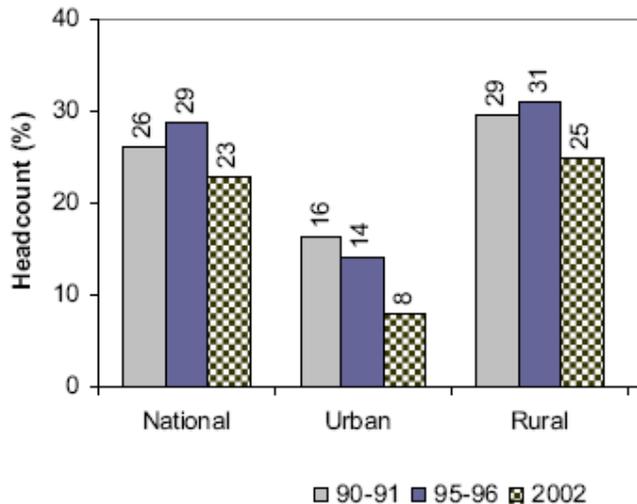


Unit 3 Section B Pre-release resources Bridging the Development Gap

DEVELOPMENT IN SRI LANKA

The development story in Sri Lanka is one of mixed success. The country is on par with middle income countries by some measures. The **Millennium Development Goal** timetable is broadly on target for universal primary school enrollment, gender parity in primary and secondary school enrollment, and universal provision of reproductive health services. At the same time, **income poverty** persists and the poor continue to face basic welfare challenges such as **malnutrition** (Figure 1).

Figure 1: Poverty in Sri Lanka (living in \$1 per day or less)

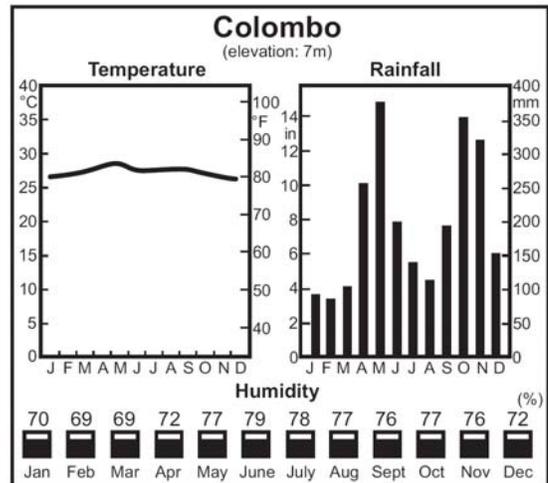


Sri Lanka has a **tropical climate** that includes distinct wet and dry seasons. The rainfall pattern reflects the influences of the monsoon winds and terrain (Figure 2). Upland areas are cooler and more temperate (on average 15°C). Coastal areas are cooled by sea breezes (on average 27°C). There are stronger wind flows during the southwest monsoon. The most notable upland area is the central highlands, consisting of high plateaus and peaks such as Mount Pidurutalagala at 2524m.

Sri Lanka is a tropical island of remarkable variety, a bird-watcher's paradise and a fascinating country, with many places accessible to visitors that are not only rich in **wildlife** but steeped in

culture. The country as a whole supports nearly 90 species of mammal, 427 species of bird and 242 species of butterfly. Sri Lanka is able to boast the world's first wildlife sanctuary, dating from 300 BC.

Figure 2: Climate of Colombo



Ancient monuments, fortresses and tea plantations nestle amongst the grasslands, open plains, cloud forests and rainforests. Not only are the **flora and fauna** of Sri Lanka simply outstanding, the beaches of the south coast provide a stunning setting for a few days of relaxation.

The 2001 **Census** indicated that a large number of migrants to urban areas, especially the capital Colombo, come from poorer districts and districts in the North and East. Poverty seems to act as a “push” factor inducing households from economically disadvantaged areas to migrate. However, migration is more likely to be undertaken by the better-educated. Average education among migrants is much higher than those in their district of origin. This indicates that the better availability of jobs in Colombo acts as a “pull” factor for educated or skilled workers from lagging regions. **Migration** from rural and remote areas to Colombo District widens spatial disparity, although it may represent an efficient use of the labor force.

