump sites carried out under the Colombo Environmental Project in 1999/2000, found that in the Greater Colombo Area, 40 out of the 41 existing waste disposal dump sites were open dumps, and only one site where market waste was buried in trenches. The same study reported that more than 60% of the sites were on privately owned land, permitted for the purpose of land reclamation (National Report of Sri Lanka for WSSD, 2002).

With regard to hazardous wastes, they are stored on site without adequate management. Some industries dispose of their hazardous waste together with other municipal waste or dump the waste on vacant land. A majority of the hospitals dispose of clinical waste by burning them either in a pit or on open ground within hospital premises. In 1996, over 95% of clinical waste generated in Colombo was disposed of in open dumps with no form of pre-treatment (ERM, 1997b).

The adverse impacts on the environment of unsustainable system of waste disposal include; reduction of flood water

retention areas, pollution of wetland habitats and consequently of biodiversity reduction, degradation of land due to leachate seepage, impairment of aesthetic standards due to litter and stench, differential settlement of wastes and the resulting unpredictability of structural stability of sites earmarked for construction work. It also has an impact on human health due to insect/mosquito breeding in stagnant water pools on waste sites, in canals and waterways blocked or constricted with waste, resulting in the spread of disease.

## Supportive Environment

A National Waste Management Strategy was developed in 2002 by the Ministry of Environment and Natural Resources (ME & NR) to emphasise the need for waste segregation at source, waste avoidance/reduction, reuse and recycling. The National Environmental Policy and Strategy (2003) formulated by the ME & NR with a move towards privatisation of waste collection. Some Local Authorities including Colombo, Dehiwala - Mount Lavinia and Kandy Municipal Councils have opted to privatise waste disposal to overcome problems faced in finding disposal sites. However, there are instances where such arrangements have been unsuccessful.

In the Health Sector, the National Health Care Waste Management Policy in 2003 was formulated for the reduction of clinical and hazardous waste generated from hospitals. A Waste Management Authority was set up in 2004 in the Western Province with a mandate to make efficient and effective waste management in the country with special reference to the Western Province.

A "cess" (0.5% of the value) for importation of plastics was introduced in 2003. The funds collected are to be used to reduce, recycle, reuse and find alternatives to the use of polythene and plastics. A Plastics Centre was established under the Central Environmental Authority and companies dealing with plastic recycling are to be registered here.

## Challenges

- Failure to implement medium to long term plans at national, provincial and local levels
- Ad-hoc arrangements for waste disposal by each Local Authority giving rise to high environmental and social costs

- Inability to change the attitudes of the public towards proper waste management despite the implementation of awareness programmes
- Institutional and financial drawbacks in successful implementation of programmes
- Political interference

## Priorities for Development

- Develop plans based on principles of integrated waste management systems. This would provide a rational and coherent mechanism for developing and managing the entire solid waste management system. It should include plans for waste reduction/reuse, feasible treatment and disposal systems
- Enforce existing environmental regulations and draft new policies and regulations as required
- Develop alternative methods for waste management depending on the waste quantities and characteristics. There is no single solution for the entire country since solutions suitable for urban areas may not necessarily be the best option for rural areas
- Provide incentives for enhancing materials recovery, recycling and reuse
- Enhance community based pilot project for composting and materials recovery
- Encourage greater private sector participation
- Encourage more research on optimal waste management technologies
- Ban polythene and plastics in the country

### Sub Target 2

Reduce the diseases occurring due to unhealthy environment by 50% by 2015

In the health sector, Sri Lanka has attained impressive levels in the health indices of infant mortality, maternal mortality and life expectancy. However, rapidly changing life styles and deteriorating environmental conditions have accelerated the spread of disease. In addition, the allocation of funds for the community health sector has decreased year by year although the incidence and prevalence of diseases is evident. The resurgence of previously eradicated diseases such as Malaria and Tuberculosis, and the frequent out-break of new diseases such as Japanese Encephalitis, Dengue and Haemorrhagic Fever have also become areas of concern.

Overcrowded and unhygienic living conditions, the lack of access to basic amenities for a sizeable proportion of the population living in urban low-income dwellings, and air pollution from increased transportation and industrialisation are some of the main contributory factors for the outbreak of diseases. Further, inefficient and ineffective garbage disposal has been instrumental in causing many diseases. About half of the Colombo's resident population live in shanties and slums and are exposed to unhealthy conditions. In Colombo many of the shanty and slum dwellers use unmetered, common stand pipes for bathing and obtaining water for domestic use. This besides leading to a considerable waste of water, creates an unhealthy environment in the locality, creating breeding sites for mosquitoes. The lack of adequate solid waste disposal facilities is an additional problem that needs attention.

### Challenges

- Unhygienic conditions in medical care institutions
- Unhygienic conditions in the environment
- By-products of the industrialisation and industrialised society i.e., used rubber tyres - this is one of the major causes for the incidence of Dengue fever that has claimed many lives
- Dearth of provision allocated for preventive health care services
- Inappropriate waste disposal mechanisms due to the lack of facilities of Local Government Institutions

- Lack of awareness about self-hygiene
- Lack of social responsibility of the general public

### Priorities for Development

- Increase awareness and understanding of environmental sanitation and the importance of maintaining a healthy life style
- There is an urgent need for preventive measures and medical assistance. The scarcity of provincial health specialist Medical Officers including Regional Epidemiologists and Medical Officers in deprived areas has to be addressed. Allocation of medical officers to difficult districts is essential to combat these diseases
- Increase financial allocation for community health care services and encourage provincial community health programmes
- Establishment of special educational campaigns for diseases of high incidence e.g. The Dengue Campaign
- Provide safe water and toilet facilities
- Encourage efficient garbage collection systems and cleaning of drains by Local Authorities

# Target 10

## Halve, by 2015 the Proportion of People Without Sustainable Access to Safe Drinking Water and Basic Sanitation

### Scorecard

Indicator	1994	2001	MDG target	
			2015	Status
30. Proportion of population with sustainable access to an improved water source, urban and rural	72	82	86	On track
31. Proportion of urban and rural population with access to improved sanitation	73	80	93	On track

Source: DS 1994, PHC 2001/DCS (30), (31) - North & East not covered due to data limitations

### Status and Trends

In Sri Lanka approximately 21.5% of the total population live in urban areas, which cover 0.5% of the country's total land area. While 75% of the urban population are served with pipe born water, only 14% of the rural population have that benefit. However 65% of the population in Sri Lanka have water available through protected wells. Only 14% of the rural population have access to piped water. From a global perspective, Sri Lanka appears to be below the developing country level (78% with access to improved water source) and far below the standards for South Asia which is 85%. Table 31 shows the percentage of households that have access to safe drinking water provincially between 1993 and 2000.

Table 31: Access to Safe Drinking Water by Province-Households

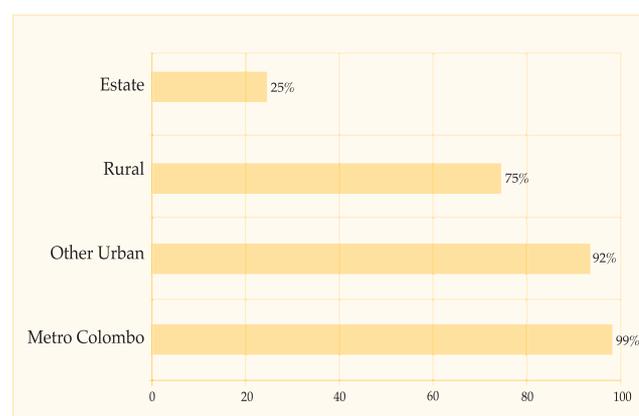
Province	1993	1994	2001
Western	85.7	84.1	91.5
Central	70.5	62.5	78.3
Southern	66.9	62.1	80.5
Northern	N.A.	N.A.	N.A.
Eastern	N.A.	N.A.	N.A.
North Western	81.7	74.9	87.9
North Central	67.1	69.1	80.5
Uva	62.7	47.3	67.9
Sabaragamuwa	50.2	47.5	63.8
Sri Lanka	74.1	68.4	82.0

Source: DCS

91% of the population in the Western province had access to safe drinking water, with Colombo district recording the highest of 95%. From the available data the lowest was in the Mannar district of 21.2%.

The World Water Supply and Sanitation Decade between 1980-1990 proved to be an important turning point in planning investments for the water supply sector. Before 1980, 50% of the population in the urban sector and 56% of those in the rural sector had access to safe drinking water.

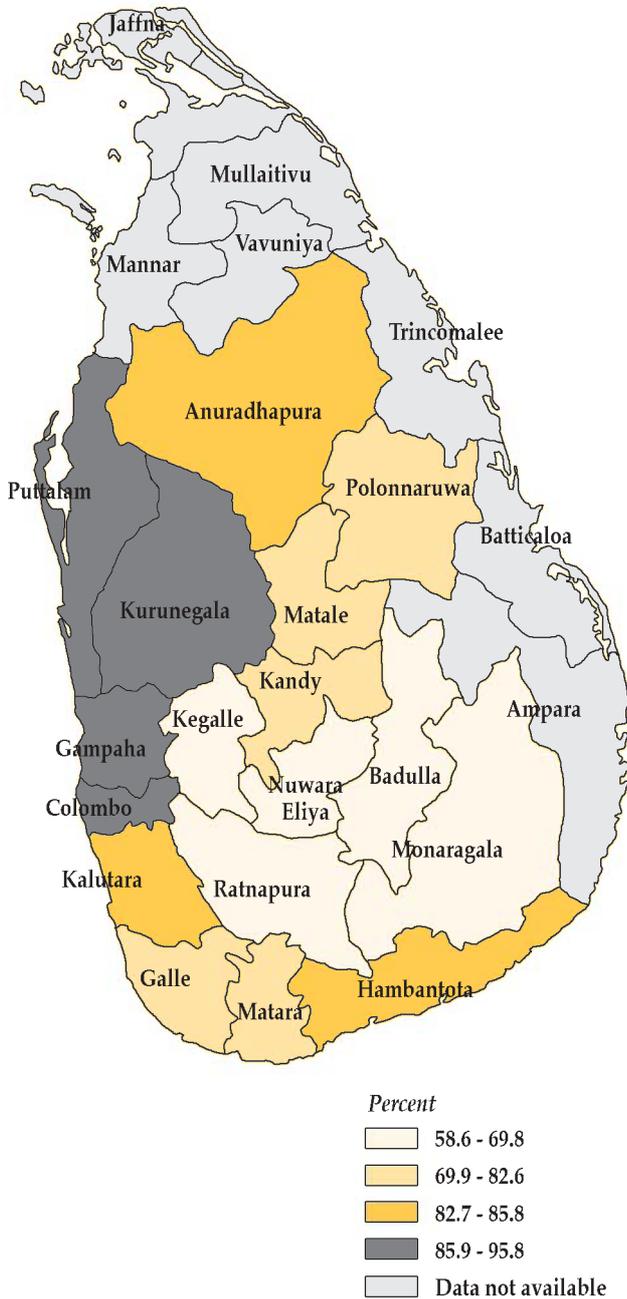
Figure 20: Access to Safe Drinking Water (1994-2001)



Source: DCS, Demographic Survey 1994 and 2001.

The National Water Supply and Drainage Board has set its own target for the supply of safe water to the entire population at 85% for 2010 and 100% achievement by 2025. By 2001, almost 100% of the population in the Colombo metropolitan area had access to safe drinking water. However, this figure still remains low in the Estate Sector.

**Map 10: Proportion of Population with Sustainable Access to an Improved Water Sources**



Sources: DCS-PHC 2001

**Priorities for Development**

- Programmes implemented for poor communities and slum dwellers deserve to be viewed in a more humanitarian perspective in the application of cost recovery measures until the communities achieve their goals for safe water, good sanitation and a healthy environment
- Effective water resource management has been identified as a priority for sustainable development of water resources. Therefore there is a need to establish a single body to formulate policies and plan water resource management

**Sanitation**

The National Housing Development Authority (NHDA) has the responsibility of implementing the Urban Basic Services Programme within the housing sector to improve the living conditions of slum and shanty dwellers. Under this programme direct assistance is provided to improve sanitation, waste disposal facilities, surface drainage and community services in shanty areas.

