



The Sri Lanka Strategy for Sustainable Development (SLSSD) seeks to achieve this vision through eradication of poverty, ensuring competitiveness of the economy, improving social development, ensuring good governance, and a clean and healthy environment. These five goals prioritise the challenges that have to be addressed in the path to achieving sustainable development. Seventeen objectives and 65 strategies with targets and indicators have been identified under the SLSSD goals. The key issues and objectives for each of the SLSSD goals are summarised below.

## **1. Eradication of Poverty**

- Overall, population below the national poverty line has decreased over the last decade from 26% (1993) to 23% (2002) along with the growth in per capita incomes. Yet, there are wide regional disparities. Further, poverty in the 7 poorest districts has increased during the last decade though national per capita income rose during this period; while urban poverty halved, poverty in the estate sector increased 50%.
- Most of the poor live in rural areas and engage in agriculture related activities. Small farm size and tenurial issues that prevail in the food crop sector restrict growth of farm incomes, leading to natural resource degradation, and perpetuate poverty. Over half the population are below the minimum level of dietary energy consumption, and there is a higher prevalence of under-nutrition in rural and estate sectors than in urban areas.
- Agricultural productivity of small-scale farms has declined over the past decades due to irregular rainfall, recurrent drought and neglect in maintaining irrigation infrastructure. Food security in terms of availability, accessibility and affordability is uncertain notably in the estates. Food security remains uncertain among many victims of the ethno-nationalistic conflict.

### ***Objectives for Eradication of Poverty***

1. Establish the infrastructure for regionally balanced development.
2. Achieve high productivity and profitability in agriculture.
3. Enable effective social safety nets

## **2. Ensuring Competitiveness of Economy**

The macro-economic framework to create an enabling environment for achieving a higher rate of economic growth and competitiveness include the achievement of a low and stable inflation environment through prudent monetary policy actions, gearing fiscal policy towards containment of budget deficit and maintaining proper foreign and domestic borrowing mix to reduce pressure on interest rates, exchange rate and resource

allocation, and improvement of infrastructure to facilitate supporting services such as transport, roads, electricity, water etc. for efficient utilization of resources.

- Despite GDP growth rates of around 5% during the past two and a half decades, and increasing per capita incomes, high fiscal deficits have raised the level of public debt to more than 100% of GDP, hampering private investment by raising expectations of higher future taxes and heightening macroeconomic risks.
- Sri Lanka has been gradually changing from an agricultural based economy to an industrial based one over the last few decades. The industry, agriculture, and services sectors contribute 27%, 17%, and 56% of the GDP respectively. The agriculture sector employs 33% of the total labour force and sustains the majority of the population. The share of industrial exports stands at 78.3% as against 18.2% for agricultural exports. The emergence of the SME sector as a major contributor to economic development calls for measures to ensure environmental compliance in its growth.
- Gross earnings from tourism amounted to USD 416 million during 2004 from peak tourist arrivals of 566,200. Sri Lanka's rich biodiversity offers ample potential to support the government's current tourism related policy aimed at maximising potential for nature-based tourism and cultural tourism, which have the capacity to provide employment opportunities to rural youth and motivate communities to protect the natural environment that provides their livelihood.
- There has been an average annual growth of 6-8% of vehicle ownership. The active vehicle population in Sri Lanka was 1,660,685 at the end of year 2005, out of which 45% is two-stroke motor cycles and 14% three wheelers with the latter consuming relatively higher percentage of petrol. Air quality in the city of Colombo has deteriorated due to vehicular emissions. A key concern is the failure of vehicle importation policies and fuel subsidies to account for environmental impacts.
- Large scale infrastructure development programmes which include highways, air and sea ports have significant potential environmental impacts and social implications which need to be addressed.
- The installed electricity generation capacity at present comprises 56% hydropower, 46% thermal power, with less than 5% from other sources (wind etc). The capacity has to be augmented by 200 MW per annum to meet the growing demand for general purpose consumption and industry. Electricity generation which has been dominated by hydro-power over many years is now turning into thermal power domination with 61% thermal generation, with oil as the source, in 2005. Transmission and distribution losses in the national grid system are presently 17-18%.

- Biomass, which is still considered as a non-commercial energy source, is used for domestic cooking in more than 80% of the households, and the industrial sector accounts for about 28% of the biomass consumption. Most of the domestic cooking activities are very inefficient leading to substantial waste of biomass and increased indoor air pollution. With the rising oil prices there is an increasing trend in switching fuels from petroleum fuels to biomass in industrial heating applications.
- The petroleum consumption in the country has been rising exponentially due to increased use of petroleum fuels in the transport and electricity sectors.

### ***Objectives for Ensuring Competitiveness of Economy***

1. Develop small and medium industries to be a significant part of a vibrant and internationally competitive industrial sector.
2. Enhance the physical infrastructure and services to cater to a growing economy and trade.
3. Meet the energy needs of a growing economy with minimum environmental cost.
4. Establish internationally recognized principles of sustainable development and standards in industries.
5. Incorporate green principles in public management.