Figure 3a: A busy commercial street in Colombo



Figure 3b: Colombo's port area and warehouse district



Sri Lanka has attracted some **foreign direct investment** in comparison to other economies in Asia (Figure 4). However, two decades of **conflict** in the North and East have had far-reaching economic and social impacts for the country. Over 65,000 people have died, nearly a million citizens have been displaced, private and public properties and economic infrastructure have been destroyed. Local economies and community networks have been disrupted, and health and educational outcomes have deteriorated. The economic impact of the conflict is estimated at 2-3 percent of GDP growth annually.

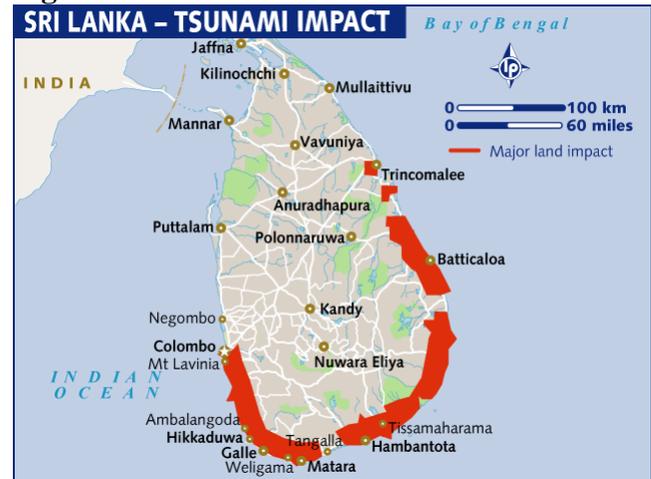
Figure 4: Trends in FDI in Asia

(percent of GDP)			
	<i>Average 1980s</i>	<i>Average 1990s</i>	<i>Average 2000s</i>
Sri Lanka	0.75	1.29	1.15
China	0.52	4.44	3.74
Korea, Rep.	0.26	0.66	0.88
Malaysia	3.18	5.89	2.64
Thailand	0.97	2.55	2.06
Vietnam	0.02	7.26	3.96

Source: World Bank, WDI (2005).

On December 26, 2004, Sri Lanka suffered was the worst **natural disaster** to confront the country in modern times. The wave devastated two-thirds of the island's coastline spread over 13 districts.

Figure 5: The 2004 Asian Tsunami

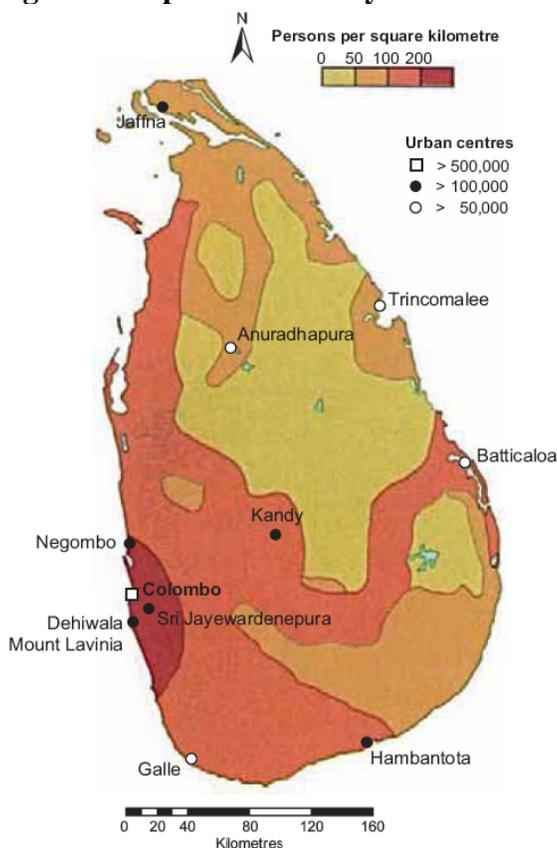


Over a million people were affected: 35,000 dead, 20,000 injured, over one-half million residents displaced, and 150,000 workers without a livelihood. Almost 100,000 houses were at least partially destroyed and the total damage estimate was about \$ 1 billion (Figure 5).

External shocks and natural disasters tend to affect the poor disproportionately. The poor typically have fewer assets, resources, and networks at their disposal to help them cope with initial shock and the transition to recovery afterwards. Loss of assets and sources of income for the poor are also much harder to replace, and can leave them more vulnerable to future shocks, both at the household and the community level.