In 2000, 93% of the population had access to safe sanitation and this increased by 4.8% since 1993. Sri Lanka’s position in terms of access to safe sanitation is higher than that for world sanitation where the overall access to safe sanitation of the population is 61%. It is well above that for Developing and South Asian countries, which is 51% and 37% respectively.

Province wise, 97% of households had access to safe sanitation in comparison to 86% of households in the North Western Province. Batticaloa district had the lowest access with only 57% of the households having access to safe sanitation.(Table 33)

**Table 32: Operational Type of Toilets (Estimated Data for 1990 as percentage of Households)**

Sector	Water Seal		Flush		Pits		Buckets	
	1986/87	1990	1986/87	1990	1986/87	1990	1986/87	1990
Urban	68.4	72.9	12.0	13.9	13.0	8.6	1.1	1.0
Rural	38.7	54.2	1.0	2.3	43.5	31.8	0.5	0.5
Estate	35.1	47.3	0.9	1.3	16.1	15.3	0.3	0.9

Source: 1) Report on the Consumer Finances and Socio-Economic Survey - Sri Lanka, 1986/87. Central Bank of Sri Lanka  
2) Report on the Consumer Finances and Socio-Economic Survey - Sri Lanka 1996/97. Central Bank of Sri Lanka

Table 32 shows, that only marginal achievements have been made in this sector. Although the government has adopted the ambitious international target of providing adequate safe water and sanitation to the total population by the year 2000, it was soon realised that reaching the 6.5 million rural population to fulfil this target would be unrealistic.

In fact by 1990, this sector had shown a reduced level of coverage with that of 1981.

**Table 33: Percentage of the Population with Access to Improved Water Sources and Sanitation, District Wise (2001)**

District	Percentage access to improved water sources 2001	Percentage access to adequate sanitation 2002
Colombo	95.8	96.2
Gampaha	90.9	96.5
Kaluttrara	84.1	95.3
Kandy	82.6	95.7
Matale	79.2	95.4
Nuwara Eliya	68.8	79.9
Galle	81.8	94.5
Matara	78.2	96.6
Hambantota	85.8	95.1
Kurunegala	85.9	90.3
Puttlam	92.5	80.8
Anuradhapura	83.5	83.2
Pollonnaruwa	76.7	92.4
Badulla	68.6	92.2
Monaragala	64.6	88.6
Ratnapura	58.6	94.7
Kegalle	69.8	94.7
Jaffna	94.1	81.0
Killinochchi	N.A.	N.A.
Mullaitivu	N.A.	N.A.
Mannar	21.2	71.0
Vavuniya	67.8	74.0
Ampara	85.5	75.1
Batticaloa	96.6	57.0
Trincomalee	74.1	72.0

Source: Demographic Health Survey 2001

# Target 11

By 2020, to have Achieved a Significant Improvement in the Lives of at Least 100 Million Slum Dwellers

## Scorecard

Indicator	1994	2001	MDG target	
			2015	Status
32. Proportion of households with access to secure tenure	93.8	95.0		On Track

Source: DS 1994 , PHC 2001 /DCS (North & East not covered due to data limitations)

## Status and Trends

Increased centralisation of government activities and the rapid urbanisation in and around Colombo city has resulted in increased population density with approximately 3213 persons per km<sup>2</sup>. The population increased in urban areas has almost doubled over the past decade. The pace of urbanisation in the future is likely to be rapid. The highest proportion (51%) of the urban population is centered in the Western Province, which includes Colombo, Gampaha and Kalutara districts. Colombo covers 1% of the land area (652.42 Km<sup>2</sup>) and carries 11% of the total population at a high density of over 3,213 persons per km<sup>2</sup>. It has been estimated that 550,000 persons live in low income settlements in the Colombo Municipal Region. The Colombo slum population has increased from approximately 273,000 persons in the early 1990's to 780,000 in 2000, most of whom are located in 2,140 urban slum sites in the region.

It has been indicated that by 2010 about 50% of the estimated 21 million population in the country would constitute urban slums. The acute problem of shelter, largely confined to Colombo, has affected an estimated 65,000 slum and shanty settlements. These settlements are over crowded and built of improvised material on marginal, usually flood prone land. Other characteristics include, low quality dwellings especially in terms of durability, legal status of occupation,

size of dwelling and comforts available. In addition, the occupants of these settlements typically lack legal rights to land they occupy. The average floor area of slum dwellings is just 20 m<sup>2</sup>, one standpipe serves 128 persons, while 36 persons share one common toilet. As a result, the quality of life in such environments is not conducive to healthy living.

About 84% of the Colombo slum residents are income earners, who are either unskilled or casual workers, and 85% of these families earn less than Rs. 2,000 per month. It is also significant that women are chief occupants in 35% of the slum households.

The health status of slum residents is evident from the Infant Mortality Rate, which ranges from 32 to 54 per 1,000 live births as against the national average of 19 per 1,000 live births. In terms of education 23% of children leave school before the age of 14 years. According to official notes, the overall shortage of housing units in Sri Lanka is likely to reach 650,000 units by 2010 from the current level of around 400,000 units (Regaining Sri Lanka, 2003). Shortage of affordable low-cost housing for low-income earners is also a cause for shanty settlements in the outskirts of Colombo.

The government in the 1980s initiated measures to deal with the problem of underserved housing by launching a 1.5 million Housing Project in 1984 followed by various initiatives in providing shelter to the population. This led to an increase in the quality of housing with more brick buildings consisting of permanent roofing. The number of houses with brick walls has now increased from 44.6% in 1990 to 77% in 2000 while houses with wattle and daub walls decreased from 31.5% to 17.2% in the above years. However viable solutions and policies dealing with slum dwellers have not been implemented.

## Priorities for Development

- Basic facilities such as shelter, improving human settlement management, creating a safe living environment, easy access to safe drinking water, sanitary needs, drainage and waste management need to be provided
- Security of rights to the property, which were not guaranteed under the system of Deed Registration has now been eliminated by the enactment of Registration of Title Act No. 21 of 1998, which provides for the security of the title to the land and a government guarantee of the title, which cannot be challenged in a court of law. However, the slow implementation of the law in its nascent stage is incompatible with the enormity of the problem. It would be necessary to make special arrangements to address the issue of titles under the new provisions for settlers in slums
- Transfer the present settlers living under sub-human conditions to high rise flats that are probably on state owned lands and arrange to recover a part of the subsidised costs from settlers on a long term basis
- Government to introduce new urban tenure systems and establish secure tenure as an integral component of pro-poor policies of the government
- Secured tenure alone would not improve the lives of slum dwellers. The provision of better urban services such as water supply and sanitation, drainage and solid waste collection and improved public health are also important



Develop a Global  
Partnership for  
Development

Goal 8



### Present Status

The globalisation process, which gathered prominence in recent years, has integrated the developed and the developing world in many spheres such as economics, politics and social development. As far as Sri Lanka is concerned, this situation underlines the necessity for establishing a global partnership that is supportive of and contributes to the achievement of MDGs in the local context.

A distinct characteristic common to the first seven goals is their specificity in prescribing the actions to be taken by developing countries in order to achieve the targets. On the contrary, the eighth goal prescribes the necessity of a

partnership for development, or a mechanism for a linkage between the two worlds namely, the developed and the developing. Thus, the eighth goal draws attention on both developing and more importantly, on developed countries. The developing countries should commit to mobilise domestic resources to finance programmes and to strengthen governance, democracy, human rights and social justice, while the developed countries should adjust policies and direct their resources to facilitate the efforts of developing countries. It is appropriate to attach greater prominence to this goal over the others as the main goal in reaching the MDGs by 2015, as developing countries neither have the necessary resources to reach MDGs by themselves nor can wait for economic growth to generate the resources needed.

## Target 12

### Develop Further an Open, Rule-based Predictable, Non-discriminatory Trading and Financial System

Experience has shown that lowering trade barriers, simultaneously with domestic structural reforms, has significantly assisted the economic development of countries. The international trading system has brought significant benefits in various ways to several countries, especially the developed countries and some developing countries that have managed to take advantage of it. However, the system is also imbalanced in ways that disadvantage many developing countries. Nevertheless, gains from trade are the most widely available external sources of growth and resources for attaining the MDGs. International trade can make an economy more efficient, reduce prices to consumers, provide employment, increase the profits of firms and thus increase government tax revenue. Therefore, a partnership for trade would help developing countries to maximise benefits from trade. A true partnership should remove constraints on trade, which has been estimated to cost developing countries much more than all the Official Development Assistance (ODA) they receive.

### Status and Trends

In recent years, the focus of Sri Lanka's trade policy has seemingly shifted towards regionalism, which is considered a springboard for broader trade liberalisation. Nevertheless, Sri Lanka recognises that its long-term trade and other economic interests are best served by a stable and liberalised multilateral trading system that supports the needs of developing nations. Although Sri Lanka had made substantial progress in liberalising trade as a part of its extensive economic reform programme introduced in the late 1970s, trade liberalisation efforts have slowed during very recent times and the reform efforts have been less robust.

Trade related and other economic policies have lacked stability, adversely affecting transparency and predictability of the trade policy regime.

### Regional/Bilateral Trade Arrangements

In view of the importance of trade with its neighbouring countries Sri Lanka has actively promoted the development of regional links, while also being committed to the promotion of a restriction free multilateral trading system. Sri Lanka is a signatory to the South Asian Preferential Trading Arrangement (SAPTA), Bangkok Agreement (BA), Generalised System of Preferences (GSP), and Global System of Trade Preferences (GSTP) Schemes. However, these regional agreements have not been as successful as originally anticipated. In addition, Sri Lanka has entered into a Free Trade Agreement with India, the Indo-Sri Lanka Free Trade Agreement (ISFTA) followed by a Comprehensive Economic Partnership Agreement (CEPA), a FTA with Pakistan and a Trade and Investment Framework (TIFA) with the USA. Sri Lanka is also a party to the Bangladesh, India, Myanmar, Sri Lanka, and Thailand - Economic Cooperation (BIMST-EC) Agreement.

### Sri Lanka and the Multilateral Trading System

At present there is considerable rethinking on the nature of the multilateral trading system by developing countries, many of which have become disillusioned by various aspects of the system. There is widespread acceptance that the rules and processes at the WTO are imbalanced and the situation

Sri Lanka's concern with the implementation of the Uruguay Round included: the lack of liberalisation in the agricultural and textiles sectors, the increasing resort to contingency measures by developed countries against imports from developing countries, the non-implementation of provisions related to special and differential treatment, and the growing trend on the part of developed countries towards legalism (WTO, 2004).

In the context of the MDGs, there is a clear rationale for improving and reforming the WTO system of rules and the decision-making process. Developed countries need to provide greater opportunities for developing countries to expand their opportunities for export. This can lead to increased export earnings and foreign exchange and income, thereby providing extra resources for financing measures to meet the MDGs 1-7. More importantly, an expansion of exports would lead to the creation of more jobs directly benefiting the poor. Problems caused to developing countries by the existing agreements need to be rectified. There is an urgent need to redress the imbalances and problems of the WTO agreements. Failure to do so can adversely affect the realisation of several of the goals. It would most certainly hinder Goal 8 which is striving for a global partnership for development. On the other hand, Sri Lanka should work towards strengthening its integration within the bilateral and regional trading arrangements so that mutual benefits can be achieved.

- Reorientation of the operational principles and rules of the WTO so that the development principle is accorded the highest priority and rethinking the mandate and scope of the WTO
- Sri Lanka and other developing countries should work towards deepening integration among themselves under existing bilateral and regional trading agreements, such as ILFTA, SAPTA /SAFTA, BA, GSTP, covering areas like trade in services, trade-related investment etc.

## Challenges

- Sri Lanka remains extremely vulnerable to external developments due to its concentration in few export products (garments and tea) and in one or two export markets (US and EU). This highlights the need to further diversify its exports not only to strengthen the resilience of the economy but also better exploit the comparative advantage, keeping in line with changing global market trends
- Exploited market opportunities in developed countries to export products and services including textiles, agriculture, value added products based in local raw materials and skilled labour
- Review implementation problems of existing agreements to resolve imbalances and problems faced by developing countries

## Target 13

### Deal Comprehensively with the Debt Problems of Developing Countries through National and International Measures in order to make Debt Sustainable in the Long Run

#### Official Development Assistance in Sri Lanka

Overseas Development Assistance (ODA) has been a major source of development funding, financing as much as half the public investment programme. However in per capita terms ODA has reduced drastically from US\$ 42.9 in 1990 to US\$ 14.3 in 2000. Net ODA has also dropped from 9% of gross national income in the early 1990s to 2.1% in 2002.