### **3. Improving Social Development**

Sri Lanka has a long history of being a welfare state. Current expenditure on social welfare by the government for providing food subsidies, free education and health etc is about 4% of national GDP. About two million benefited directly from the *Samurdhi* income supplementary programme in 2005. The government spent approximately 43% of total health expenses of the country amounting to 1.9% of GDP in 2005. The annual subsidy on fuel and fertilizer is about 1.4% of GDP.

- Large investments on social welfare have produced positive and commendable achievements in health indicators. The Infant mortality rate and maternal mortality rate are ahead of other developing countries, and Sri Lanka is on track to realising MDG 4: to reduce child mortality. However, malnutrition has been increasing among children and married women – 17% of children under 5 years are born underweight; 22% of married women in the reproductive age group are malnourished (2000) which has debilitating effects on the mental and physical development of the unborn child and in turn on human capital development.
- There are wide regional disparities in the conditions of human welfare: social indicators such as literacy rate, educational attainment, nutrition, and fertility levels are lower in the estate sector, compared to other

segments. Mortality rates are relatively high in the estate sector where one in every 20 babies died in the first year of life. 'Under 5 mortality' is highest in the estate sector compared to rural and urban sectors.

- Changes in demographic profile, over-exploitation of the environment, and displacement of people have contributed to increasing non communicable diseases such as cancer, diabetes and cardiovascular and respiratory diseases. Malaria has recently re-emerged as a problem. Incidence of dengue has also increased in the recent past. The incidence of vector borne diseases is expected to rise due to impacts of climate change. Problems related to aging, and, deteriorating healthcare for the elderly and the disabled are emerging issues.
- Although Sri Lanka has achieved high school enrolment and literacy rates, the country spends less than 5% of its GDP on education. Non availability of adequate funds has deprived particularly the rural schools of facilities and denied them the equal education enjoyed by their urban counterparts. The extremely poor educational facilities in the estate sector and the lack of attention paid to education by the estate community have placed them at the very bottom in school education from primary to university level.
- Although Sri Lanka ranks high in general literacy, it is still lagging behind in functional literacy required for a modern developing society. The prevalence of unemployment and underemployment among the graduates is a major issue. The country lags significantly behind other countries in university enrolment; less than 1% of the school graduates find placements in the University system.
- The country's urban population has been steadily increasing over the past few years to its present level of over 30% of the population. Colombo's slum dwellers have increased three-fold from the early 1990s to 2000. Unplanned urban population growth has exerted pressure on land and water resources in the cities as well as surrounding areas, with impacts on the water supply, sewage disposal, waste management, surface drainage and environment related health problems. The urban population is expected to increase from the present 30% to 45% of the population in 2015.
- The construction sector contributes 8% of the GDP. The demand for new houses in Sri Lanka is rising at around 100,000 units per year. Growing urbanisation has led to unchecked construction of houses without integrating environmental aspects related to siting, construction materials, etc. The demand of the construction sector leads to injudicious extraction of natural resources from rivers, quarries and clay pits.
- On-site systems for sewage disposal are in use in almost all urban and suburban areas except a part of Colombo. At present the sewage handling system in the Colombo municipality area which dates back to the colonial period has reached its full capacity and requires urgent investment. Similar investments are required even in most other urban centres across the country.

- The solid waste presently collected by the municipal councils is generally dumped openly without proper management. The municipal waste collection which was about 2,560 tons per day in 2000 is projected to increase to about 2,885 tons per day by year 2010 and therefore the environmental problems associated with it will intensify.
- Recurrent disasters, mainly landslides, floods and drought, have caused losses to human life, property and the environment and have often eroded development gains. Though considered as “natural” disasters it is known that improper land use and other human activities are predisposing factors. The tsunami of December 2004 resulted in the loss of 31,000 lives, displacement of approximately 443,000 people with more than 900 children being orphaned, and severe damage to peoples’ livelihoods, coastal ecosystems and infrastructure.
- Address of gender inequality and less women’s participation at all levels is priority concerns in achieving social protection. The primary policy objective of the government with regard to the issue of women’s empowerment is to promote gender equality through a discrimination free society.

### ***Objectives for Improving Social Development***

1. Build a healthy society with equitable access to healthcare services.
2. Develop human capital for a knowledge based society.
3. Empower communities for full participation in development decisions.
4. Provide the required utility services in urban centres in compliance with environmental and health standards.
5. Minimize the impact of natural disasters on the community.
6. Empower women through gender balanced development.

## **4. Ensuring Good Governance**

Governance cuts across all sectors of development activity. The current politico-administrative arrangement for performing public functions is based on central Ministries, Departments, and Public Enterprises at the apex operating a de-concentrated district and divisional network of sub-national offices. The centralized structure is modified by Provincial Councils that provides for a devolved political system. Devolution introduces a multi-level (three-tiered) system of government with Local Government as the third tier. It posits decision making regarding service delivery in respect of devolved functions at the provincial and local levels. Key concerns in ensuring good governance and achieving the aspirations of all citizens are:

- Despite devolution of powers under the Thirteenth Amendment the administration remains centralized and suffers from a tradition of politicization and patronage.

- Lack of clarity at the policy level in the demarcation of authority, responsibilities and functions at the three levels of government affects the efficiency and effectiveness in the delivery of public services as well as undermining its focus on and relevance for poverty reduction. There is a lack of appropriate mechanisms for policy coordination and focusing upon trans-sectoral issues. In the absence of mechanisms for ensuring coherence in policy, operational service delivery practices tend to be *ad hoc* and unpredictable.
- Lack of continuity in public policies arising from the changes in the governing political regimes and changes in policy direction add to unpredictability and uncertainty about the future, a necessity for the private investor.
- Inadequate system oversight and a weak regulatory framework affect the legitimacy of, and confidence in, public actions. As far as the citizen is concerned the problem is aggravated by the absence of alternate dispute resolution mechanisms closer to the communities where they live in seeking speedy redress from the legal and regulatory system.
- The debilitating effects of corruption add to the crisis in credibility of the government. Corruption imposes numerous handicaps on the poor in terms of accessing the entitlements they have a right to receive. The work of the Commission to Investigate Allegations of Bribery and Corruption is hampered by its legal authority and staffing.
- Devolution and sharing of political power are inseparably linked with the resolution of the ethno-nationalistic conflict.

### ***Objectives for Ensuring Good Governance***

1. Improve the governance framework for sustainable development.
2. Ensure peace with justice for all communities.

## **5. Ensuring a Clean and Healthy Environment**

Sri Lanka is endowed with valuable biological resources, abundant water resources, fertile soils, minerals, and a conducive climate. The country has one of the highest numbers of plants and animal species per unit area and it is amongst the biodiversity “hotspots” in the world due to the tremendous pressure exerted on its limited natural resource base.. Demographic pressures exacerbated by continuing economic development have led to a plethora of environmental problems, such as the excessive exploitation of the land (especially sloping land), deforestation, loss of biodiversity, water pollution and water scarcity, destruction of coral reefs, urban pollution, and solid waste and poverty.

- Land degradation is one of the most acute problems with it being manifested in the following manner: decline of arable land, decrease in land fertility and agricultural productivity, loss of irrigation and hydropower generation capacity due to silting of reservoirs and tanks, floods, and landslides. Although Sri Lanka enjoys plentiful rainfall, some parts of the island face acute water scarcity. Increased demand for water from the expanding industrial sector, rapid urbanization and the consequent generation of waste, industrial effluents, increasing use of agricultural chemicals, fertilizer, herbicides, and increasing salinity in irrigated paddy lands are causing water pollution.
- Low-intensity multi-crop agricultural regimes which supported natural eco-systems and preserved soil fertility have been largely replaced by plantation agriculture, reducing national forest cover to 22% by 2002. Large quantities of pesticides and herbicides are used in farmlands close to pristine forest reserves; their impact on non-target organisms and on the environment needs urgently to be assessed, and mitigatory actions taken accordingly.
- The coastal area has the highest population pressures and contains a number of critical habitats (some 80% of fish are harvested through near-shore fishing), and some of the richest biodiversity reserves. Coral mining, clearing of coastal vegetation, clearing of mangroves, sand mining in beaches and coastal dunes, haphazard construction, and the dumping of waste have led to pollution, coastal erosion and degradation of habitats. These critical habitats are small and highly vulnerable to exploitation and degradation, and need to be managed sustainably.
- Biodiversity is being increasingly eroded as a result of excessive habitat fragmentation and destruction of ecosystems due to deforestation, filling of wetlands, over exploitation of biological resources such as timber for commercial purposes, destruction of coral reefs, and the pollution of inland and coastal waters.
- Solid waste is a growing problem in urban and industrial areas, and also at the level of the village. At present, collection of waste by local authorities reaches more than 3,000 tons per day. The main problem is the absence of satisfactory measures for the collection and disposal of solid waste in properly engineered landfills and the lack of facilities for safe disposal of hazardous and clinical waste.
- Air pollution is as yet an urban problem largely restricted to Colombo where vehicular emissions is the main source of pollutants. This problem is aggravated by the current fuel pricing policy that promotes the use of diesel over petrol, the inadequacy of the road network and the high concentration of vehicles in Colombo, resulting in heavy traffic congestion.

### ***Objectives for Ensuring a Clean and Healthy Environment***

1. Sustainable management of natural resources.
2. Mainstream environmental dimensions into the sectoral development planning process.

### **6. The Way Forward**

The stakeholders had identified their own versions of appropriate modalities for implementation and monitoring of the SLSSD. These were in the form of three specific models based on existing institutional mechanisms in the country. One model was to develop a structure for the implementation mechanism based on the structure and modalities of the Committee on Environment & Policy Management (CEPOM) established in the Ministry of Environment, aiming at integrating environmental policies and action plans in other sectors. The second suggestion was to study and align the implementation body with the National Council for Economic Development (NCED) that had been established under the Ministry of Finance as a body comprising of private and government sectors to provide advice on development of economic policies and programmes. The final suggestion was to establish the implementation body as a policy making, approving and implementation monitoring body under the leadership of H E the President.