Sri Lanka's contributes significantly to global **biodiversity**. However, **deforestation** in the country—more than 40,000 hectares from 1956 to 2000—is continuing. Replanting during the same period of only amounted to 2,000 hectares. The factors that contribute to deforestation and in Sri Lanka are complex; some are even outside the forestry sector. These factors include large agricultural and human settlement projects, shifting cultivation and excessive harvesting of timber. There is a strong link between population growth and deforestation in many developing countries. More food is needed to feed/support the increasing population. Over the years, **agricultural production** has increased in Sri Lanka mainly by expanding the area under cultivation. In addition there is rising demand for fuel-wood, construction wood, and other wood based products such as paper and pulp.

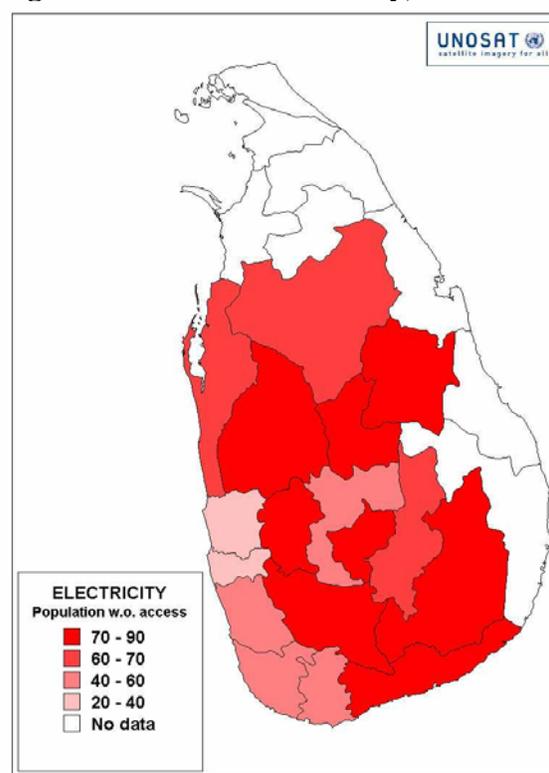
Figure 6: Population density and urban centres



Sri Lanka has no **fossil fuel** reserves and is therefore domestically dependent on imported oil, hydro power and fuel wood. Low population density and high transmission costs in rural areas make an electricity supply to remote areas almost

impossible. Firewood and kerosene are the main energy sources for the majority of people in these areas. **Electricity generation** is currently dominated by the Ceylon Electricity Board but there is a growing private sector. A total of 1838MW is generated each year which is made up of 62% hydro, 37% thermal (oil) and 1% renewable. However, the authorities are faced with the problem of meeting demand for electricity which is growing by 10% per year. In the next ten years the share of hydro power is expected to decrease, whilst thermal power generation and the use of renewable sources are likely to increase.

Figure 7: Access to Electricity, 2002

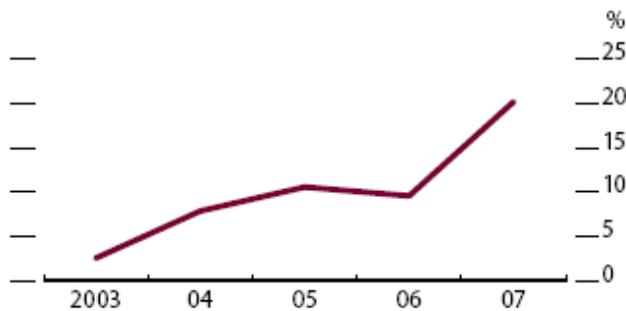


In 2007-08 Sri Lanka suffered from the global rise in food and energy prices, which in turn significantly raised **inflation** (Figure 8).