The importance of foreign aid in the Sri Lankan economy goes back to nearly four decades with the institution of the Sri Lanka Aid Consortium in 1965. The type of aid Sri Lanka has received changed from food and commodity aid in the 1960s to project and programme aid in mid-1980s, and to aid aimed at policy reforms in the 1990s. Foreign aid has played an important role in the country's development, both as a major source of development finance and a component in closing the foreign exchange gap.

ODA commitments to Sri Lanka have declined from US\$ 925 million recorded in 1990 to US\$ 840 million by 2002 (Table 35). ODA commitments by the bilateral donors have been prominent during the period; for example, in 1995 bilateral donors accounted for 78% of total aid commitment. The Government of Japan (bilateral), the Asian Development Bank, and the World Bank (multilateral) have been Sri Lanka's major donor partners during the period. Together they have accounted for more than 70% of total commitments during the greater part of 1990-2002.

Throughout the period, more than 70% of aid commitments consisted of concessional loans. Another significant feature is that the share of the loan component in total ODA of three major donors has increased significantly during the concerned period. For instance, the loans component of Japanese ODA increased from 60% in 1990 to 87% in 2002. The share of the loan component of the other two multilateral institutions has also accounted for over 90% of their total ODA to Sri Lanka in the latter part of 1990, partially attributing to the country's transition from a low-income country to a lower-middle-income country.

Donors have disbursed a total of US\$ 9,892 million worth of foreign aid during 1990-2002 amongst different sectors of the economy. Economic Infrastructure and Social Infrastructure have been the most favoured sectors for foreign aid during the period. Economic and social infrastructure accounted for 34.9% (US\$ 3,454 million) and 19.7% (US\$ 1,946 million), of total disbursement respectively during the period, while the agricultural sector accounted for 14.8% (US\$ 1,468 million) of total disbursement. Sub-sectors like power and energy, ground transport, water and sewerage, banking and finance, and balance of payments, etc. have been most favoured for foreign aid during 1990-2002. However, in recent years other sectors such as rural development, rehabilitation, social welfare, private sector development, trade, and information technology have been given more priority.

**Table 34: Aid Dependency (1995-2002)**

Country	Net Official Development Assistance (US\$ Mn)			Aid Per Capita (US\$)			Aid as percentage of GNI			Aid as percentage of Gross National Capital Formation		
	1995	2000	2002	1995	2000	2002	1995	2000	2002	1995	2000	2002
Bangladesh	1,292	1,171	930	11	9	7	3.4	2.5	1.8	17.8	10.8	9
India	1,739	1,487	1,055	2	1	1	0.5	0.3	0.2	1.8	1.4	1
Nepal	433	390	355	21	17	15	9.6	6.9	6.4	39.1	29.1	26
Pakistan	824	703	2,173	7	5	15	1.4	1.2	3.6	7.3	7.3	24
Sri Lanka	555	276	342	31	15	18	4.3	1.7	2.1	16.6	6.1	10

Source: World Development Indicators 2002, World Bank

The definition of foreign aid includes Official Development Assistance (ODA), Export credit, and commercial borrowings

Table 35: ODA Commitment, Disbursement and Its Relative Importance - (1990-2002)

(US \$ Million)

Item	Year	Total ODA	Loan	Grant	ODA (AD)	ODA as a percentage of GDP
Bilateral Donors	1990	393.2	247.8	145.4	360.4	4.5
	1995	405.0	262.7	142.3	399.2	3.1
	2000	190.0	99.9	90.3	269.2	1.6
	2002	369.0	315.8	53.2	249.7	1.5
Multilateral Donors	1990	532.2	521.1	11.1	249.2	1.7
	1995	114.3	102.1	12.2	220.8	1.7
	2000	141.5	135.6	5.9	135.3	0.8
	2002	470.6	412.4	58.2	269.2	1.6
Total	1990	925.4	768.9	156.5	609.6	7.6
	1995	519.3	364.8	154.5	620.0	4.8
	2000	331.5	235.5	96.2	404.5	2.4
	2002	839.6	728.2	111.4	518.9	3.1

Source: Department of External Resources

## Challenges

The main challenge for Sri Lanka with regard to ODA is the effective and efficient utilisation especially in the wake of the significantly high inflow of relief aid for Tsunami reconstruction and rebuilding. Although Sri Lanka cannot be fully satisfied with its aid utilisation levels, the implementation of new policies together with the National Procurement Agency (NPA) are expected to overcome most of the impediments with regard to aid utilisation.

As foreign aid is of crucial importance for rebuilding the nation after the Tsunami disaster, it is important for Sri Lanka to clearly lay down the needs and the relevant strategies in utilising the committed aid. In addition, there should be an in-built mechanism in the foreign aided projects to guarantee its sustainability in the long term.

## Debt and Debt Management

Sri Lanka is classified as a “moderately indebted country”. The stock of foreign debt increased from US\$ 5.8 billion in 1990 to US\$ 9.6 billion in 2002 recording an increase of 64%, as a percentage of GNI, the foreign debt stock declined from 71% in 1991-96 to 57% in 2002. The debt servicing payments to export earning also declined from 15% in 1991-96 to 13% in 2002. Foreign debt to government debt also declined during the same period indicating reliance on domestic borrowings to finance budget deficits.

However, total outstanding debt stock of the government as a percentage of GDP increased from 96% (US\$ 7.7 billion) in 1990 to 105% (US\$ 17.4 billion) in 2002. The share of domestic

debt to total debt increased from 43% (US\$ 3.3 billion) in 1990 to 57% (US\$ 9.9 billion) in 2002, largely due to reducing long-term concessional loans and higher fiscal spending on the conflict in the North and East. Domestic Debt service payment to total debt service has increased from 34% (US\$ 0.61 billion) to 85% (US\$ 2.47 billion) in 2002.

Table 36: Government Debt Indicators

(%)

Year	1990	1995	1996	1997	1998	1999	2000	2001	2002
Government debt/GDP	96	95	93	86	91	95	97	103	105
- Domestic debt/GDP	42	43	46	44	46	49	54	58	60
- Foreign debt/GDP	55	52	47	42	45	46	43	45	46
- Foreign debt/exports	183	146	134	115	125	129	110	115	126
Total debt service/GDP	10	12	11	9	11	9	14	13	18
Total debt service/Government revenue	47	53	52	43	61	51	79	71	102
- Domestic debt service/Government revenue	34	43	41	33	47	36	65	56	85
Total debt service/Government expenditure	34	38	37	35	43	37	52	46	71
- Domestic debt service/Govt.expenditure	25	30	29	27	33	26	43	37	59
Foreign debt service/exports	9	6	6	6	7	8	7	7	8
Domestic interest/GDP	5	5	5	5	5	5	5	6	7
Domestic interest/Govt. current expenditure	24	24	25	27	24	26	25	29	32
Foreign interest/Exports	4	3	3	2	2	2	2	2	2

Note: (a) goods and services exports

Source: Central Bank of Sri Lanka, Annual Report (various years)

## Target 14

### Develop and Complement Strategies for Decent and Productive Work for Youth

The main message of the Global Employment Trends for Youth, published by ILO in 2004 was that “Unless the potential of young people can be used in a productive way, neither youth nor economies as a whole will face a bright future”.

The universal recognition of the fact that the possibilities for young people to create their own, decent work are limited, has drawn much attention during the last couple of decades. Especially, the 1990s witnessed the emergence of national and international concern over youth

unemployment and kinds of available job opportunities for young men and women (ILO 2004). Further, there is greater chance that low-quality jobs and/or joblessness among youth would lead to poverty, illiteracy, ill-health, HIV/AIDS, crime, and conflict both in this generation and the next, and this works as a vicious circle. Hence, with these in mind, heads of states in the Millennium Declaration agreed to formulate and implement concerted plans to make sure of a decent job for every youth, thereby incorporating Productive Work for Youth as a target under MDG 8.

### Status and Trends

Sri Lanka's youth (age 15-19: teenagers and 20-24: young adults) were nearly 17% (3.1 million) of the total population in 2002. It can be seen that the relative importance of youth in the total population has declined during the concerned decade due to changes in demographic indicators (see Table 37). Labour force participation ratio has declined for the teenager-age group while it has increased for the young adult group, indicating that more teenagers choose to engage in

their schooling or vocational training before joining the labour force during the concerned period. Male labour force participation is higher in both age-groups than female during the relevant period.

The age-specific unemployment rate has been higher for the teenager group than that for young adults. However, when taking into account the contribution to total unemployment from each age group, it is clear that the 20-24 age group has contributed to over 40% of total unemployment except in 1995. In other words, over 40% of unemployed people are from the 20-24 age group during the last decade. Altogether, teenage and young adult age groups have accounted for over 60% of total unemployment during the concerned period. This indicates the gravity of the youth unemployment problem in Sri Lanka and it has a bearing on overall unemployment.

Another significant feature is that the majority of the unemployed have qualified in at least the GCE (O/L) exam, indicating that despite achievement in education there is a high chance of unemployment. In 2002, 54% of total unemployed people were, either qualified in the GCE (O/L) exam or above (Table 37). While unemployment has remained high among the educated, interestingly, unemployment among GCE (O/L) qualified has slightly declined while that of GCE (A/L) and above has increased during 1990-2002 period.

Main reasons for the high youth unemployment in Sri Lanka could be attributed to the low GDP growth, low domestic capital formation, a mismatch between skill demand and supply in the labour market, labour market rigidities, labour regulations and individual attitudes and characteristics in the household.

**Table 37: Sri Lanka Youth Employment and Unemployment (1990-2002)**

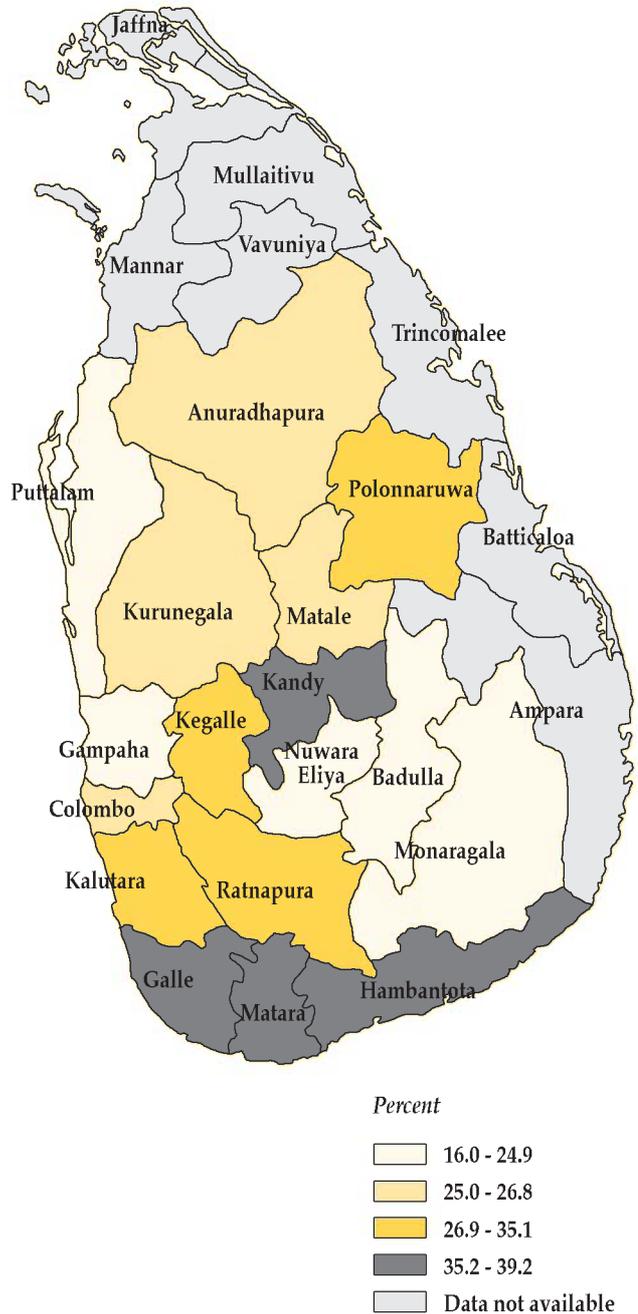
Age Group	1990		1995		2000		2002	
	(15-19)	(20-24)	15-20)	(20-25)	(15-20)	(20-26)	(15-22)	(22-27)
Youth Population	1,602,130	1,298,894	1,765,784	1,465,447	1,729,811	1,485,089	1,567,451	1,622,557
Labour force participation rate (%)	31.5	75.5	26.8	63.7	25.6	64.3	25.3	66.6
Total labour force	506,172	980,657	472,965	933,489	443,062	954,243	396,948	1,080,403
No. of Unemployed	242,748	383,734	188,240	274,446	121,177	208,979	114,718	264,699
Unemployment (as a % of age group labour force)	48.0	39.1	39.8	29.4	27.4	27.4	28.9	24.5
Unemployment (as a % of total labour force)	20.2	40.3	21.1	38.2	19.5	44.4	19.9	47.1
Unemployment (as a % of total youth population)	-	-	10.7	18.7	7.0	14.1	7.3	16.3
Unemployment among GCE (O/L) qualified (% of total)	26.5		29.1		26.0		25.1	
Unemployment among GCE (A/L) qualified & above (% of total)	15.4		18.4		25.3		29.2	

Source: Quarterly Report (various), Sri Lanka Labour Force Survey, DCS

Challenges

Given Sri Lanka's experience on youth unrest during 1970-71, 1998-89, and to a certain extent on the North and East conflict, it is important to take into account growing unemployment and under-employment among youth, most of whom are educated and in rural areas. Therefore it is important to co-operate with relevant stakeholders, the private sector, civil societies, NGOs, international organisations, such as Youth Employment Network (YEN), and youth societies, to formulate a youth employment policy plan that ensures the availability of quality employment opportunities for young people. In this endeavour, the government can broadly spell out its youth employment policy in four areas; quality, employment, creation to be brought to the centre of its macro economic policy, thereby changing the incentive structure and existing labour regulations; improve employability of the youth through introducing necessary changes and undertaking investment in the education and vocational training system and make a proper link between school-to-work transition; encouraging, facilitating and helping young people to launch into the business world as entrepreneurs; eliminate any existing, discrimination against gender, class, creed, cast, and race, etc., thereby guaranteeing equal opportunities (see Box 4).

Map 11: Unemployment Rate 15-24 year-olds



Source: DCS-QLFS

Box 4: Major Concerns under the Youth Employment Policy

Employability	Equal opportunities
Education	Gender
Vocational/skill training	Youth and HIV/AIDS
Career guidance	Youth in conflict
Employment service	Youth with disabilities
Life Skills	
Self Development	
Entrepreneurship	Employment creation
Employment policies development	Micro/Small enterprise
Active labour market policies	Cooperatives
Employment programmes	Finance/Microfinance/Credit
Social entrepreneurship	Leadership

Source: www.ilo.org.

## Target 15

### In Cooperation with the Private Sector Make Available the Benefits of New Technologies Especially Information and Communications Technology.

With the growing evidence of the developmental impact of Information and Communication Technology (ICT) on a country's economy, Sri Lanka needs to have a strong partnership with the private sector to "ensure that the benefits of new technologies, specially information and communication technologies are available to all." The ICT sector may be broadly divided into two components: the infrastructure or telecom sub sector and IT sub sector, which is, for the most part, enabled by the former.

Over the past decade, the telecommunications sector in Sri Lanka has changed significantly. Fixed (wire-line and WLL -Wireless Local Loop) telephone connections grew by over 700% since 1990 from 121,388 in 1990 to 881,108 by 2002. The introduction of WLL telephone services in the mid-1990s by private companies spurred competition in the fixed phone market. Currently, wire-line connections account for 87% of fixed phones market, while WLL connections account for the remainder. During this period, cellular connections recorded phenomenal growth, partly due to the long waiting list for fixed phones. In 1990, there were only 1010 connections, which had increased to 907,422 by 2002. While cellular phones increased steadily and significantly, fixed connections grew, but at a slow rate. In 2002, the number of cellular connections surpassed fixed telephone connections. WLL connections, payphones and radio paging have declined slightly in the recent past, which could be attributed to the growing popularity of cellular phones. With these developments, the tele-density has increased to 9.6 per 100 persons in 2002 from less than 1 in 1990.

Currently there are 150,000 personal computers (PCs) in use in the country, which means a density of 0.79 PCs for every 100 persons. The total number of internet users in Sri Lanka was 200,000 which means there were 1.06 users for every 100 persons though the figure is put at 2 per every 100 persons if one takes into account the total number of internet/e-mail accounts in use. Internet access is growing but at a rate less than potential. While internet and e-mail facilities were available as early as 1984, their use was restricted to a few mainly due to high cost and lack of computer literacy. Internet access on a commercial basis became available in 1995 and now there are almost 30 licensed operating Internet Service Providers (ISPs) (UNDP, 2004). Dialup access is moderately priced and competitive but the accompanying high per-minute cost of voice telephone usage is significantly high.

**Table 38: ICT Indicators (1995-2002)**

Telecommunications	1995	2000	2002
<b>Fixed line</b>			
Operators	1	1	1
Subscribers	204,350	653,144	768,620
New connections	24,556	90,647	69,258
Applicants on waiting list	237,800	248,486	306,268
<b>Wireless local loop</b>			
Operators	N.A.	2	2
Subscribers	N.A.	114,267	114,488
Telephone density (Telephones per 100 persons)	1.1	4.2	4.7
<b>Cellular</b>			
Operators	4	4	4
Subscribers	51,316	430,202	907,422
Public pay phones Operators	4	6	6
Telephone booths	N.A.	8,222	6,681
<b>Radio paging</b>			
Operators	5	4	4
Subscribers	9,565	7,009	5,516
<b>Internet &amp; e-mail</b>			
Operators	N.A.	21	29
Subscribers	N.A.	40,497	70,082

Source: Central Bank of Sri Lanka, Annual Reports

Although the volumes in software industry is relatively small in Sri Lanka, the year on year growth has accelerated steadily over the past decade. Presently the IT exports are around US\$ 80 million in 2003, up from US\$ 50 million in 2002, despite the slow down in the world economy, which caused a major decline in IT spending the world over. With earnings per employee being significantly higher than those of other major foreign exchange earners, this is an area in which Sri Lanka has considerable potential, not only in terms of earning foreign exchange but also in attracting FDI as well as generating employment opportunities. Currently, there are about 50 Sri Lankan software development firms, several of which have proven themselves locally as well as globally and can be judged as world-class. On the other hand, Sri Lanka has not developed hardware manufacturing capacity; only a few components are manufactured locally. Nevertheless, locally assembled PCs have gained popularity in the domestic market due to wide price differences between locally assembled PCs and import branded machines.

## Challenges

### Need for urban-rural partnership in ICT infrastructure development

Telecommunication and internet users are mainly concentrated in Greater Colombo given the concentration of economic activity of the country in this area, where one-fifth of the population resides. Thus, 70% of the country's communication infrastructure is based in the Western Province. The spread of ICT beyond the Western Province

has been limited due to the high cost of internet access, lack of proficiency in English and computer literacy skills. (UNDP, 2004). ISPs have not installed local internet servers outside major cities due to low internet proliferation outside Colombo. Moreover, in the rural areas the supply of people with IT skills at all levels is substantially low. The digital divide between urban and rural areas could have serious implications for Sri Lanka's development effort.

### High Cost of ICT Related Services

A major impediment to the spread in the usage of ICT is its high cost. This has discouraged current and potential users from using them more widely and regularly. At present ICT could be of little help to the Sri Lankan rural community, as the traditional channels are not only more economical but also more convenient. Compared to industrialised countries, telecommunication and internet charges in Sri Lanka are relatively high and even within the country these charges vary, with higher charges for a resident outside Greater Colombo area, widening the already existing urban-rural disparity. The quality of internet access, in terms of speed of internet access also varies in different parts of the island due to lack of international bandwidth, and poor quality of telecommunication facilities (UNDP, 2004).

### Insufficient Literacy for ICT Development

The general ICT knowledge especially in the rural areas is low. Although the government has fully recognised the need and the importance of ICT, penetration levels are at a low level. In addition, Sri Lanka lacks the human resources of skilled personnel in ICT. The shortage of highly skilled professionals is acute and their skills take time to mature and thus cannot be acquired overnight. But once a person acquires the necessary ICT skills, the prospects of emigration are high or the probability for them to move to an urban area is common.

Apart from low computer literacy, the quality of English education is poor, and this has a negative impact on the ability to use ICT. A major constraint in popularising ICT

has been the non-availability of standard fonts in the local languages, Sinhala and Tamil. Though Unicode maps for both languages have been developed, many font developers have evolved their own standards. The lack of standardisation has constrained local language content generation.

### Absence of a Proper, Adequate and Enabling Legal Framework

It is evident that Sri Lanka lacks proper measures to safeguard the interest of software developers, the absence of a specific policy framework to cover internet use and specific laws or regulations to cover the operation of cyber cafes or tele-centres. The required legal infrastructure for electronic transactions, privacy and security regulations are not fully facilitating IT sector development.

## Movement of Natural Persons

Poor economic development and the lack of opportunities in Sri Lanka have contributed to large-scale labour migration. The strong emphasis on social development policies, since Sri Lanka became independent in 1948, led to the achievement of high literacy levels and other human development indicators resulting in the creation of a substantial professional middle class. Sri Lanka's early entrance into the globalisation and liberalisation process provided this class with the opportunity to migrate and seek more lucrative employment overseas. This "brain drain" has contributed considerably to a vicious cycle, where poor growth creates lack of opportunities for the educated work force. Sri Lanka is one of the first countries to export female labour and the only country to export women and domestic workers with little or no restrictions.

Migrant remittances play a major role on the balance of payments of Sri Lanka. During the last five years, private remittances have accounted for approximately 15% of the total imports. As the highest net foreign exchange earner for the country, remittances, which have been over 7% of the GDP also helped to sustain the liberalised trade and exchange regime, especially when the country moved into a free-float exchange regime in 2001. Furthermore, in 2001, around 85% of the trade balance was offset through private remittances.

In the 1990s, private remittances were second only to export earnings from garments (Table 37). However, when we look at net export earnings, private remittances are the main foreign exchange earner for the country.

There is a high import content in garment exports as most of the fabric is imported.

Table 39: Private Remittances and Foreign Exchange Earnings (Rs. Million), 1991 - 2001

Year	Private Remittances	Tea	Rubber	Coconut	Garments	Total Export	% of Private Remittances /Total exports
1991	18,311	17,867	2,641	2,619	31,652	82,225	22.3
1992	24,037	14,893	2,960	3,691	49,176	107,855	22.3
1993	30,592	19,911	3,086	2,796	62,349	138,175	22.1
1994	34,992	20,964	3,582	3,761	68,945	158,554	22.1
1995	40,482	24,638	5,713	5,271	94,946	195,092	20.8
1996	46,003	34,068	5,753	6,091	105,341	226,801	20.3
1997	54,445	42,533	4,640	6,940	134,445	274,193	19.9
1998	64,517	50,280	2,808	6,110	159,303	310,398	20.8
1999	74,342	43,728	2,305	9,119	171,068	325,171	22.9
2000	87,697	53,133	2,179	9,174	226,930	420,114	20.9
2001	103,180	61,602	2,129	7,348	227,360	430,372	24.0
2002	123,183	63,105	2,552	8,009	232,027	449,850	27.4
2003	136,466	65,936	3,717	8,926	231,652	495,426	27.5

Source: Central Bank of Sri Lanka

## Challenges

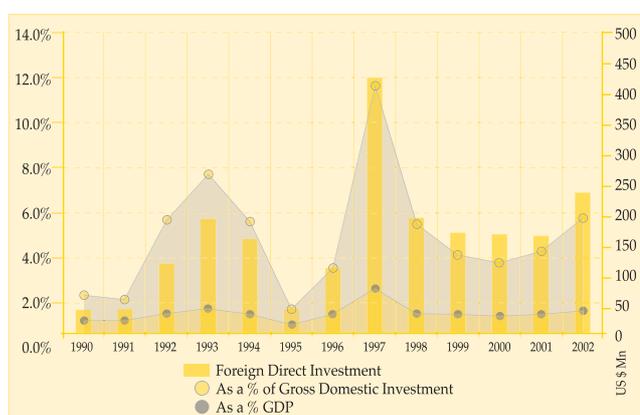
- Migration may be a source of empowerment for the migrant personally. However, the family may face hardship arising out of separation and disturbance of social arrangements, which in some cases would also result in disruption of relationships. On the other hand, the family may enjoy the benefits of higher as well as more stable incomes through remittances while migrant workers face hardships in the country of their employment
- Placement agencies in Sri Lanka are reputed to profit at the cost of exploited workers through incomplete or even inaccurate information to the migrant worker, apart from collecting unreasonable charges. These agencies should be properly monitored and standardised
- A commonly repeated concern among labour importing countries is job displacement and losses in destination countries. As the displaced workers are a persistent political issue, the subsequent social and political fallout creates pressures for labour screening policies, bringing this on political agendas of developed countries. However, from the efficiency, productivity and equity perspectives, there are gains
- For the migrants there are concerns about exploitation. The type of work in the importing country could be different from what they expected, leading to exploitation. Also female domestic workers often experience violence, sexual abuse and harassment by employers. There are significant number of reported cases of harassment of female domestic workers from Sri Lanka
- Migrants tend to be in their reproductive ages (more so with female migrants), where young children are left behind by mothers seeking migrant employment, there can be possible adverse effects on socialisation and the education of the children. For example, in Sri Lanka and the Philippines female workers tend to be between 25 and 39 years old, are married and have one or more children
- Lack of recognition of professional qualifications results in lower status or lower paid work in areas like accountancy, teaching, medicine and nursing. In the absence of a mutual recognition system, professionals and skilled manpower, migrants often end up with lower wages, salaries and benefits, where professional and technical workers make up a significant share of all overseas workers and there are concerns about the brain drain

- It is important to note that negotiations on Mode 4 under the WTO can work towards reducing some of the problems associated with exploitation and lower status of temporary migrants
- While temporary migration provides several human development benefits, it is also important to recognise that the basic employment problem is not solved by temporary migration. For returnees, employment remains a serious concern. There are also problems relating to resettlement, reintegration with families and society faced by returning workers

## Foreign Direct Investment in Sri Lanka

During 1990-2002 the inflow of FDI to Sri Lanka has fluctuated from year to year due to its high sensitivity to economic reforms, changes in incentive structure, political instability, etc. FDI inflows to Sri Lanka increased from US\$ 42 million in 1990 to US\$ 242 million in 2002 (Figure 21). Although FDI inflows increased consecutively from 1990 to 1993, it dropped in the following years due to lack of progress in economic reforms. The increase in FDI inflows in 1997 was due to the privatisation of 35% of Sri Lanka Telecom that brought US\$ 220 million investment. Although Sri Lanka's position, in terms of FDI/GDP and FDI/Gross Domestic Capital Formation (GDCF), has been ahead of its South Asian neighbors, Sri Lanka has been far behind compared to South-East Asian countries during the period (Investment Policy Review of Sri Lanka, UNCTAD 2004). Sri Lanka has, on average, been able to attract FDI accounting for just 4.5% of GDCF during 1991-95, and it has slightly increased to 5.5% during 1996-2002. On average, the FDI to GDP ratio has been less than 2% during the last decade. Sri Lanka's FDI per capita (FDI stock during 1981-2002) is US\$ 140.6. However, FDI performance in 1990s has been more encouraging compared to the past (Investment Policy Review of Sri Lanka, UNCTAD 2004).

**Figure 21: Foreign Investment in Sri Lanka, (1990-2002)**



Source: Asian Development Bank and World Development Report 1996 and 2003.

At the end of 2000, as a percentage of the total cumulative FDI inflow into Sri Lanka, the service sector and manufacturing sectors had absorbed nearly 55.6% and 41.7% of FDI respectively, while agriculture accounted just 2.7%. In recent years a large amount of FDI went into sectors such as telecommunication, real estate development, etc., with the opening of the service sector to foreign investment. The larger share of FDI in the manufacturing sector has been channeled into the textile and garments sub-sector.

## Challenges

- There are two major challenges in dealing with FDI in Sri Lanka - attracting more FDI and encouraging more equitable regional distribution of investment. Sri Lanka should give priority to improving its investment climate, which serves not only for investors (local and foreign) but also for society as a whole. Steps should be taken to introduce reforms in the public sector to improve efficiency and to free it from corruption and bureaucratic hurdles; to invest in infrastructure (especially semi-urban and rural) and human capital (education and skill development); and to reform existing labour laws and regulations
- It is evident that there is a significant unequal distribution of FDI and local investment in the rural and war-affected areas in Sri Lanka. It is vital to enhance the investment opportunities in these areas in order to uplift the living standards of the people and create new employment opportunities. With the amendment to the BOI Law to establish five Regional Economic Development Commissions (REDCs), covering all 25 districts in Sri Lanka is expected to promote resource-based development within the respective regions, encourage and promote the establishment of manufacturing, commercial, agricultural and service enterprises within the region, and widen and strengthen the base of the regional economy



# | Impact of Tsunami on Achieving the MDGs

## | Section III



The brush strokes of truth, the reality of the moment.  
Paintings from the little hands who experienced the disaster at first hand.

## Introduction<sup>1</sup>

The tsunami that struck Sri Lanka on the 26th of December 2004, left behind widespread destruction. This resulted in the loss of 31,000 lives, displacement of approximately 443,000 people with more than 900 children orphaned or separated from their parents. There was severe damage to homes, peoples' livelihood, ecosystems and coastal infrastructure. Those who have borne the brunt have been the most vulnerable groups of society, such as coastal communities and those in the North and East region. The percentage of the coastal population affected, ranges from an estimated 35% in Kilinochchi to 80% in Mullaitivu and 78% in Ampara coastal district divisions and less than 20% of the coastal population in the southern districts of Galle, Matara, and Hambantota.

Overall damage is estimated at approximately US\$ 1 billion (4.5% of GDP). The largest share of output losses are in the fisheries and tourism sectors due to lost income and production. Many coastal fishermen, those working in the informal sector, who service the fisheries and tourism sectors and the livelihoods of small scale farmers were affected by the tsunami, causing greater vulnerability to poverty in what were already poor areas.

Overall incremental financing needs are estimated at US\$ 1.5-1.6 billion. Destruction of private assets in the affected districts was estimated at US\$ 700 million. The fishing and tourism industries lost infrastructure and equipment worth US\$ 97 million and US\$ 250 million respectively while the housing sector sustained damages close to US\$ 306-341 million. The joint Needs Assessment done by JBIC/ADB/World Bank has estimated the recovery cost at around US 1.5 billion (about 7% of GDP) of which the financing requirement for the recovery and reconstruction work in 2005 is estimated at around US\$ 500 million.

**Table 40: Tsunami Affected Losses and Financing Needs - Preliminary Estimates**

(US \$ M)

Sector	Losses		Financing Needs		
	Asset Loss	Output Loss****	Short Term	Medium Term	Total Needs
Housing	306-341	-	50	387-437	437-487
Roads	60	-	25	175	200
Water and Sanitation	42	-	64	53	117
Railways	15	-	40	90	130
Education	26	-	13	32	45
Health	60	-	17	67	84
Agriculture*	3	-	2	2	4
Fisheries*	97	200	69	49	118
Tourism*	250	130	130	-	130
Power	10	-	27	40-50	67-77
Environment	10	-	6	12	18
Social Welfare**	-	-	30	-	30
Contingency ***	90		30	120	150
Total (US\$ M)	970-1,000	330	500	1,000-1,100	1,500-1,600
% of GDP	4.4-4.6		1.5		7.0-7.3

\*Includes estimates from livelihood damage assessment of fishermen, small farmers, and small businesses in tourism totalling \$140 million

\*\*Targeted assistance to vulnerable groups

\*\*\* 10% of the total estimates

Source: Ministry of Finance and Planning

### The Government Needs Assessment highlighted two important requirements.

- The first immediate relief and rehabilitation phase is addressing the needs of about 100,000 displaced families. This involves compensation for victims, provision of safety and health of women and children, food and temporary shelter, textbooks and uniforms for school children, basic health facilities, immediate livelihood support as well as the restoration of electricity, water, transport and road access. The overall funding requirement for this phase which may involve a 3-4 month period is estimated at approximately US\$ 200- 250 million

<sup>1</sup> The main text for this section is extracted from the World Bank, ADB and JBIC Needs Assessment Report prepared in January 2005.

- The second is the reconstruction and rebuilding phase which -involves a 3-5 year period for the development of housing and townships, infrastructure for human resource development, assistance for agriculture, fisheries and tourism industries and infrastructure consisting of roads, railways, telecommunications, water supplies, ports, fisheries harbours and electricity is estimated to cost around US\$ 1.8 billion

The Government’s reconstruction and rebuilding plan would concentrate on the various sectors from infrastructure development, enterprise development to the environment (Figure 22)

Figure 22: Sectoral Distribution of Reconstruction Strategy

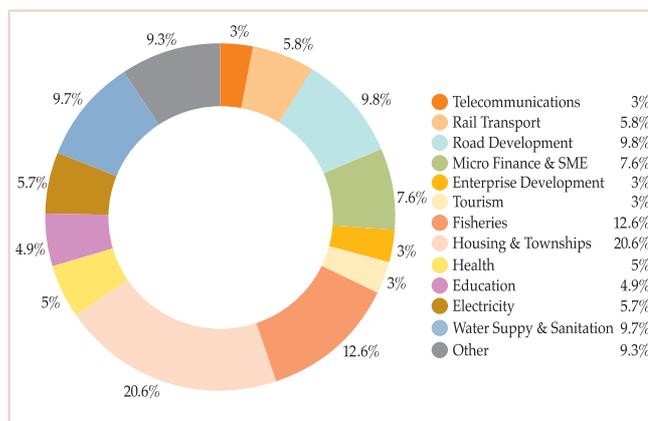


Table 41: Action Plan for Rebuilding the Tsunami Affected Areas

Development Area	Sectors	Reconstruction projects
Infrastructure	Road Development	<ul style="list-style-type: none"> <li>Development of Southern Coastal Road</li> <li>Development of Eastern Coastal Roads</li> <li>Development of Northern Coastal Roads</li> <li>Access Roads</li> </ul>
	Rail Transport	<ul style="list-style-type: none"> <li>Track Rehabilitation</li> <li>Restoration and improvements to Bridges and Culverts</li> <li>Replacement of Signaling and Communications System</li> <li>Rebuilding of Stations and Related Buildings</li> <li>Replacement of Rolling stock</li> <li>Restoration of Road Passenger Transport System</li> </ul>
	Electricity	<ul style="list-style-type: none"> <li>Installation of Electrical Distribution System Net Work in the Coastal Belt affected by Tsunami Disaster (Phase I)</li> <li>Installation of Electrical Distribution System Net Work in the Coastal Belt affected by Tsunami Disaster (Phase II)</li> <li>Power Generation Projects in Coastal Belt Affected by Tsunami Disaster (Phase III)</li> </ul>
	Water Supply & Sanitation	<ul style="list-style-type: none"> <li>Restoring Water Supply and Sanitation Facilities in Affected Areas</li> <li>Provision of Water Supply to Transit Camps</li> <li>Construction of Dug Wells in Affected Areas</li> <li>Construction of Tube wells in Disaster Affected Areas</li> <li>Immediate Rehabilitation of Pipe Borne Water Supply in Eravur, Addempady- Batticaloa District</li> <li>Re-establishment of Pipe Borne Water Supply in affected Districts</li> </ul>
	Telecommunications	<ul style="list-style-type: none"> <li>Construction of New Towers for the provision of Telecommunication Services</li> <li>Telecommunication Facilities in Affected Areas</li> </ul>
	Ports	<ul style="list-style-type: none"> <li>Restoration of Damage, Desilting and Clearance of Wreckage in the Port of Galle</li> <li>Restoration Damage, Desilting and Clearance of Wreckage in the Port of Kankasanthurai (KKS)</li> <li>Restoration of Damage, Desilting and Clearance of Wreckage in the Port of Point Pedro (PPD)</li> </ul>

Human Resources	Education	<ul style="list-style-type: none"> <li>• Reconstruction, Renovation and Relocation of Schools in the Devastated Areas</li> <li>• Renovation of Universities</li> <li>• Renovation of Teacher Training Colleges</li> <li>• Rehabilitation of Vocational Training Centres</li> </ul>
	Health	<ul style="list-style-type: none"> <li>• Restoration of Damaged Health Facilities due to Tsunami Disaster</li> <li>• Provision of Comprehensive and High Quality Health Service in the Tsunami Stricken Districts</li> <li>• Rehabilitation of the indigenous Health Care facilities in the Tsunami Stricken Areas</li> </ul>
Development & Social Services	Social Services	<ul style="list-style-type: none"> <li>• Providing Counseling Services for Restoration to normal life of the Tsunami Affected People</li> <li>• Special Programme for Women, Children &amp; Differently Abled including Skills Reorientation</li> </ul>
Housing & Township Development		<ul style="list-style-type: none"> <li>• Reconstruction of Townships in the Tsunami Ravaged Areas</li> <li>• Reconstruction of the Damaged Properties of the Local Government Authorities</li> </ul>
Fisheries Industry		<ul style="list-style-type: none"> <li>• Establishment of containerised Ice Plants and provision of Freezer trucks to re-commence livelihood of Fishermen</li> <li>• Construction of temporary shelter for Fishermen</li> <li>• Repairing, rebuilding and replacement of damaged / destroyed Fishing Crafts and Gear.</li> <li>• Rehabilitation of Fishery Harbours and Anchorages with the provision of required Machinery</li> <li>• Rehabilitation and Re-construction of Training, Research and Management Facilities</li> <li>• Construction of Houses for Fishermen</li> <li>• Rebuilding the Agriculture, Livestock, Lands and Irrigation Sub Sectors</li> </ul>
Industrial Sector	Industries	<ul style="list-style-type: none"> <li>• Rehabilitation and Reconstruction of Cottage Industry</li> <li>• Regional Industrial Estate Development Programme</li> </ul>
	Tourism	<ul style="list-style-type: none"> <li>• Investment in Tourism Marketing Recovery Plan</li> <li>• Investment in Tourism Resort Re-development and Infrastructure Construction</li> <li>• Hotel Refurbishment Import Duty Waiver Facility</li> <li>• Duty Waiver for Tourism Vehicles Replacement Programme</li> <li>• Investment in Community Restoration Plan</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>• Restoration of Damaged Coastal Environment</li> <li>• Regional Laboratory for Environmental Quality Assurance and effluent Treatment Facilities for High and Medium Polluting Industries in Southern Province and one in North Easter Province</li> <li>• Establishment of a Database on Natural Disasters</li> </ul>
Administrative and Regulatory infrastructure	Administrative and Regulatory Infrastructure	<ul style="list-style-type: none"> <li>• Rehabilitation and Reconstruction of the Damaged Courts and Residential Places of Judges</li> <li>• Rehabilitation and Reconstruction of the Damaged Prison buildings</li> <li>• Rehabilitation and Reconstruction of Damaged Police Stations</li> </ul>
	Finance	<ul style="list-style-type: none"> <li>• Relief package to Affected Loan Customers by Tsunami State Banks</li> <li>• Relief package to Affected Loan Customers by Tsunami State Mortgage Bank</li> <li>• Relief package to Affected Loan Customer by Tsunami Insurance Board of Sri Lanka</li> </ul>

## Sectoral Impact

### Poverty

The available poverty data for districts in the Southern province show that between one-quarter to one-third of the population in the areas affected by the tsunamis live below the poverty line.<sup>2</sup> The tsunami disaster increased the vulnerability of this portion of the population, making a case for channeling resources to address the needs of these groups. Poverty in the North and East is widely thought to be higher than the national average. The tsunami surge completely destroyed around 99,480 homes and partially damaged about 44,290. Completely and partially damaged houses together comprise 13 % of the housing stock in the administrative divisions along the coast. The net replacement cost for housing is estimated between Rs. 46 to 51 billion (US\$ 437 million to US\$ 487 million). The impacts on people's livelihoods have been severe while there has also been a loss of 5,000 small businesses. The damage to the agricultural sector is confined to the destruction of standing crops in paddy and other crop fields. The entry of seawater to productive fields has induced a high level of soil salinity. The most affected districts are the Matara, Hambantota, Ampara, Batticaloa and Jaffna districts. Poorer families have also lost their livestock. The number of those who lost means of supplementing their incomes by working in informal jobs is 40,000 while the loss of employment in the fishing industry is 100,000. The total job loss is estimated at 200,000.

### Priorities for Development

- Micro credit intervention to provide assistance for the self employed and small businesses
- Utilize local resources and employ local people in rebuilding activities
- Planned housing schemes
- Programmes to assist affected communities and encourage more productive agricultural and livestock farming methods should be introduced

### Environmental Impact

Except in extremely small pockets, the tsunami has affected a narrow strip along the southern and western coastlines of 500 meters or less at elevations below 2.5 to 3 meters. The

North East coastline bore the brunt of the disaster, with affected areas reaching 2-3 km inland. Areas protected by natural barriers, such as mangroves and sand dunes, were virtually unaffected.

Sri Lanka harbours many key marine and coastal ecosystems. While there has been no documented loss of fauna in the protected areas affected by the tsunami, there has been a significant impact on flora and biodiversity. Extensive soil erosion, as well as stress and dying flora, were noted in areas of seawater intrusion. The greatest ecological impacts are on freshwater bodies and fishery breeding grounds in protected areas that have been contaminated with saline water. Coastal marine eco-systems were also affected and there is a possibility of contamination as a result of land run-off wastes and pollutants, debris, soil and organic matter. In addition, mangrove areas, which protected property and lives during the tsunami, were also damaged.

The extent of debris, waste material, and rubble requiring disposal poses a huge issue because of the sheer volume and associated costs involved. Emergency clearance efforts have resulted in haphazard disposal of rubble along roads, in open fields, into drainage ditches, low lying lands and waterways, and along beaches. This would in the long-run lead to severe environmental hazards.

The Government's decision to demarcate a coastal buffer zone of 100 meters in the Western and Southern coasts and 200 meters along the Northern and Eastern coasts has been met with mixed reactions. The Government's main argument for imposing such a buffer zone is to prevent loss of life and damage to property in the future. From the environmental perspective, the declaration of the buffer zone would reap positive results, as it would assist in the efforts in preserving the coastal eco-systems to ensure that human development is in harmony with the environment.

### Priorities for Development

- Dumping of debris in inappropriate locations must be addressed immediately to prevent long-term problems of flood control, waterway blockages, and pollution of beaches
- Adopt measures to protect existing marine and coastal ecosystems
- Restoration of natural defence resources and allow corral reefs to develop by strictly enforcing the ban on coral mining

<sup>2</sup> The per-capita GDP in the affected provinces is estimated at about US\$ 640, compared to a national average of US\$ 930 and about US\$ 1500 in the Western Province.

## Education

The tsunami caused damage to a total of 168 public schools, 4 universities, and 18 vocational/industrial training centres. The number of damaged schools was highest in the Ampara (38), Batticaloa (33) and Trincomalee (27) districts. The total cost of the damage to the education capital stock, according to preliminary estimates, is approximately Rs. 2.7 billion (US\$ 26 million). The major proportion of damage has been to primary and secondary schools, which account for over 90% of the number of institutions damaged and about 92% of the cost. The number of students in primary education affected by the tsunami is approximately 38,862. The damage includes school buildings, equipment, machinery and tools, furniture, books and other library resources, and consumable teaching learning material such as chemicals, chalk and white-board pens. The cost of reconstructing and restoring damaged schools, universities, and vocational training and technical education institutions with quality upgrading, is estimated to be about Rs. 4.7 billion (US\$ 45 million). Other impacts include the psychological trauma, and the physical and social losses suffered by students, teachers and other education administrators.

Plans are underway by the government to repair schools, universities and vocational training institutes. The repaired institutions would be upgraded according to modern educational quality norms and standards. Measures are also underway in providing textbooks and basic education kits to affected schools by various donor organisations. Steps have also been taken to ensure normalcy in education services.

### Priorities for Development

- Repair educational facilities wherever possible to enable students to commence their academic programmes
- Relief camps which were set up in about 275 undamaged schools to provide temporary shelter for displaced individuals need to be cleared with classes recommencing as quickly as possible
- Where reconstruction of other education institutions is likely to be delayed, either due to the extent of damage suffered or the need to relocate the school or training institution, alternative arrangements must be made to facilitate students ability to attend other schools and training institutions
- Reconstruct and re-equip educational institutions to provide students with all the modern facilities
- Provide various incentives to encourage children to go back to school

## Health

Damage to the health system occurred in the loss of services, human resources, and damage to health-related infrastructure. The estimated cost of the damage to the health sector is approximately Rs. 6.3 billion (US\$ 60 million). 92 local clinics, hospitals and drug stores were either destroyed or damaged, causing disruptions to delivery of health services and patient care. The highest number of health institutions damaged were in the Ampara (11) and Batticaloa (9) districts. Further, several health sector personnel were killed by the tsunami, which created gaps in service provision following the disaster. Public health infrastructure losses include damaged hospitals, drug stores, cold rooms, preventive health care offices, health staff accommodation facilities, district health offices, vehicles (ambulances, lorries, vans, double cabs, motor bikes), and medical equipment (in hospitals, stores, clinics). The estimated total cost of rehabilitating the health sector, including the provision of medical equipment and vehicles, is approximately Rs. 8.8 billion (US\$ 84 million).

### Priorities for Development

- Make basic health care services available to displaced people
- Re-establish preventive health care needs (especially vaccine preventable and vector borne diseases) among the affected people (including the displaced)
- The tsunami caused considerable trauma to those affected, and a holistic program addressing the psycho-social needs of the affected (including displaced) should be implemented
- Non-damaged health institutions need to be equipped to provide expanded curative services
- Reconstruct and re-equip the health institutions damaged due to the disaster
- Ensure delivery of micronutrients to vulnerable groups
- Support to restoration and strengthening of cold chain facilities and provision of referral and outreach services
- Construct primary health care facilities
- Raise awareness in camps of the risks of sexually transmitted diseases, such as HIV/AIDS

## Water Supply and Sanitation

The tsunami disaster affected 14 districts in the Northern, Eastern and Southern Provinces, mostly in the areas where dependency on wells was high. All of the dug wells located in coastal areas where salt water has penetrated are polluted by wastewater and seepage from damaged septic tanks. This is a serious public health issue, as most local water sources have been contaminated. In addition, the pipe borne water supply system in the affected coastal areas is largely out of service because of damage to the distribution network.

A rough estimate shows at least 12,000 wells were damaged mainly by salt-water intrusion and approximately 50,000 were abandoned. The physical damage to the existing water supply schemes by the tsunami is principally restricted to the distribution network along the shoreline. Approximately 12,000 shallow wells and 60,000 household latrines were affected. Damage to sanitation facilities includes individual household latrines and the sewerage pump house at Mt. Lavinia, which is part of the Colombo sewerage system. Along with infrastructure, water supply-related equipment was also damaged that needs replacement. The total damage is estimated to be Rs. 4.4 billion (US\$ 42 million). The estimated total cost for both phases is Rs. 12.2 billion (US\$ 117 million).

## Priorities for Development

- Provide clean water into the relief camps and to health facilities
- Immediate restoration of service expansion for the replacement of damaged wells, as water demand grows
- Damaged wells to be cleaned, repaired, or reconstructed, and water quality needs to be systematically tested over a reasonable period
- Sanitation facilities need to be provided in areas where communities are beginning to return to their homes
- Rehabilitation of damaged water distribution network
- Physical rehabilitation works need to be complemented by hygiene education programmes, particularly in relief camps
- Due to prior damage to the water delivery system by the civil conflict, along with the lack of adequate water resources, most of the tsunami-affected areas suffered water shortages even before the tsunami. These areas need to receive expanded water supply services based on demand forecasts

## Gender Dimensions

In the aftermath of the tsunami and in light of the Government's reconstruction and rehabilitation efforts, it is essential to recognize the gender dimension in the effectiveness of the actions itself, in our human rights, political and social development activities. In this regard the following concerns should be met<sup>3</sup>:

- Security against abuse of women, girls and children within shelters and provide escorts where necessary
- Special attention to pregnant women and nursing mothers
- Pay special attention to women - headed households;
  - a) Help women who have been earners to resume earning
  - b) Help those who were not earners to obtain traditional/ non-traditional employment or skills for earning and provide them support till then
  - c) Help women to form themselves into cooperatives in order to benefit from micro credit schemes
- Test women and older girls for HIV/ AIDS and provide treatment
- Cater to ante/post natal care including provision of nutritional supplements
- Facilitate women's access to economic rehabilitation packages
- Facilitate and ensure legal recognition of women who are heads of households and ensure that new title deeds are in the name of both husband and wife
- Provide support for women care givers
- Pay special attention to vulnerable women such as widows, single mothers, those below the poverty line, and socially marginalised women in targeting rehabilitation measures
- Ensure that women are participants in planning, implementing and monitoring rehabilitation measures, not only for their benefit but also for their capacity building, and that they are beneficiaries of them

### Overall Recovery and Reconstruction Strategy

The reconstruction strategy should be based on several considerations. These include:

- Attracting long term private investment into devastated areas to develop modern infrastructure to overcome poverty
- Reconstruction should be on the cost of required infrastructure to effect modern development taking into account the multifaceted risks and vulnerabilities of these areas to possible future disaster
- Programmes should be aimed at providing livelihood support to kick start economic activities in the affected areas to minimize post tsunami transitional difficulties such as unemployment and poverty
- As the reconstruction phase is a long term task it is important to incentivise affected families to become key players in their own activities
- Reconstruction and development of infrastructure and other community facilities should not overlook the future operational maintenance expenditure needs of such investments

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<sup>1</sup>The main text for this section is extracted from the World Bank, ADB, and JBIC Needs Assessment Report prepared in January 2005

<sup>2</sup>The per-capita GDP in the affected provinces is estimated at about \$640, compared to a national average of \$930 and about \$1500 in the Western Province.

<sup>3</sup>Abeysekara, M (2005) "Gender Relief and Rehabilitation", Daily News 08.03.2005.

## Annex 1

## Public Investment - Priority Areas

Category	Sector	National	Funding (Rs.Mn)	Provincial	Funding (Rs.Mn)
Human Resource Development	Education	National Action Plan for Children	40	Teacher Training and Development Project	226
		Special Education	88	Junior School Improvement Project	135
		Basic Education Sector Programme	46	Special Programme to Upgrade Education in Plantation Schools	41
		Special Education Projects	88	Eastern Province Education	30
		Secondary Education Modernization Project	2,146	Distance Education Modanization Project	1,129
		Primary Education Project	393	Buddhist and Pali University Administrative Complex	168
		Secondary Education Project	1,031		
		Second General Education Project	581		
	Higher Education	Improving Relevance and Quality of Undergraduate Education	1,240		
		University Grants Commission	2,154		
Vocational Training and Skills Development		Skills Development Project	1,257	Koika Project - Jaffna	33
		Tharuna Aruna	100		
		Vocational Training Programme For Displaced People	75		
		National Youth Corporation	492		
		World University Services	39		
	Dept. Of Technical Educational - Impl. of Technical Education	85			
National Infrastructure Development	Roads and Highways	Katunayake Expressway	1,315	Provincial Road Improvement Project	1,290
		Outer Circular Road (Engineering Design)	139	Southern Transport Development Project	5,893
		Road Sector Development Project I	371	Sirup Projects	2,600
		Road Network Improvement Project	3,216	Rehabilitation of Balangoda - Bandarawela Road	725
		Maintenance of Roads and Bridges	1,900	Maga Neguma Rural Road Development Programme	500
		Road Sector Development Project II	2,180	Reconstruction of 36 Bridges and Bypass Roads Construction of Kinniya Bridge & Upgrading	420
		Ancillary Works & Items of RDA	750	Thambalagamam Kinniya Road	203
		Road Sector Assistance Project	50	Rehabilitation of Ratnapura - Balangoda Road	
				Baseline Road Project Phase III	90
				Feasibility Studies on Colombo - Kandy Expressway	90
				Manampitiya Bridge Reconstruction	70
				Third Road Improvement Project	
				Rural Road Improvement Project	55
					110
					40

Category	Sector	National	Funding (Rs.Mn)	Provincial	Funding (Rs.Mn)
	Railway	Major Repairs to Rolling Stock	500	Rehabilitation of Rail Tracks from Valachchene - Batticaloa	325
		Minor Repairs to Rolling Stock	80	Matara - Kataragama Phase 1 upto Walasgala	100
		Rehabilitation of 50 Carriages	125		
		Rehabilitation of Permanent Way with Rails and Sleepers	1,757		
		Railway Bridges for Rail Extension Line	975		
		Buidings and Structures	70		
		Concrete Sleepers Production Unit	80		
		Maintenance of Signaling & Communication Systems	75		
	Ports	New North Pier Development Project	1,200	South Harbor Development Project	332
		Upgrading of Colombo Port (Yield Improvement of JCT 1 & 2)	122	Galle Regional Port Project	100
		Urgent Upgrading of Colombo Port (Enhancing of Container Handling)	60	Hambanthota Port Development	126
	Airports	Bia Terminal Project	3,700		
	Electricity	Upper Kottmale Hydro Power	2,500	Colombo City Electrical Distribution Development Project	323
		Power Sector Restructuring Project (Kerawalapitiya Kotugoda Transmission Line Project)	1,000	Diesel Storage Tanks at Kps	330
		Greater Colombo Transmission Dev. Project (Kfw)	1,765	Rural Electrification Projects 4-7 (Funded by Sida, Kuwait, Adb and China)	3,068
		Medium Voltage Distribution	783		
		Power Sector Development Projects (Adb)	538		
		Purchase of Track Machine - Track Motor Car	125		
	Water Supply	SIRUP Funded Water Supply Projects	1,500	IDA Community Water Supply Schemes	625
		NRW Reduction	1,100	Eastern Coastal Area - Phase II	1,700
		Towns North of Colombo	400	Rural Water Supply and Sanitation Project (ADB)	2,300
		Maintenance of Cannels	56	Kalu Ganga Project	
				Greater Kandy	1,970
				Kelani River Conservation Barrage	1,395
				Lunawa Environment and Community Development	270
				Secondary Towns Water Supply	1,435
				2nd Community Water Supply and Sanitation Waste Water Disposal System to Moratuwa,	615
				Ratmalana and Ja-Ela Districts	625
				Improvement of Water Supply in the Matara District	100
				Greater Colombo Sewage Rehabilitation Greater Colombo Flood Control and Envi. Improvement Project	540
				Navalapitiya - Ampara Koggala Project	330
				Greater Galle Augmentation	
				Ambalangoda, Weligama, Kataragama WS Reactivated Community WS & Sanitation	470
					420
				90	
				270	

Category	Sector	National	Funding (Rs.Mn)	Provincial	Funding (Rs.Mn)
	Telecommunication	Telecommunication Network Expansion Project	1,250		
	ICT	E-Sri Lanka Project	500	IT Parks Under Urban Development Programme	100
		Science and Technology Personal Development Project	89	IT Parks in North-East	29
	Posts	Construction of New Post Office Buildings	103	Rehabilitation and Improvement of Postal Buildings	
				Provision of Call Metering Units to Sub Post Offices	88
	Housing/ Construction	Housing Projects for Public Servants	250	Urban Development and Low Income Housing	495
		NHDA	150		
<b>Health</b>	Health	Rehabilitation of Hospitals	1,003	Sirimavo Bandaranayake Childrens' Hospital at Peradeniya	1,148
		Implementation of Plan of Action for Children	120	Development of Jaffna Teaching Hospital	100
		Triposha Programme	585	Bio Medical Engineering Unit-Equipment	1,500
		Health Sector HR Development Programme	25	MLT Unit at Colombo South Hospital	40
		Health Sector Development Project	925	Drug Stores at IDH	69
		Rehabilitation of Operating Theatres and Icus	1,110	Development of Kandy, Badulla and Kalmunai (North) Hospitals	75
		National STD/ AIDS Control Programme	635	Nephrology unit at Maligawatte	75
		Global Fund to Fight Against TB and Malaria	260	New Building and Water tanks at NTS Galle	30
		Mother and Nutrition Programme	205		
		Computerization of Drug Distribution System	50		
		Water Supply and Sewage System for Hospitals	30		
		Development of Blood Bank Project	532		
		Neuro Trauma Unit at NHSL	800		
	Indigenous Medicine	Community Health Facilities	35	Borella Aurvedic Hospital	64
		Cultivation of Medical Herbs	8	Improvement of Herbal Gardens -	
		Aurvedic Research Institute	5	Giradurukotte, Haldummulla, Pattipola and Pallekele	15
<b>Rural Development</b>	Rural Industries	Handicraft Village Development Project	100	Province Specific Development Grants	8,000
		Establishment of Economic Centres	130	100 Villages Development Project	400
		Rural Finance Sector Development Project	100	Uva Wellassa Development Programme	200
		Ida Renewable Energy for Rural Economic Development Project	2,088	Monaragala Intergrated Rural Development Programme	66
		Rural Economy Resuscitation Fund		North-Central Rural Development Project	100
		Rural Area Development Project	150	Southern Province Rural Economic Advancement Project	600
		Supporting Infrastructure Maintenance to Reduce Poverty	143		
			47		

Category	Sector	National	Funding (Rs.Mn)	Provincial	Funding (Rs.Mn)
	Community Development and Estate Infrastructure	Estate Electrification	100	Matale Reap	220
		Drinking Water and Sanitation	100	Plantation Development Project	300
		Plantation Development Support Programme	266		
		Education Reforms in Plantation Schools	300		
		Estate Housing Programme	100		
		Construction of Roads and Bridges	100		
		Other Socio Economic Infrastructure Development	50		
		Implementation & Development of Rural Infrastructure for Upcountry Area	55		
		Programme to Improve Health Facilities	39		
		Community Development Project	35		
Industrial Development	Industries	Industrial Estate	91	Bata Atha Leather Complex	70
		Productivity Improvement Programme	67		
		Cleaner Production Centre (Norad)	32		
		EIB Credit Line	1,350		
		Economic Reform Technical Assistance	200		
	SMEs	SME Bank	3,000	Credit Line for SMEs in the North East	
		SME Development Project	707		
		SME Credit Assistance Project	2,290		
Agriculture and Fisheries	Agriculture and Livestock	Agro Food Project	100	Dry Zone Livelihood support Partnership Programme	470
		2nd Perennial Corp Development	450		
		Peace Project	300	Vet. research Institute upgrading	105
		Granary Area Project	300		
		Japanese Food production Grant	106		
		Development of Agri Crops Assistance Programme	51		
		Small Farmer Improvement Project	54		
		Control of Contagious and Infectious Disease	40		
		Livestock Breeding Project	30		
		Facilitate and Promotion of Liquid Milk Consumption	40		
Fisheries and Oceanic Resources Development	Fisheries and Oceanic Resources Development	Coastal Resources Management Project	2,400	Deewara Gammana Programme	166
		Aquatic Resources Development and Quality Improvement Project	350	Infrastructure Facilities to Fishing Village	100
		Deep Sea Fishing Assistance		Establishing 30 Fish Outlets in Colombo and Other Main Towns	
		Visiri Nivasa Grant	100	Purchase of 450 Three-Wheelers with Registration Facilities	53
		Delimitation of Continental Shelf1	99	Upgrading Modara Cool Room	30
		Fish Transportation Vehicles	90	Purchase of Vessels (Two Nos.)	100
		Construction of New Ice Plant to Increase the Capacity of the Present Plant	50		
			50		

Category	Sector	National	Funding (Rs.Mn)	Provincial	Funding (Rs.Mn)
Land	Land and Irrigation	Minor Tank Rehabilitation	40	Udawalawe Left Bank rehabilitation	1,517
		Land Acquisition for State Purpose	50	Manik Ganga Reservoir	170
		Land Titling and Related Services	500	Deduru Oya Reservoir	270
		Mahaweli Restructuring and Rehabilitation	200	SIRUP Projects-Existing	282
		Water Resources Management	190	SIRUP Projects-New	145
		Land Acquisition for State Purposes	765	Rehabilitation of 57 Irrigation Schemes	30
		Land Titling and Related Services	79	Welioya Diversion Project	113
				Hambantota Irrigation Rehabilitation Project	200
				Dry-Zone-Minor Irrigation Schemes	200
				Improving the Kandy Lake	65
				Dambulla-Bakamuna	200
				System C Upgrading Project	550
				System B Left Bank Project	137
				Centenary Irrigation Dev. Project	40
Poverty Alleviation	Samurdhi	Livelihood Improvement Project	376	Emergency Assistance for Flood Affected Areas	346
		Poverty Alleviation Micro Finance Project	346		
		Labour Incentive Peoples' Project	54		
North East Development	North East Rehabilitation & Development	North-East Housing Reconstruction Programme (NEHERP)	1,470	Mannar District Rehabilitation (MANRECAP)	77
		Coastal Community Development Project (NECCDEP)	561	Food Security and Reconciliation in Batticaloa District	58
		Irrigated Agriculture Project	381	Agriculture and Rural Development in Trincomalee	
		North-East Emergency Reconstruction Programme I	700	Jaffna Water Conservation and Environment Management	35
		North-East Emergency Reconstruction Programme II	400	Batticaloa District Development & Rehabilitation Project	155
		Special Projects for Rehabilitation of People Affected by War	350	Court House for Jaffna and Trincomalee	146
		Payment of Compensation for Damaged Property	250		107
		Redevelopment of Infrastructure	100		
		North-East Community Restoration Project	1,560		
		Rehabilitation of Bridges in North-East	692		
		Irrigated Agriculture Project II (NEIAP II)	880		
		Rehabilitation, Reconstruction and Resettlement	140		
		SHIRAN	60		
		Conflict Affected Area Rehabilitation Project	1,839		
Rehabilitation of Religious Places in North-East	100				
Drilling Machinery to Drill Tube Wells in North-East	140				

Category	Sector	National	Funding (Rs.Mn)	Provincial	Funding (Rs.Mn)	
<b>Sustainable Development</b>	Environment & Natural Resources Development	Natural Resources Management Project	110	Protected Area Management and Wildlife Conservation	526	
		Upper Watershed Management Project	226			
		Institutional Strengthening and Capacity Building	132	Training Centres for Home Guards and Civil Security		
		Forest Resource Management Project	100			41
		Beire Lake Restoration Project	100			Officers-Kaluthota
<b>Public Security</b>	Law and Order	Forensic Division at Attidiya Police Hospital-Attidiya	100 100			

## Annex II

### Data and Statistical Issues Pertaining to MDGs

#### Data Availability

Sri Lanka's statistical system is reasonably well organised and provides most of the information at regular time periods. Major information producers of statistics related to MDGs are: The Department of Census and Statistics (DCS) - Household Income and Expenditure Survey (HIES), Quarterly Labour Force Survey (QLFS), Census of Population and Housing (CPH), Demographic and Health Survey (DHS), Several branch offices in state institutions. Ministry of Education -School Census (annual). Register General Office (RGO)- Births and Deaths registrations. Ministry of Health - Morbidity and Mortality data. Ministry of Environment, Central Bank of Sri Lanka- Goal 8 data and other household survey data Out of a total of 48 indicators, information can be obtained on 42 indicators. Following 8 indicators are difficult to obtaine.

#### Indicators that cannot be obtained are:

**Indicator 18** - HIV prevalence among 15-24 year old pregnant women. (Health authorities are of the view that since Sri Lanka is a low HIV prevalence country the indicator is not very crucial at this point of time. However this has been brought to the notice of the relevant officials to be included in the future).

**Indicator 20** - Number of children orphaned by HIV/AIDS. Same comments apply as for above indicator 18.

**Indicator 22** - Proportion of population in malaria risk areas using effective malaria prevention and treatment measures. Since it is a new indicator, the Anti Malaria Campaign does not possess the information. Future programmes will focus in producing this information on a regular basis.

**Indicator 27** - GDP per unit of energy use (DCS has been requested to produce the information and the work is in progress).

**Indicator 46** - Proportion of population with access to essential drugs.

**Indicator 48** - PC users/owners (currently a module has been added to the QLFS of the DCS to provide information).

A full account of data availability for MDG indicators is given in the table below

### Main Issues Identified

#### Availability of data

Primary school enrolment rates obtained through the School Census Numerator and the Population Census denominator generated ratios above 100 which could not be accepted for certain sub-populations. It was pointed out that multiple entries in schools due to high mobility in certain area has affected this. Data gathering for target population at age 5 was also difficult since many parents in rural areas opt to send their children to school rather late than the standard age. As a remedy, the QLFS sample survey of school attendance data was taken and these data proved to be consistent. Also the indicator had to be modified as 'enrolment of children age 6-10'.

#### Frequency of data availability

Except for the QLFS which is done quarterly, and the HIES which is done every five years. The rest of the survey instruments are not regular. (DHS is an ad-hoc survey, while the Census is conducted every ten years). It is necessary that the frequency and scope of surveys be adjusted to meet MDG needs while exploring the possibility of conducting a Special MDG indicator survey at a regular interval, of course, subject to resource constraints. For example, the poverty indicators, which are based on the HIES is conducted every five years. This would require lesser time lags between the survey - surveys every 3 years would be more appropriate in the context of MDGs. This applies to DHS as well, as this also has a time lag of 5 years.

#### Level of Disaggregations

Most of the information generated during the last few years especially data gathering through sample surveys are now designed to produce District/Regional level estimates. However, certain data for sub populations -ethnicity and gender is still not published regularly.

QLFS does not publish data by ethnicity though there may be significant differences among the different ethnic groups.

Though gender sensitivity has not been a serious issue in Sri Lanka, gender dis-aggregated information on poverty head count etc. had not been attempted by the DCS. As a remedy, DCS has been requested to provide gender and ethnicity dis-aggregated data when available for internal use by the MDG team.

Sample designs might have to be revisited in trying to obtain disaggregated information as current samples were designed only to provide national level estimates (eg: QLFS).

A special request was made by the MDG Team to the DCS for the following indicators on the basis of sex, sector (urban/rural) and district level as it was not available under normal reporting survey information - Poverty Gap Ratio, % Share of poorest quintile, % Below minimum energy requirement, % Underweight children, Net Primary enrolment ratio, Students reaching Grade 5, % females not in agriculture. Employment, Condom use rate, Energy use/ GDP, % Solid fuel use, % Access to clean water, % Access to proper sanitation, % Access to secure tenure, Unemployment rate of 15-24 years.

**Data for the Conflict affected areas:** None of the indicators have a full set of data that covers the North and the East of Sri Lanka. This was the area that was under conflict and some areas are still not cleared and are under LTTE control. Therefore there are practical difficulties in conducting surveys in these areas. Although a cessation of hostilities is in force, conducting proper and scientific data gathering has not taken place.

The census which was due in 1990 (meant to cover the whole country) could not be carried out due to unavoidable political and social reasons. The latest survey on population has not covered the North and the East.

### Problems and issues in relation to monitoring MDGs

With regard to extending the MDGs to sub national level and integrating them into a regional planning process it should follow a whole process of localizing and monitoring exercise at regional level. Provision of leadership at the center becomes crucial. Also the sustainability and long term monitoring of MDG processes are of vital importance.

Establishment of sound Institutional arrangements for achieving MDGs needs to be in place. In addition, problems

pertaining to data gathering and streamlining the data flow for MDG monitoring needs to be addressed.

Problem of availability of different sources has also become problematic in deciding the authenticated source. For instance, Morbidity of Malaria, TB etc. varies between direct control unit information, and from published health statistics, which normally concentrate, on indoor and outdoor patients of the public sector hospital output data. Scope and coverage between these sources differ significantly sometimes making it difficult to make correct decisions without proper investigations being carried out.

### Role of DCS in Data Gathering

DCS has expressed several concerns regarding the present situation with regard to improving the data collected by the DCS

- \* Need to strengthen the capacity with regard to data base management
- \* Establish and improve provincial level data processing capabilities to process survey data in respective provinces for speedy release of survey data.
- \* Introducing scanning of survey schedules for speedy data entry
- \* Health statistics data does not include private sector health care and services. There is a need to cover the private health facilities through special surveys. Even morbidity and mortality coverage of private sector health institutions is incomplete.
- \* Births and deaths statistics of RGOs need to be improved. Maternal deaths constitute of any death occurring within 42 days of child delivery. No tracing of such deaths are possible unless correctly recorded by the registrars. Speedy processing methods are required for a vital statistics registration system.
- \* Data and estimations for North and East (conflict areas) is a challenge in MDG monitoring. DCS has not been able to cover this area in its surveys
- \* No proper coordination mechanism is in place for DCS to provide the data regularly with responsibility assigned to them.

The DCS has identified 23 indicators under the MDGs, which could be computed using DCS census and survey data. For these 23 indicators the monitoring environment is as follows:

Elements of monitoring Environment	Assessment
* Data gathering capacities	Strong
* Quality of recent survey information	Strong
* Statistical tracking capacities	Strong
* Statistical analysis capacities	Strong

## Selected MDG Indicators by the DCS(23 Indicators)

### Goal 1

1. Proportion of population below national poverty line
2. Poverty gap ratio [incidence and depth of poverty]
3. Share of poorest quintile in national consumption
4. Prevalence of underweight children (under five years of age)
5. Proportion of population below minimum level of dietary energy consumption

### Goal 2

6. Net enrolment ratio in primary education (6-7 years, 11-14 years)
7. Proportion of pupils starting grade 1 who reach grade 5
8. Literacy rate of 15-24 year olds

### Goal 3

9. Ratio of girls to boys in primary, secondary and tertiary education  
 Primary 6-11 years  
 Junior Secondary 11-14 years  
 Senior Secondary 15-19 years  
 Tertiary 20-24 years
10. Ratio of literate females to males of 15-24 year olds
11. Share of women in wage employment in the non-agricultural sector

### Goal 4

15. Proportion of 1 year old children immunized against measles

### Goal 5 Improve Maternal Health

17. Proportion of births attended by skilled 2015, the maternal mortality ratio health personnel

### Goal 6

19. Condom use rate of the contraceptive prevalence rate
- 19 c. Contraceptive prevalence rate

### Goal 7

29. Proportion of Population using solid fuels
30. Proportion of population with sustainable access to an improved water source, urban and rural
31. Proportion of urban and rural population with access to improved sanitation
32. Proportion of people with access to secure tenure

### Goal 8

45. Unemployment Rate of young people aged 15-24 years, each sex and total
48. Personal computers per 100 population
- 48b. Internet users per 100 population

## Data Sources for MDGs

No.	Indicator	Source	No.	Indicator	Source
1	% below poverty line	DCS-HIES	21	Malaria incidence/10*5	Malaria Campaign
2	Poverty gap ratio	DCS-HIES	21b	Malaria deaths (no.)	Malaria Campaign
3	% of poor 20%	DCS-HIES	22	Malaria treated %	WHO report
4	% und.wt.<5	DCS-DHS	23a	TB incidence/100000	NPTBCCD
5	%below min.energy	DCS	23	TB. Deaths/100000	MoH
6	NER-primary (6-10)	QLFS/DCS	24	TB cured DOTS%	WHO report
7	Gr.5 compln. %	MoE	25	Forest land %	MoEnv.
8	Lit.rate.15-24	DCS	26	Bio diversity %	MoEnv.
9	g/b in education	SC/DTET	27	Energy use/GDP	
10	f/m lit. 15-24	DCS	27A	%solid fuel use	DS94/PHC 2001
11	%f.in non.ag.emp	DCS-QLFS	28	CO2 per capita	MoEnv.
12	% f.in parliament	PAT	29	% water access	DS94/PHC 2001
13	un5.mortality/1000LB	DHS	30	% sanitn.access	DS94/PHC 2001
14	IMR/1000LB	DHS	31	% secure tenure	DS94/PHC 2001
15	%1y.measles.Imm	WHO report	32-44	GOAL 8 STUDY	
16	MMR/1000LB	WHO report	45	unemp.%15-24yrs	DCS-QLFS
17	%births by Skilled		46	%drug access	
18	HIV.15-24.preg.f	WHO report	47	tel.lines/100	DCS/CBSL
19	CPR	DHS	48	internet.email/1000	
20	Orphaned by HIV	WHO report	48a	PCs/1000	

DS94 - Demographic Survey 1994 by DCS

PHC2001 - Population and Housing Census 2001

DTET - Department of Technical Education & Training

MoE - Ministry of Education

MoEvn - Ministry of Environment

MoH - Ministry of Health

DHS - Demographic and Health Survey by DCS

QLFS - Quarterly Labour Force Survey

HIES - Household Income & Expenditure Survey