Table 1: Development and Investment Projects in Sri Lanka

DATE	Name and location	Facts and Figures	Players
Begun in 1970	Mahaweli Development Programme , a multi-purpose rural development project in the Mahaweli river basin.	The project involved the clearance and irrigation of 365,000 hectares of forest to provide farmland for settlers and 508 MW of HEP. By 2005 some LKR89 billion (Sri Lankan Rupees) had been spent. About 54% of this was spent on 4 large reservoirs with HEP, and trans-basin irrigation diversion systems. The project achieved close to its targets providing 16,136 settler families with an irrigated farm at a cost of \$17,350 per irrigated farm. Jobs were created for 8,000 landless families.	<ul style="list-style-type: none"> • Funding was provided by the World Bank, United Nations FAO and UNDP, and USAID. • Construction work on major dams was carried out by companies such as Balfour Beatty and Costain • Much of the rice grown on the newly irrigated land was Green Revolution type. • The project is run by the Mahaweli Authority of Sri Lanka
1993	The Safe bottle lamp (<i>'sudeepa'</i> or <i>'sudipa'</i> meaning 'good lamp' in Sri Lankan)	This is a safe kerosene lamp The safety comes from heavier glass, a secure screw-on metal lid, and two flat sides which prevent it from rolling if knocked over. Over 1 million homes in Sri Lanka do not have electricity, and rely on kerosene lamps. These are often home made and very dangerous, being responsible for many fires, injuries and deaths. The safe bottle lamp costs US\$0.25 and is locally made. Over half a million of the new lamps have been sold.	<ul style="list-style-type: none"> • Designed by Dr Wijaya Godakumbura a Sri Lankan surgeon with personal experience of injuries caused by kerosene fires. • Funding was provided by Science Fiction writer and Sri Lanka resident Arthur C. Clarke, and the Canadian High Commission amongst others
2008	Eco factory opened by Brandix	Brandix, one of Sri Lanka's largest clothing exporters, converted factory into a modernized hi-tech eco-friendly plant. The factory will produce Per Una and Autograph lingerie for the UK market. The "Green Plant" has reduced carbon emissions by 80%, energy consumption by 46% and water consumption by 58%. They've committed to join with Marks & Spencer's "Plan A". Brandix employs over 20,000 people directly in 25 factories, and generates indirect employment for an equivalent number.	<ul style="list-style-type: none"> • Marks and Spencer is a major retail TNC. • Brandix is a Sri Lankan textile company which supplies M&S and other companies in the developed world. • 'Garments without Guilt' is a Sri Lankan trade initiative which focuses on ethical manufacture and sustainable development with a commitment to ethical working conditions, free of child and forced labour.

Figure 8: Inflation in Sri Lanka 2003-07



Sources: Department of Census and Statistics; staff estimates.

The rise in inflation reflects global food and fuel price increases. Due to the global wheat shortage, wheat import prices rose by over 60% in 2007. Reflecting both this and rises in other inputs (such as labor, transport, and marketing costs that are not solely supply driven), bread prices alone rose by almost 200%. The large share of food as a portion of household income, for poorer Sri Lankan households, make this a particular policy concern.

Views on Sri Lanka:

View 1:

“The category where the “brain drain” is sharpest is information technology, accounting, finance, banking, and the travel and tourism industry. The last group particularly is hard hit, losing both low-skilled staff (such as waiters and cooks) and managers. Many companies report that they find it increasingly difficult to recruit qualified staff, and that replacements are not on a par with the person who left”

Asian Development Bank 2008

View 2:

“Sri Lanka will need approximately US\$ 1.5 billion to effectively implement a recovery and reconstruction strategy (from the 2004 tsunami) according to a preliminary damage and needs assessment released today by the Asian Development Bank (ADB), the Japan Bank for International Cooperation (JBIC) and the World Bank.”

World Bank, Feb 2005

View 3:

"An important part of achieving a political solution and reconciliation between all of Sri Lanka's communities will be to improve human rights in Sri Lanka. The high numbers of extra-judicial killings, abductions, and other human rights violations in Sri Lanka have disproportionately affected Tamils. A concerted effort to end such practices and bring the culprits to justice would not only hasten reconciliation in Sri Lanka, it would allow countries like the United States to do more in Sri Lanka."

US Ambassador to Sri Lanka in 2008 (Asiantribune.com)

View 4:

“If our graduates are competent in English Language and IT, they can easily find employment without launching unnecessary protest campaigns and demanding that the Government provide them with jobs. Lack of knowledge in Information Technology (IT) and a poor knowledge of the English language are the main reasons for the inability of our university graduates to find suitable employment, especially in the private sector”

Higher Education Minister Prof. Visva Warnapala (Sri Lanka Sunday Observer, 2008)

Websites for further research:

More detailed information on the three projects outlined in Table 1 can be found at:

- <http://www.mahaweli.gov.lk/>
- <http://www.brandix.com/>
- <http://www.safebottlelamp.org/>

The BBC website's archived news section is useful for background on Sri Lanka.

www.bbc.co.uk

<http://www.dailynews.lk/> is the website of the Daily News, a newspaper published in Colombo.

The World Resources Institute database www.wri.org might be used to profile development in Sri Lanka.

Notes: