

# Sri Lanka Human Development Report 2012



*Empowered lives.  
Resilient nations.*

## **Bridging Regional Disparities for Human Development**

# BRIDGING REGIONAL DISPARITIES FOR HUMAN DEVELOPMENT



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Resilient nations.*

Sri Lanka Human Development Report 2012  
Bridging Regional Disparities for Human Development

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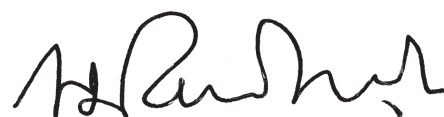
## Foreword

Human development is about fostering an environment where people can realize their potential, have more choices open to them and live long, healthy and productive lives. UNDP has produced Human Development Reports (HDRs) since 1990 and these reports take human dimensions into consideration when measuring development. Thus not only income variables but also other variables such as education and health are deemed imperative for the development of a country. These reports capture a perspective of development that transcends conventional growth indicators such as GDP and GNI, which are often used to gauge the economic changes of a particular country. In parallel to global HDRs, individual countries have been producing National Human Development Reports (NHDRs), reflecting country level issues that have an impact on human development.

The first NHDR for Sri Lanka was prepared more than a decade ago, in 1998. Sri Lanka is at present in a new phase of development, facing a different set of challenges, compared to several years ago. It has entered the league of middle income countries and is set to achieve nearly all the Millennium Development Goals by 2015. However, these achievements are also accompanied by enormous challenges. Years of civil strife have left several provinces lagging in terms of social indicators, suitable living conditions and livelihood opportunities. Development opportunities are skewed towards a few urban centers, resulting in migration to cities and poor living standards in several rural provinces. Prevailing inequalities and disparities have adversely impacted the growth potential as well as the equitable human development of all people living in the country.

With the conflict ending more than three years ago and Sri Lanka progressing towards new development horizons, producing the second NHDR is considered timely and opportune. This NHDR specifically focuses on issues of disparity and inequality that prevail in the country. It captures the regional imbalances in Sri Lanka's development in relation to the quality of and access to health services, education facilities, opportunities for economic participation and governance for equitable human development. The report identifies factors driving inequality and proposes an agenda of action to bridge these disparities. Information generated through the Household Income Expenditure Survey, is used to highlight inequalities that prevail in dimensions such as poverty, education, health, employment, women's empowerment and governance. This lends to a rich and current analysis of data, which can be used to develop policy.

We believe this report will generate discussions and debates that support Sri Lanka's drive towards a more equitable society; with environmental sustainability at its core. It is hoped that this NHDR will serve as the foundation for joint Government and development partner engagement, bolstering the collaboration so essential to addressing regional disparities and targeting vulnerable and disadvantaged groups. UNDP stands committed to leading, in partnership with the Government, the dissemination of the NHDR, subsequent advocacy efforts and the development of programming initiatives.



Subinay Nandy

*UN Resident Coordinator and UNDP Resident Representative*

The analysis and policy recommendations of this Report do not necessarily reflect the views of the United Nations Development Programme.

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### National Advisory / Steering Committee

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### Contributors

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1. Dr. Nisha Arunatilake, as the lead author with background papers and contributions by the IPS team including:
2. Mr. Wimal Nanayakkara (chapter 2 and technical note),
3. Ms. Sunimalee Madurawala (background paper for chapter 3),
4. Ms. Priyanka Jayawardena (chapter 4, statistical appendix and inputs for chapter 3 and on the construction of indices),
5. Ms. Ayodya Galappattige (background paper for chapter 5), and
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## The UNDP Team

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## Introduction

Sri Lanka produced its first National Human Development Report, *Regional Dimensions of Human Development*, in 1998. It assessed the extent of regional, provincial and district human development disparities. Since then, much has changed due to two major factors: the tsunami of 2004 and the culmination of the protracted civil conflict in the Northern and Eastern provinces in 2009. Both of these distressing experiences put significant strains on human security, and undermined human development prospects in many areas. In 2010, Sri Lanka's second MDG Report showed continued development progress, but reinforced the message of the first National Human Development Report: disparities persist within the country in terms of traditional human development indicators and more advanced measures of development.

This is a concern in part because inequalities in a democratic, multi-ethnic society can feed discontent, and are incompatible with peace, as the country's past has demonstrated. Where social, political and economic inequalities grow among culturally or spatially distinct groups, they can provide the basis for dissatisfied people to garner political support that can then spill over into conflict.<sup>1</sup> They are not the only factor, of course, and their importance depends on the context. When they are significant, an understanding of the main elements of disparities is a critical first step in designing policies to mitigate the recurrence of violence in a post-conflict setting.<sup>2</sup>

This National Human Development Report is set against this backdrop. In detailing changes in human development conditions and prospects, it explores both the drivers of disparities and necessary actions to bridge differences.

Violent conflicts, such as the one experienced by Sri Lanka, lead to an unnecessary loss of life and damage to infrastructure. They also hold back human development and mire communities in poverty over long periods of

time. Even when they conclude, affected societies remain fragile and vulnerable to all kinds of shocks. It is imperative that post-conflict development policies address relief, reconstruction and reintegration, as well as the prevention of future conflicts. These multiple aims are not necessarily feasible at the same time, especially when resources are scarce, but they are integral to the idea that human progress must go beyond reconstruction.

The human development approach provides a framework for examining social, economic and political disparities. Its overriding purpose is to improve all people's capabilities to "advance their own well-being, to contribute to economic growth and also to pursue leisure activities."<sup>3</sup> It looks not only at the choices available to people, but also at the processes that open up these choices, and the means by which people use their capabilities to enhance their well-being at home, at work and during leisure.<sup>4</sup>

In 1990, the first global Human Development Report recognized three dimensions of human development as vital to people: to live long in good health, to be educated and to enjoy a decent standard of living.<sup>5</sup> This current National Human Development Report, in addition to acknowledging the importance of these elements, also highlights people's freedom to participate in the development process. This is especially important in post-conflict Sri Lanka, where prolonged conflict has eroded the trust between population groups and divided their views on the path to development.

Since the conflict ended, economic growth has accelerated, from an average of 6.8 percent in the three years preceding the cessation of fighting to an average of 8.2 percent during the last two years.<sup>6</sup> The 8 percent growth in 2010 could have partly been due to a low base effect, as growth in 2009 of only 3.5 percent was influenced by the conflict as well as the global food, fuel and financial crises. In 2011, the rate was 8.3 percent. Sustaining this momentum and



spreading its fruits more equitably will depend largely upon lasting peace.

The rest of this chapter describes the context of the report. The next section discusses the diversity of Sri Lanka's population and its distribution across different regions. This helps in understanding socioeconomic dimensions and foundations for group identities. It is followed by a quick overview of how the governance structure has responded to the nature and causes of past conflicts. The chapter then moves on to discuss the background to economic and social development. A final section provides an overview of the organization of the report.

## Demographic Landscape

Administratively, Sri Lanka is divided into nine provinces: Western, Central, Southern, Northern, Eastern, North Western, North Central, Uva and Sabaragamuwa. The country as a whole is divided into a total of 25 districts (Table 1.1 and Table A1). To the extent that data permit, the analysis of this report extends across provinces and districts.

From a larger, macroeconomic standpoint, the country is divided into three main sectors: urban, rural and estate.<sup>7</sup> The estates are mainly inhabited by Indian Tamils.<sup>8</sup> When data are available, analysis is carried out across sectors.

Sri Lanka's population of close to 20 million is ethnically, religiously, linguistically and spatially diverse (Table A1).<sup>9</sup> The 14 million Sinhalese, who comprise almost three-quarters of the country's population, are mostly Buddhists. About one-third live in the Western Province, where the capital city, Colombo, and the only international airport are located. Another 15.4 percent live in the Southern Province, 13.3 percent in the North Western Province, 11.3 percent in the Central Province and 11.1 percent in Sabaragamuwa Province. These five provinces are home to 83.4 percent of the Sinhalese; the remaining 16.6 percent are scattered in the other four provinces (North Central, Uva, Eastern and Northern, in that order of importance). The Sinhalese comprise more than 80 percent of the population in six provinces: Southern, North Central, Sabaragamuwa, North Western, Western and Uva.

The Tamils, both Sri Lankan and Indian, are mostly Hindus and account for 16.5 percent of the population. Of them, 2.2 million (or 11.9 percent) are Sri Lankan Tamils, and 0.9 million (or 4.6 percent) are Indian Tamils. Almost 44 percent of the Sri Lankan Tamils live in the Northern Province, 28 percent in the Eastern Province and 15 percent in the Western Province. The Indian Tamils primarily reside in plantation areas located in the Central Province (56.2 percent), Uva (18 percent) and Sabaragamuwa (15 percent). The rest of the Tamils, both Sri Lankan and Indian, are scattered in the other three provinces.

**Table 1.1: Distribution of the Population by Province and Ethnic Group, 2011**

|               | Total population | Sinhalese | Sri Lanka Tamil | Indian Tamil | Sri Lanka Moor | Burgher | Malay | Other |
|---------------|------------------|-----------|-----------------|--------------|----------------|---------|-------|-------|
| Western       | 100.0            | 84.2      | 6.1             | 1.1          | 7.0            | 0.5     | 0.7   | 0.5   |
| Central       | 100.0            | 65.4      | 5.1             | 19.9         | 9.2            | 0.1     | 0.2   | 0.2   |
| Southern      | 100.0            | 94.9      | 0.8             | 1.2          | 2.7            | 0.0     | 0.3   | 0.0   |
| Northern*     | 100.0            | 4.8       | 93.7            | 0.3          | 1.2            | 0.0     | 0.0   | 0.0   |
| Eastern*      | 100.0            | 22.7      | 44.7            | 0.1          | 32.0           | 0.3     | 0.1   | 0.1   |
| North Western | 100.0            | 85.9      | 3.0             | 0.2          | 10.5           | 0.1     | 0.2   | 0.1   |
| North Central | 100.0            | 90.6      | 1.1             | 0.1          | 8.1            | 0.0     | 0.0   | 0.2   |
| Uva           | 100.0            | 79.9      | 3.0             | 12.8         | 4.0            | 0.1     | 0.2   | 0.1   |
| Sabaragamuwa  | 100.0            | 86.4      | 2.4             | 7.0          | 3.9            | 0.0     | 0.0   | 0.1   |

Source: Department of Census and Statistics n.d.a

Note: \*indicates estimates.

The Moors comprise 8.3 percent of the population, Burgers 0.2 percent, Malays 0.3 percent and others 0.2 percent (Table A1). Sri Lankan Moors and Malays are mainly Tamil speaking and are mostly Muslims. Close to a third of Sri Lankan Muslims live in the Eastern Province and about a quarter in the Western Province. There are high concentrations of Muslims in the North Western and Central provinces, while the others live in pockets throughout the country.

### Conflict and the Governance Structure

Sri Lanka has experienced a series of socio-political disturbances over the past several decades. Many conflicts occurred along ethnic and regional lines, rising from the multiple and multifaceted grievances of both Sinhalese and Tamils. Some underlying causes included the unequal distribution of the benefits of economic growth, post-colonial language legislation, perceived injustices regarding ethnic representation in public institutions, access to land and water, and devolution of central power to regions.<sup>10</sup>

Even before Sri Lanka's independence from Britain in 1948, the governance structure and means of ensuring the rights of minority groups received the attention of political leaders. The new nation was characterized by a centralized form of government that had safeguards for minority groups, including in terms of parliamentary representation.<sup>11</sup> Nonetheless, group interests along ethnic lines came to the forefront of the political arena. Differences peaked in the 1977 parliamentary election, with the Tamil United Liberation Front (TULF), mainly representing the Sri Lankan Tamil population, campaigning on a platform of a separate state for the country's Tamil population in the north and east of the country.

Steps to alleviate grievances were incorporated in the 1978 Constitution. Some key measures included the recognition of Tamil as an official/national language alongside Sinhala, and the adoption of proportional representation in parliamentary elections to accommodate smaller constituent interests. Ethnic agitations were unmitigated, however, and from the early 1980s, Sri Lanka was caught in a conflict that escalated into an armed uprising by the

Liberation Tigers of Tamil Eelam (LTTE). It was only in May 2009, after a painful and costly three-decade long conflict, that Sri Lanka was able to end the aggression.

Sri Lanka has been prone to other conflicts along socioeconomic and political lines in the past. The country suffered two uprisings led by a Marxist-oriented political party, the Janatha Vimukthi Peramuna (JVP), in 1971 and 1987-89. It drew support primarily from rural youth as a result of endemic youth unemployment, primarily among educated youth. In particular, the socio-political tensions that led to the uprising of the late 1980s were fuelled by the "perceptions among...the rural poor and urban working classes that the dynamics of the early liberalization phase had effectively by-passed them."<sup>12</sup>

Since independence, different population groups have argued for diverse forms of power sharing. Following the social conflicts in the early 1970s, decentralized administration of development was considered a means for reaching the grass-roots, a political demand voiced mainly by rural Sinhalese.<sup>13</sup> The district development councils, established in the mid-1970s and transformed into elected bodies in 1981, were some of the main initial attempts to link development administration to people.

For their part, the Tamils called for greater autonomy to manage their affairs in the regions where they were highly concentrated - the north and east. Immediately following independence, the demand was for a separate federal state,<sup>14</sup> which changed to demands for a separate state by the mid-1970s. This then led to conflict.

Various governments, sometimes assisted by the international community, attempted to arrive at a political solution to the conflict. The 13th Amendment to the Constitution, brought about by the Indo-Lanka Political Accord of 1987, was one important attempt at devolving some powers to the provinces. It stipulated that the provinces would be governed by provincial councils, elected for a five-year period. Below the provincial councils are municipal and urban councils, and *pradeshiya sabhas* (village councils). People directly elect officials to all local councils. Unfortunately, different political groups have considered these attempts at power sharing inadequate.

Negotiations are still ongoing to find a lasting solution acceptable to all communities.

Changes to the electoral system have impacted governance over time. Given the current system of proportional representation, the likelihood of a single-party Government with a clear majority is small.<sup>15</sup> However, experiences with coalition arrangements with a slim majority in Parliament have led to political and policy instability.

One example is the emergence of the parochial interests of small political groups at the expense of national priorities, which over time has resulted in an increase in the number of line ministries responsible for sectoral policy management. Ambiguities in assigned responsibilities among central ministries, as well as between different levels of government, can confuse and weaken development efforts. An effective post-conflict scenario has to be based on the efficient demarcation of institutions, proper coordination between various government bodies, accountability in appointing personnel, and improved physical and human resource capacity.

### Recent Patterns in Growth and Poverty

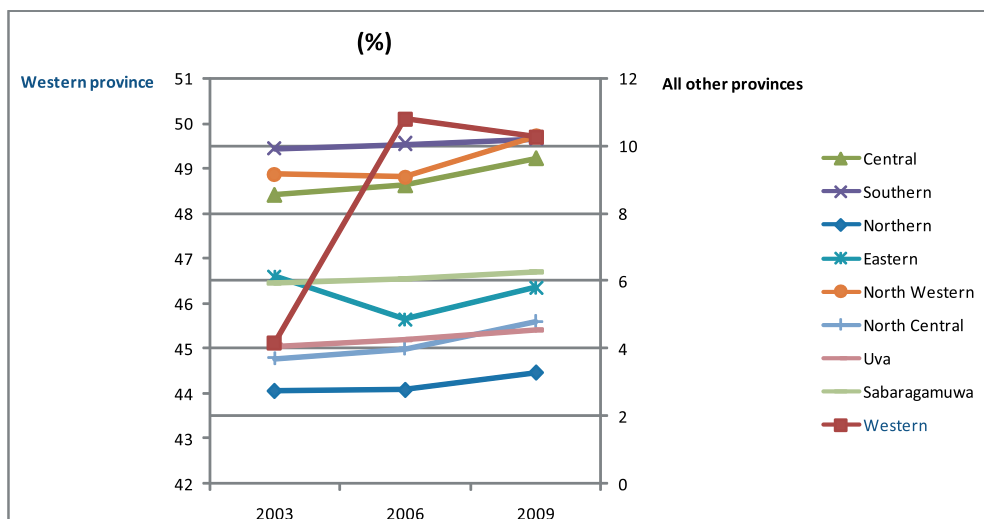
The Sri Lankan economy maintained an average economic growth rate above 6 percent from 2003 to 2010.<sup>16</sup> This

is an especially noteworthy achievement considering that conflict not only held back development in directly affected areas, but also delayed development in other regions, since security concerns required a reprioritization of resources. One estimate places the economic cost of the conflict from 1983 to 1996 at twice Sri Lanka's 1996 gross domestic product (GDP).<sup>17</sup>

Defence expenditures rose significantly, increasing from 1.4 percent of GDP in 1983 to as much as 6 percent of GDP in 1996.<sup>18</sup> In 2009, defence expenditure was 3 percent of GDP.<sup>19</sup> These increases have crowded out any fiscal leeway for boosting investments in health, education and other productive assets.<sup>20</sup> In addition, the volatile security situation has made it more difficult to compete for international investments.

With economic growth, per capita income increased, reaching US \$2,400 in 2010 from US \$981 in 2003.<sup>21</sup> A general improvement in living standards meant the number of people living below the official poverty line declined from 4.3 million in 2002 to 1.8 million in 2009-2010, a reduction of close to 58 percent. The proportion of the population living below the official poverty line (known as the poverty headcount ratio) dropped from 22.7 percent to 8.9 percent over the same period.<sup>22</sup>

Figure 1.1: Share of GDP by Province, 2003-2009



Source: Central Bank of Sri Lanka, annual report, various years.

Growth was, however, not uniform across the country. The Western Province contributed close to half of national GDP in 2009, as well as nearly half of the sectoral GDPs of both services (51.1 percent) and industrial output (48.6 percent).<sup>23</sup> More recent data suggest a slight reduction in the province's share and an increase in those of all other provinces (Figure 1.1). The poverty headcount ratio has declined by a higher percentage than the national average in all provinces for which data are available, other than the Western Province (Figure 1.2). These statistics indicate that economic activities may be shifting away from the Western Province, and the differences in poverty headcount ratios between the Western and other provinces are declining.

### People Affected by the Conflict

Systematic information on developments in the Northern and Eastern provinces is not available. The evidence at hand, however, shows that these provinces, which were most affected by the conflict, are in economic difficulty. Most economic infrastructure was destroyed or damaged, while traditional livelihoods were disrupted because of the lack of security and investment, and neglect (Box 1.1).<sup>24</sup> A large proportion of the population has been displaced, in some cases several times. Education and health achievements

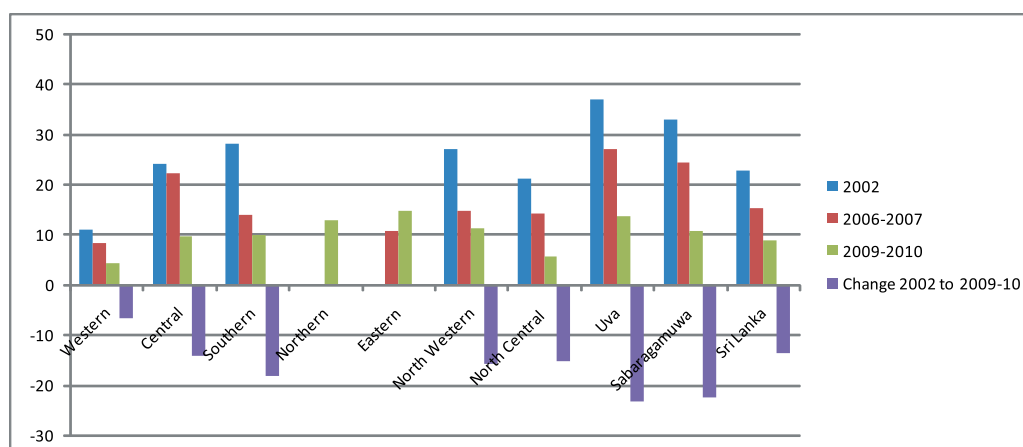
have deteriorated in the face of damage to facilities and the shortage of personnel and other resources.

### People in the Estate Sector

The estate sector is a unique feature of the Sri Lankan economy. It consists of Tamil descendants of workers brought mostly from southern India during the mid-19th Century to work on tea and coffee estates. Trapped in generational, long-term poverty, due to historical circumstances and a variety of other factors relating to geography, language and access to services, they have poor health and education outcomes relative to the rest of the country.

These deprivations are a carryover from the time when the welfare of estate workers was largely the responsibility of plantation companies. The workers lived in congested and unsanitary housing, with little access to social services. Since nationalization of the estates in the early 1970s, the government has implemented several projects to improve health, housing and sanitation, but progress has been slow. It takes time to redress deep historical setbacks, rendered even more entrenched due to the isolated locations of the estates, poor connections to nearby villages and linguistic differences (Box 1.2).

Figure 1.2: Poverty Headcount Ratio by Province



Source: Department of Census and Statistics 2011d.

## A Selected Summary of Damage to Economic and Social Infrastructure in the Northern Province

The following estimates of the damage caused by the conflict in the Northern Province, reported by the Government of Sri Lanka and its partners, help to illustrate the nature and magnitude of the destruction, and how it may have affected human development.

### Housing and internally displaced people

Soon after the conclusion of the conflict in May 2009, there were approximately 282,000 internally displaced persons, or about 93,500 families, in welfare centres across the Northern and Eastern provinces. The number of damaged or destroyed houses was estimated at 160,000.

### Livelihoods

An estimated 80 percent of the displaced households were involved in farming prior to displacement. They lost agricultural equipment and seeds; some agricultural land is no longer accessible because of landmine threats. Irrigation infrastructure and access roads were seriously damaged. With support through a wide range of agricultural inputs from the Government and its partners - such as subsidized fertilizer, the clearing of 4,000 acres of abandoned paddy land, and the restoration of minor tanks and irrigation facilities for 3,750 hectares of paddy land - in 2010-2011, it was possible to cultivate 210,000 acres of the total cultivable 240,000 acres of paddy land.

The second main livelihood activity, fisheries, also suffered severe losses. The annual catch of over 75,000 metric tons of fish prior to the conflict fell to only 15,000 MT by 2008. The fishing industry lost boats, gear and supporting

infrastructure; restrictions were imposed on fishing hours and areas.

Another major livelihood activity in the region, livestock production, declined due to the displacement of livestock, discontinuation of livestock support services, disruptions to market networks and damage to infrastructure. Even by 2011, up to 60,000 stray cattle were thought to be roaming the region, causing damage to farming.

### Water and sanitation

The conflict severely damaged water and sanitation infrastructure. Within a year and a half after it ended, an estimated 8,421 dug wells were cleaned and rehabilitated. A further 121 tube wells have been repaired, drilled or re-drilled by the Government and development partners. However, thousands of wells still need cleaning, upgrading and rehabilitating. Several schemes providing pipe-borne water are either not functioning or needed rehabilitating. Over the same period after the conflict, close to 9,000 toilets were repaired and reconstructed, but several thousand more need to be urgently constructed to avoid water contamination.

### Health, education and social services

Damages to facilities, lack of qualified staff and displacement severely disrupted health and education services. Breakdowns in family units meant a greater need for other types of social services, such as programmes for child protection, assistance for the elderly and disabled persons, and support for persons affected by psychosocial trauma.

*Source:* Government of Sri Lanka et al. 2011.

Box 1.2:

## Development of Health Care Facilities on the Estates

Morbidity and mortality rates were very high on the estates from the beginning. Around the 1850s, the British colonial Government recognized the economic value of the estate population and enacted several laws to improve health care. The Master Servant Law of 1865, for example, required colonial planters to provide some medical relief to sick workers.

Since 1930, there have been more concerted efforts to improve maternal and infant health care through establishing maternity facilities on estates and increasing the number of registered estate midwives. Unfortunately, morbidity and mortality rates remained high into the early 1970s - infant mortality rates were above 100 per 1,000 live births, for example.

The Land Reform Law in the early 1970s nationalized the estates and handed their management over to two government agencies: the Janatha Estates Development Board (JEBD) and the Sri Lanka Plantations Corporation (SLSPC). Health services subsequently increased and became more comprehensive. In 1978, the Social Development Division (SDD) was established to manage the welfare facilities of estate populations, with guidance from the Ministry of Health.

In 1992, the estates were restructured and divided into 23 regional plantation companies, with management contracted to private sector companies. The Plantation Housing and Social Welfare Trust (PHSWT) was established under the Companies Act to provide social welfare services. Its operational expenditures were covered through a levy paid by private companies and funding from donors.

Unlike the SDD, the PHSWT did not have direct authority over the provision of health care and welfare on the estates. Instead, it had to work through different management companies to operationalize their welfare programmes. Its main function was to monitor health and welfare standards, implement national health programmes and introduce special initiatives to address health needs. There was also an emphasis on developing housing, and water supply and sanitation facilities, with funding from both the Government and development partners.

These efforts have led to a fall in infant mortality and low birth weight rates, as shown by the data below. The former declined from 49.6 per 1,000 live births in 1985 to 19.1 in 2000, an improvement of over 60 percent in 15 years. For the same period, the share of babies born at a weight under 2.5 kilogrammes declined from 42 percent to 14.5 percent.

### Plantation Sector Health Data, 1985-2000

| Year | Agency     | Population | Infant mortality rate | Maternal mortality rate | Institutional births (%) | Low birth weight |
|------|------------|------------|-----------------------|-------------------------|--------------------------|------------------|
| 1985 | JEBD/SLSPC | 738,025    | 49.6                  | 1.2                     | 60.8                     | 42.0             |
| 1992 | JEBD/SLSPC | 809,096    | 27.9                  | 1.2                     | 85.5                     | 19.4             |
| 1995 | PHSWT      | 849,646    | 28.5                  | 1.5                     | 90.3                     | 17.2             |
| 2000 | PHSWT      | 886,936    | 19.1                  | 1.8                     | 96.0                     | 14.5             |

According to the latest data, there are indications that while health outcomes on estates still lag behind those in urban and rural areas, they have improved significantly. The infant mortality rate on estates was 16.9 per 1,000 live births in 2007<sup>25</sup> (compared to 10.7 and 3.7 per 1,000 live births in the urban and rural sectors, respectively). For childbirth deliveries, 97.2 percent took place in institutions, compared to 98.6 percent and 98.2 percent in urban and rural areas, respectively. Low birth weight was 31 percent, compared to 12.8 percent and 16.4 percent for urban and rural areas, respectively.<sup>26</sup>

The availability of medical personnel remains a major issue on the estates. Earlier, registered assistant medical officers,

estate medical assistants and registered estate midwives were the main providers of health care. In the 1990s, on the insistence of trade unions and politicians, there was an attempt to take over the estate hospitals and upgrade them to the status of rural hospitals. But upgrading and staffing them with qualified medical doctors did not result in the desired improvements, as the monitoring of doctors was difficult, and many hospitals are located in geographically isolated areas. Given the high costs, changes are taking place slowly. An additional factor is that some estate hospitals are located near rural hospitals, leading to questions about the rationale for upgrading.

Source: Vidyasagara 2001.

## Other Vulnerable Groups

A number of other groups in Sri Lanka face specific vulnerabilities, including the significant share of the population affected by yearly environmental disasters-such as droughts, floods and cyclones. The tsunami of December 2004 was the most devastating natural disaster ever to strike Sri Lanka, directly affecting close to five percent of the population. Disaster-impacted people are at high risk of poverty. Their vulnerability increases through their displacement and separation from social and administrative networks providing social protection. The proportion of households affected by disaster is particularly high in the Eastern, North Western and North Central provinces; in 2009-2010, households affected by at least one disaster comprised 10.7 percent, 9.8 percent and 7.3 percent of the populations of the three provinces, respectively.<sup>27</sup>

Another vulnerable group comprises elderly people, especially given the country's rapidly ageing population. They are at a high risk of poverty because most are not covered by social security support. Declining fertility rates and increasing life expectancy will likely continue expanding the elderly population in the next 40 years,<sup>28</sup> with the proportion of people aged 60 and above projected to rise from its current level of 11 percent to 16 percent in 2020 and 29 percent by 2050. The country will have to find ways and means of coping with the economic burden of this demographic trend. Resources are an issue, but people should be able to remain healthy and productive in their older years.

People with disabilities also need attention to ensure that they have equitable access to health, education and employment services. There were 274,711 disabled persons - including seeing, hearing, speaking, or other mental or physical disabilities - in the 18 districts covered by the 2001 Census of Population and Housing.<sup>29</sup> Only a

very small proportion are employed, making most highly economically dependent on their families. Many require better social protection and access to education and health care.

For some Sri Lankans, vulnerability comes in the quest for employment in foreign jobs. Estimates by the Sri Lanka Bureau of Foreign Employment reveal that around 250,000 Sri Lankans emigrate per year for foreign employment.<sup>30</sup> The majority comprises young, low-skilled female workers who go to Middle Eastern countries as housemaids. Successive governments have encouraged migration for employment, but also for foreign remittances, now a major source of foreign exchange.<sup>31</sup>

The effects of foreign employment on household welfare are mixed. Around 10 percent of all households receive remittances, amounting to a significant proportion of their income. These households invest more in health, education and productive assets, which, in turn, produces an increase in incomes. But the lack of protection for migrant workers, especially unskilled female workers, and the welfare of the children and families left behind are major concerns.<sup>32</sup>

As a group, women in Sri Lanka fare well compared to those in similar developing countries, but are still marginalized in some areas. Educational outcomes are at par with or better than those of men, and life expectancy is also considerably higher for women. Currently, however, women hold only a handful of parliamentary seats. In all countries considered in South and South-East and East Asia, women's labour market activity was higher than in Sri Lanka, with the exception of predominantly Muslim countries that have poor overall records on gender equality (Table 1.2). These issues will be discussed in greater detail in subsequent chapters.

**Table 1.2: Gender Differences in Health, Education and Labour Market Outcomes, Selected Countries**

|                   | Life expectancy at birth (2009) <sup>1</sup> |        | Labour force participation rate (15-plus population, 2008 or closest year) <sup>2</sup> |        | Tertiary education attainment of population 25 years and older (2008 or closest year) <sup>3 *</sup> |        |
|-------------------|--|--------|---|--------|--|--------|
|                   | Male   | Female | Male  | Female | Male   | Female |
| Singapore         | 79   | 84     | 76.1  | 55.6   | 24.3   | 19.5   |
| Malaysia          | 71   | 76     | n.a.  | n.a.   | 5.4  | 4.8    |
| Republic of Korea | 77   | 83     | 74  | 50.2   | 38.6   | 25.2   |
| China             | 72   | 76     | n.a.  | n.a.   | n.a.   | n.a.   |
| Thailand          | 66   | 74     | 81.5  | 65.8   | 12.4   | 13.2   |
| Philippines       | 67   | 73     | 78.9  | 48.6   | 25.5   | 29     |
| Indonesia         | 66   | 71     | n.a.  | n.a.   | 5.5  | 3.5    |
| Maldives          | 74   | 76     | 75.4  | 52.9   | 3.9  | 2.1    |
| India             | 63   | 66     | n.a.  | n.a.   | n.a.   | n.a.   |
| Pakistan          | 62   | 64     | 82.4  | 21.8   | 8.4  | 3.4    |
| Bangladesh        | 64   | 66     | 86.8  | 29.2   | 4.9  | 3.5    |
| Nepal             | 65   | 69     | n.a.  | n.a.   | n.a.   | n.a.   |
| Myanmar           | 61   | 67     | n.a.  | n.a.   | n.a.   | n.a.   |
| Sri Lanka         | 65   | 76     | 75  | 34     | 13.1   | 14.6   |

Sources: 1, World Health Organization 2011; 2, International Labour Organization [<http://laborsta.ilo.org>], data for Sri Lanka is from Department of Census and Statistics 2010a for the year 2010; 3, United Nations Educational, Scientific and Cultural Organization 2010.

\* Tertiary education attainment of the International Standard Classification of Education 5 and 6.

Note: N.a. refers to data not available. The last 6 countries are South Asian countries, others are North and East Asian countries

## A Quick Preview of the Report

This report examines social, economic and political disparities across Sri Lanka's population groups. It highlights development differences among provinces and districts to the extent that data are available, focusing in particular on spatial disparities. Across the country, there is a high correlation between the ethnic and spatial distribution of the population, with the exception of the Eastern Province, which has a more ethnically mixed population.

Chapter 2 looks at human development patterns across districts and provinces, and, using different human development indices, draws attention to disparities. The indices mostly use methods followed by the global Human Development Reports. Where sub-national data are not available, proxy variables have been constructed.

Chapter 3 explores the performance of the health sector across different population groups, using international comparisons as necessary. The discussion touches on traditional health indicators, such as infant and maternal mortality rates and malnutrition, as well as emerging health issues posed by economic development, and demographic and epidemiological changes. The process of assessing health care inevitably leads to an examination of the distribution of health facilities and health personnel, and health financing.

Chapter 4 considers access to education at different levels, as well as the quality of education for different groups. It discusses the ability of the country's educational institutions to cater to the emerging demands of the labour market. As in the case of health care in Chapter 3, the chapter tracks



education financing and the distribution of education facilities. It seeks to identify areas for policy attention.

Chapter 5 assesses opportunities for participation in the economy. It examines the performance of the labour market in terms of employment, unemployment and labour force participation, and the quality of jobs available. Because a large proportion of employment is dependent on the agriculture sector outside the Western Province, the chapter explores issues relevant to agricultural productivity and access to other livelihoods.

Chapter 6 takes up the importance of governance for equitable human development across different population groups. It examines gaps in the governance structure's capacity for encouraging the growth of enterprises and businesses, providing services, improving public participation in policy making and building local capacities.

The last chapter concludes the report by drawing out areas for action and suggesting, in broad terms, some potential interventions.





Although Sri Lanka was affected by conflict for nearly three decades, its human development achievements are impressive compared to other SAARC countries. Compared to Asia as a whole, however, Sri Lanka's progress could improve. Moreover, despite good national averages, sub-national disparities need urgent attention; overall improvements will partly depend on closing differences across regions and sectors. This chapter examines the nature and magnitude of disparities, and explores some factors generating and perpetuating them.

### Sri Lanka and Selected Asian Countries: Overall Progress

In the past 20 years, many countries across the globe, including Sri Lanka, have recorded substantial progress in human development. Compared to two decades ago, people today are healthier, live longer, are more educated, and have better access to goods and services. Although Sri Lanka was affected by conflict, health, education and living conditions have improved substantially, according to most indicators.

The Human Development Index (HDI), pioneered in the 1990 global Human Development Report, is a summary measure of long-term progress in three basic and readily measurable dimensions of human development: a long and healthy life as measured by life expectancy at birth; education, or access to knowledge, as measured by mean years of adult education;<sup>33</sup> and living standards: as measured by gross national income (GNI) per capita expressed in constant 2005 purchasing power parity (PPP)\$.

The 2011 global *Human Development Report*<sup>34</sup> shows that Sri Lanka's HDI value increased by 28 percent between 1980 and 2011. With an HDI of 0.691 in 2011, Sri Lanka ranked 97 out of 187 countries. This represents a marginal improvement for both the HDI value and ranking over 2010, when they were 0.686 and 98 out of 187 countries,

respectively. Among countries with a medium level of human development, Sri Lanka ranked third, after Jordan and Algeria.

Sri Lanka has the highest level of human development among the eight SAARC countries (Table 2.1). Except for India and the Maldives, the remaining SAARC countries have not yet reached Sri Lanka's HDI for 1980, which was 0.539.<sup>35</sup> The Maldives, which comes second, is ranked at 109, with an HDI value of 0.661. Ranks for the other SAARC countries range from 134 for India, with an HDI value of 0.547, to 172 for Afghanistan, with an HDI value of 0.398. Compared to countries such as Singapore (ranked 26 with an HDI value of 0.866) and Malaysia (ranked 61 with an HDI value of 0.761), Sri Lanka has room for further improvement. Persistent disparities across provinces, districts and sectors suggest that improvements are necessary at various sub-national levels (Table 2.3). Otherwise, inequality will remain a major factor holding back continued human development.

Sri Lanka's life expectancy of 74.9 years in 2011 is high compared to most developing countries. Its infant mortality rate has declined steeply from 19.8 per 1,000 live births in 1990 to 8.5 in 2007, a statistic that is the lowest by far in the SAARC region. According to Family Health Bureau estimates, the maternal mortality ratio has declined from 92 per 100,000 live births in 1990 to 39.3 in 2006, and is the lowest in the SAARC region. Sri Lanka's achievements in education are remarkable compared to many other developing countries. Its net primary enrolment rate for both males and females was more than 95 percent in 2009-2010, compared to an average of 86.4 for SAARC countries over the same period. There are, however, sub-national disparities in all of these impressive health and educational indicators.

In 2010, the global Human Development Report introduced the Inequality-adjusted Human Development Index (IHDI). It adjusts the HDI for inequality in each dimension, health, education and income, across the

population. It accounts for inequalities by ‘discounting’ the average value of a dimension according to its level of inequality. From this standpoint, the HDI can be viewed as an index of ‘potential’ human development and the IHDI as an index of ‘actual’ human development. The ‘loss’ in potential human development is given by the difference between the HDI and IHDI, and can be expressed as a percentage.<sup>36</sup>

The IHDI for Sri Lanka is 0.602, with a loss due to inequalities of 13.1 percent.<sup>37</sup> The main contribution to the loss comes from the income component, with minimal shortfalls from the education and health dimensions. This reflects the fact that free education, including university education, and particularly free health services have been available to every citizen without any discrimination for more than six decades.

The overall loss is significantly lower in Sri Lanka than in other SAARC countries, where deficits range from around 25 to 35 percent. Sri Lanka’s loss is only marginally higher than those for countries in the very high human development category, at less than 10 percent. As this report will show, however, inequalities are apparent when more advanced indicators are used, such as to measure access to upper secondary education.

Another measure generated by the global *Human Development Report* is the Gender Inequality Index (GII).<sup>38</sup> It reflects women’s disadvantages in three dimensions: reproductive health, empowerment and the labour market. The value of the GII represents the loss of potential human development attributable to inequality between female and male achievements in these three dimensions. It ranges from 0, which indicates that women and men fare equally, to 1, which indicates that women fare as poorly as possible in all measured dimensions.

Sri Lanka’s GII is high at 0.565<sup>39</sup> compared to a majority of countries in the medium human development category, indicating strong inequalities. In the SAARC region, only Afghanistan, India and Pakistan have higher values (Table 2.1). Sri Lanka’s poor score contrasts with its HDI achievements. On the indicators considered for the GII, Sri Lanka performs well on maternal mortality and education, but could considerably improve performance on labour force participation and parliamentary representation.

Less than 6 percent of parliamentarians are women, compared to other SAARC countries, where the figure ranges from 6.5 percent in the Maldives to 33.2 percent in Nepal. The female labour force participation rate is 34.4 percent, whereas in Nepal, Bangladesh, Maldives and Bhutan it ranges from 63.3 to 53.4 percent. The rates for Afghanistan, India and Pakistan range from 33.1 to 21 percent. The labour force participation rate for women 15 years and above has changed little since 1990-1991, according to the Labour Force Survey done by the Department of Census and Statistics. This could be due to several reasons, including cultural factors, a lack of ‘good jobs’ offering flexible or reasonable work hours, and lower wages for women not fully explained by differences in productive capacity.<sup>40</sup>

Another human development measure is the Multidimensional Poverty Index (MPI),<sup>41</sup> which assesses severe poverty as lived and experienced in three basic dimensions: health, education and living standards. These are captured by 10 indicators, helping to reveal the combination of deprivations that simultaneously batter a household. A household is multidimensionally poor only if it is deprived in some combination of indicators exceeding a weighted sum of 30 percent of total deprivations. By measuring the different ways in which a household can become impoverished, the MPI goes beyond traditional income poverty and related measures.

While the three dimensions of the MPI and the HDI are the same, the MPI is a much more comprehensive measure, and it is also calculated differently. It is the product of two numbers: the multidimensional poverty headcount ratio, which is the proportion of people who are multidimensionally poor, and the average intensity of poverty, which, in a simple definition, reflects the proportion of people who are deprived.<sup>42</sup>

The MPI and the multidimensional poverty headcount index in Sri Lanka are the lowest in the SAARC region. Calculations based on 2009-2010 data show an MPI value of 0.018 and a multidimensional poverty headcount index of 4.7 percent. Nepal has both the SAARC region’s highest MPI at 0.350 and highest multidimensional poverty headcount index at 64.7 percent. Maldives has the same MPI value as Sri Lanka, but its multidimensional poverty headcount index is higher at 5.2 percent.

**Table 2.1 Selected Countries: HDI and Other Indicators, 2011**

| Selected countries    | HDI-rank (out of 187 countries) | HDI value | IHDl value * | % loss of HDI due to inequality | GII value ** | Life expectancy at birth (Years) | Mean years of schooling | Expected Years of schooling | Multidimensional poverty |   | Income poverty (% of population below poverty line) |   |
|-----------------------|---------------------------------|-----------|--------------|---------------------------------|--------------|----------------------------------|-------------------------|-----------------------------|--------------------------|---|---|---|
|                       |                                 |           |              |                                 |              |                                  |                         |                             | MPI                      | Moulti dimensional Poverty head count index % | PPP of \$1.25 per day per person, %                 | Population below national poverty line, % |
| Sri Lanka (2009-2010) | 97                              | 0.692     | 0.602        | 13.1                            | 0.565        | 74.9                             | 8.4                     | 12.9                        | 0.018                    | 4.7   | -   | 8.9 (2009-2010)                           |
| Sri Lanka (2011)      | 97                              | 0.691     | 0.574        | 16.2                            | 0.419        | 74.9                             | 8.2                     | 12.7                        | 0.021                    | 5.3   | 7.0   | 15.2 (2006-2007)                          |
| Singapore             | 26                              | 0.866     | -            | -                               | 0.086        | 81.1                             | 8.8                     | 14.4                        | -                        | -   | -   | -   |
| Malayasia             | 61                              | 0.761     | -            | -                               | 0.286        | 74.2                             | 9.5                     | 12.6                        | -                        | -   | 0.0   | 3.8                                       |
| Thailand              | 103                             | 0.682     | 0.537        | 21.3                            | 0.382        | 74.1                             | 6.6                     | 12.3                        | 0.006                    | 1.6   | 10.8  | 8.1                                       |
| Maldives              | 109                             | 0.661     | 0.495        | 25.5                            | 0.320        | 76.8                             | 5.8                     | 12.4                        | 0.018                    | 5.2   | 1.5   | -   |
| Philippines           | 112                             | 0.644     | 0.516        | 19.9                            | 0.427        | 68.7                             | 8.9                     | 11.9                        | 0.064                    | 13.4  | 22.6  | 26.5                                      |
| Indonesia             | 124                             | 0.617     | 0.504        | 18.3                            | 0.505        | 69.4                             | 5.8                     | 13.2                        | 0.095                    | 20.8  | 18.7  | 13.3                                      |
| Vietnam               | 128                             | 0.593     | 0.510        | 14.0                            | 0.305        | 75.2                             | 5.5                     | 10.4                        | 0.084                    | 17.7  | 13.1  | 14.5                                      |
| India                 | 134                             | 0.547     | 0.392        | 28.3                            | 0.617        | 65.4                             | 4.4                     | 10.3                        | 0.283                    | 53.7  | 41.6  | 27.5                                      |
| Bhutan                | 141                             | 0.522     | -            | -                               | 0.495        | 67.2                             | 2.3                     | 11.0                        | 0.119                    | 27.2  | 26.2  | 23.2                                      |
| Pakistan              | 145                             | 0.504     | 0.346        | 31.4                            | 0.573        | 65.4                             | 4.9                     | 6.9                         | 0.264                    | 49.4  | 22.6  | 22.3                                      |
| Bangladesh            | 146                             | 0.500     | 0.363        | 27.4                            | 0.550        | 68.9                             | 4.8                     | 8.1                         | 0.292                    | 57.8  | 49.6  | 40.0                                      |
| Nepal                 | 157                             | 0.458     | 0.458        | 34.3                            | 0.558        | 68.8                             | 3.2                     | 8.8                         | 0.350                    | 64.7  | 55.1  | 30.9                                      |
| Afghanistan           | 172                             | 0.398     | -            | -                               | 0.707        | 48.7                             | 3.3                     | 9.1                         | -                        | -   | -   | 36.0                                      |

Note: The values in the first row are those computed by the NHDR team, of Institute of Policy Studies of Sri Lanka, using Department of Census and Statistics of Sri Lanka, covering data for 2009/10. The value in row 2 is from HDR 2011, covering data for 2006/07.

## Regional Variations in the Human Development Indices

### Human Development Index

The HDI for Sri Lanka computed for this report using the latest available data, is 0.692, or 0.001 points higher than the value given in the 2011 global Human Development Report. At the sub-national level, HDIs were computed for 20 out of 25 districts. While necessary data were not available for districts in the Northern Province, it was possible to calculate the HDI for the entire province (Figure 2.1 and Table A2).

All the district/regional HDI values are within a narrow range, varying between 0.752 and 0.625. Even the lowest value is well within the medium human development category, which ranges from 0.698 in Jordan to 0.522 in Bhutan in the 2011 global Human Development Report. The lowest value in Sri Lanka is higher than the HDI values of all other countries in the SAARC region, except the Maldives.

Out of the 20 districts, Gampaha ranks first, with an HDI value of 0.752, followed by Kalutara and Colombo (Map 2.1). The Colombo District does well in terms of income and education, but it is pushed into third place mainly because its health index is the second lowest of the 20 districts. It is only 0.001 higher than the health index for the Northern Province, which has the lowest value (Figure 2.1, Table A2 and Map 2.1). This unusual situation could be due to the incorrect registration of some deaths under the district of occurrence instead of the district of the deceased. Because a large number of tertiary hospitals are located in Colombo, many critically ill persons from other districts are treated and die there.

Among other districts, Hambantota and Matara, both from the Southern province, perform better than the national average. The HDI values of the top five districts (i.e., Gampaha, Kalutara, Colombo, Hambantota and Matara) correspond to HDI values in the high human development category, ranging from 0.783 in Uruguay to 0.698 in Tunisia, according to the 2011 global Human

Development Report. The Northern Province's lowest ranking on the HDI, at 0.625, reflects the impact of conflict. Outside of Northern Province, Nuwara Eliya records the lowest HDI at 0.635, followed by Batticaloa at 0.637. The low HDI value in the former is partly explained by its large estate population; Batticaloa was directly affected by the conflict.

On the HDI component indices, the highest score was recorded on the health index at 0.866, and the lowest on the income index at 0.552, with the education index in the middle at 0.694. For districts for which data were available, only Gampaha and Colombo scored above 0.600 on the income index, while Ratnapura, Monaragala and Kegalle districts, and the Northern Province scored less than 0.500. For the other 16 districts, the value of the income index ranged between 0.507 in Badulla and 0.547 in Puttalam.

6 districts have scores on the education index of 0.700 or higher—Colombo, Gampaha, Kalutara, Kegalle, Galle and Kurunegala, with the last two tying at 0.700. The value of the education index for all provinces except Nuwara Eliya, ranged from 0.642 in Monaragala to 0.697 in Matara. With an education index of only 0.593, Nuwara Eliya is at the bottom, among districts for which data were available.

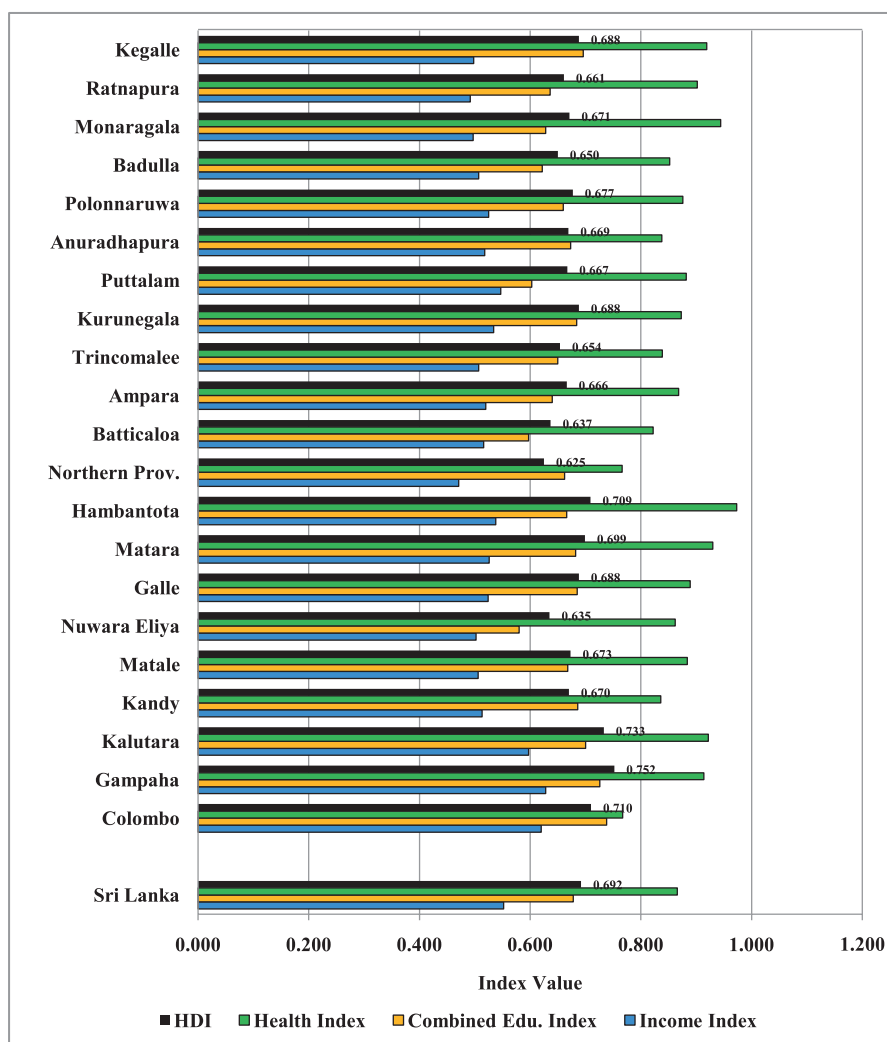
All 20 districts and the Northern Province have very good health outcomes. Seven districts have a health index with scores exceeding 0.900: Hambantota, Monaragala, Matara, Kalutara, Kegalle, Gampaha and Ratnapura, in descending order. With the exception of Colombo, all of the rest, including the Northern Province as a whole, have scores on the health index ranging from 0.822 in Batticaloa to 0.889 in Galle.

The Northern Province is exceptional: It has the lowest HDI score at 0.625, as well as the lowest scores on the HDI sub-indices of income and health. It is only marginally lower than some other non-conflict districts,

such as Nuwara Eliya, with an HDI value of 0.635, and Badulla, with a value of 0.650. It falls just 9.7 percent short of the national average. One reason could be the aggregation of districts in the Northern Province, owing to the lack of disaggregated district-level data, which allows the provincial average to come close to those of

provinces not directly affected by conflict. As will be apparent throughout this report, the Northern Province faces significant challenges and deserves special attention. The central government initiatives are underway in this regard, but the pace could be improved.

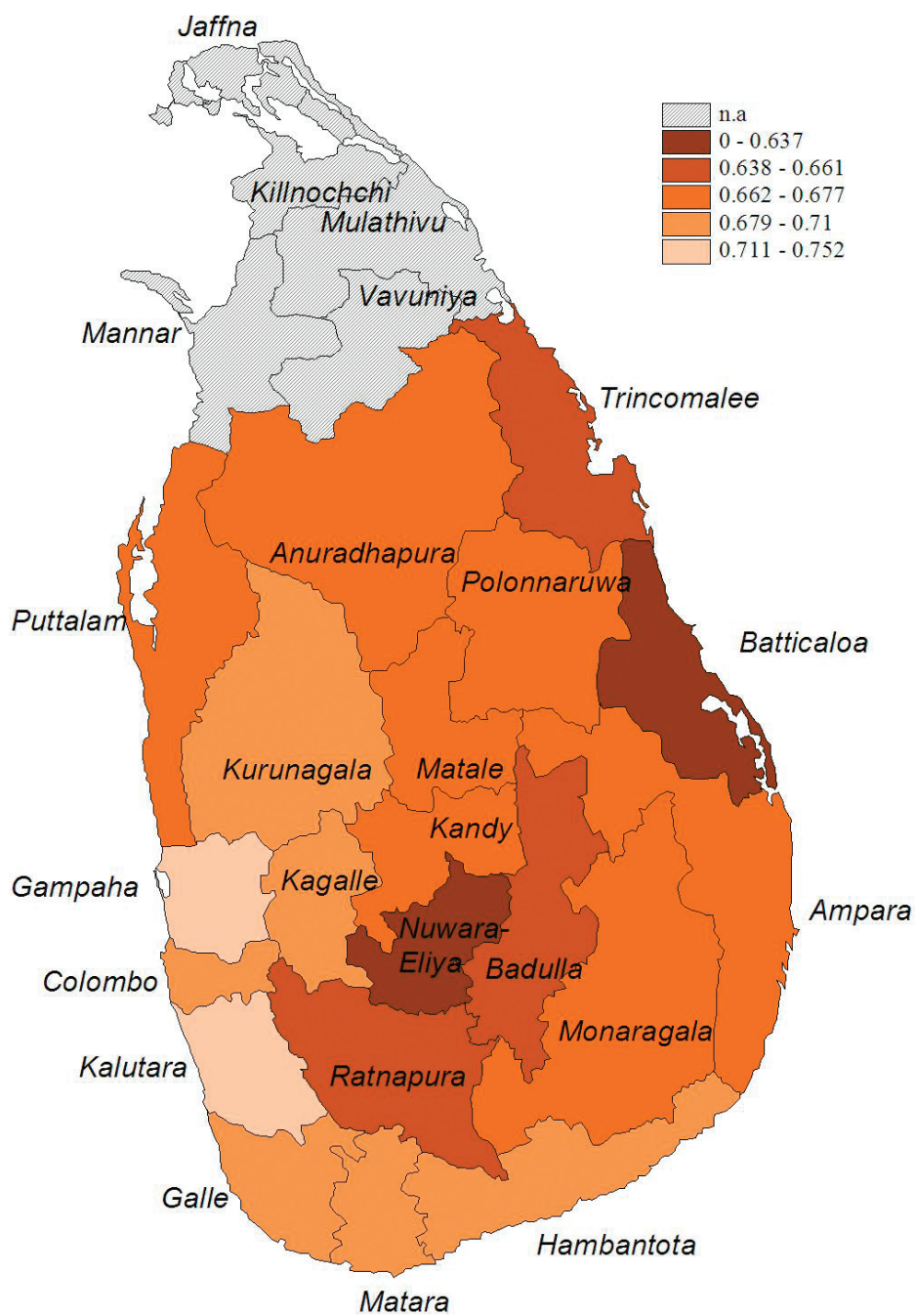
**Figure 2.1: HDI, Health, Education and Income Indices by District in 2011**



Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c and Central Bank of Sri Lanka 2011.



**Map 2.1: Human Development Index 2011: Sub-National Variations**



Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c and Central Bank of Sri Lanka 2011.

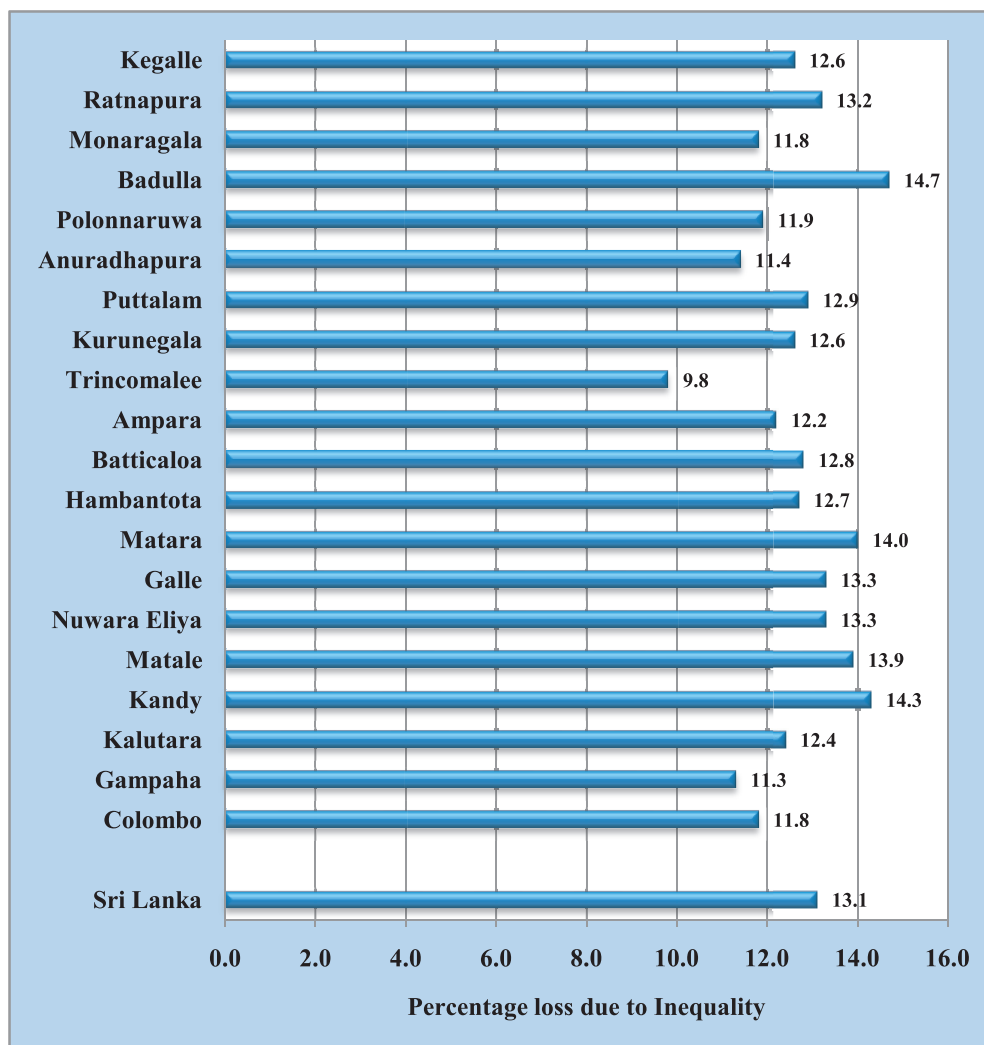
Note: Regions with lighter colours have higher levels of human development; darker colours signify lower levels.

### Inequality-adjusted Human Development Index

Within Sri Lanka, regional variations in the IHDI are not very high (Figure 2.2), which could be attributed to inclusive health and education policies. Among districts for which data were available, the loss in human

development owing to inequalities is lowest in Trincomalee at 9.8 percent, and highest in Badulla at 14.7 percent, which is closely followed by Kandy at 14.3 percent. The losses due to inequality in Badulla and Kandy districts possibly result from large estate populations.

**Figure 2.2: Human Development Loss Attributable to Inequality, 2011**



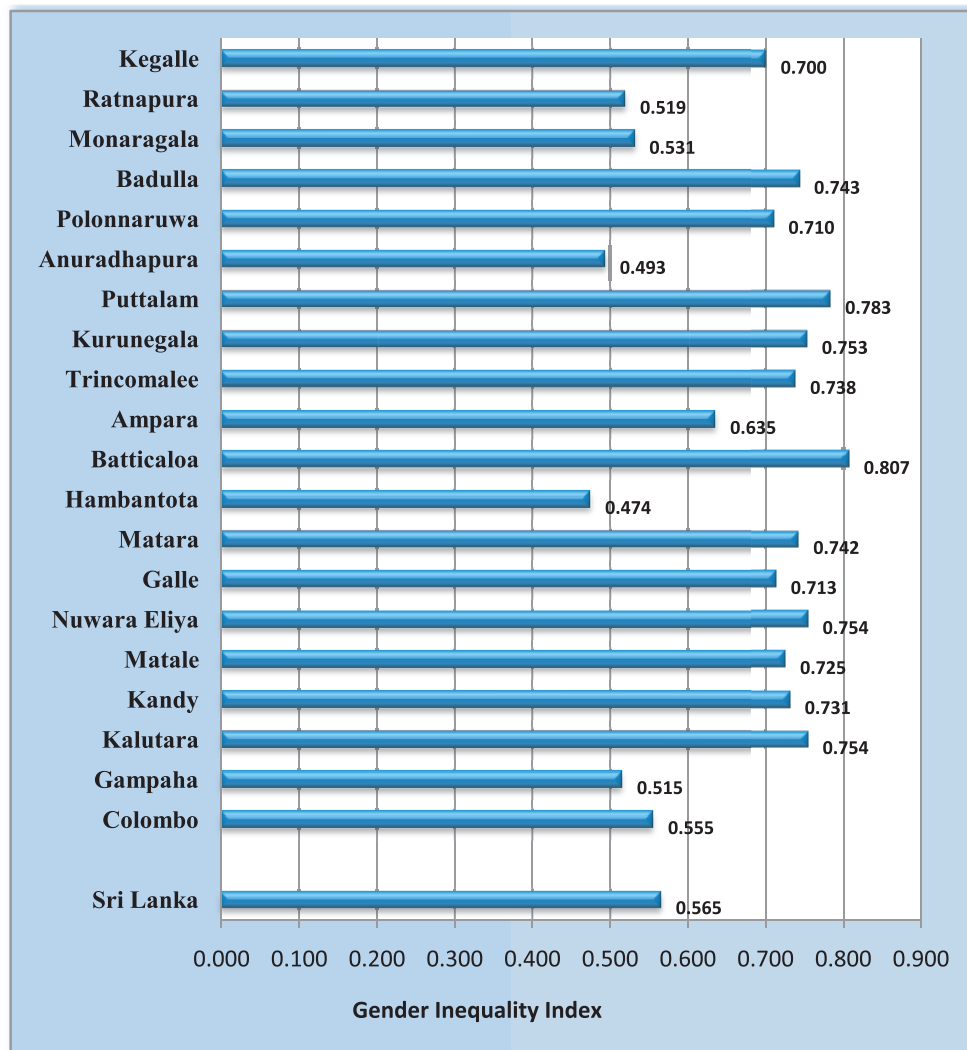
Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c and Central Bank of Sri Lanka 2011.

## Gender Inequality Index

Among districts for which data are available, the GII is lowest in Hambantota at 0.474, followed by Anuradhapura and Gampaha (Figure 2.3 and Map 2.2). It is highest in Batticaloa at 0.807, followed by Puttalam. The low GII in Hambantota is due to both relatively high parliamentary representation (14.3 percent) and the high female labour force participation rate (44.2 percent in the 15-64 age group). The district's low adolescent fertility rate, at 11.5

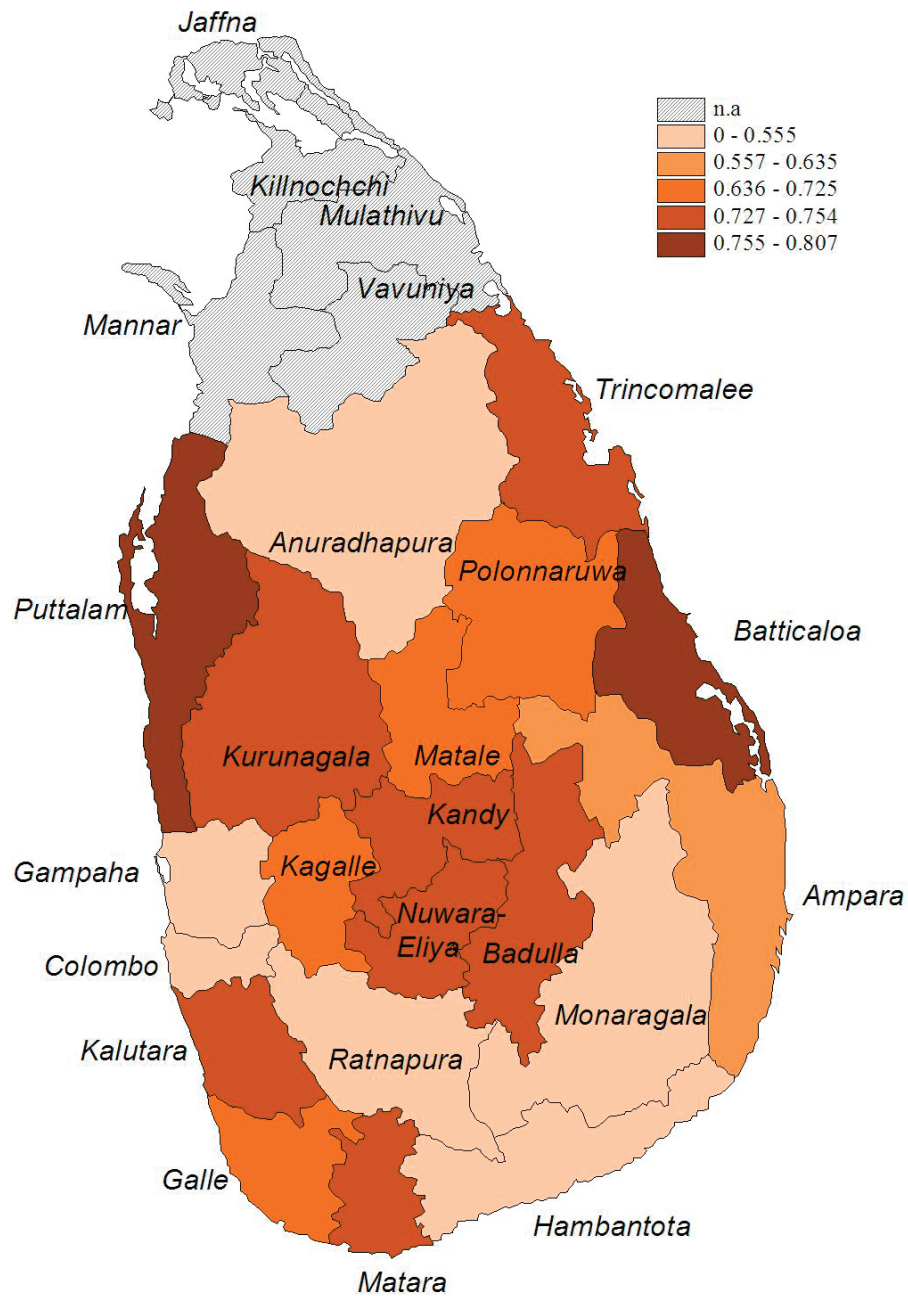
per 1,000 women aged 15-19, is second only to that of Kegalle District, although the maternal mortality ratio is high at 50 deaths per 100,000 live births. The high GII in Batticaloa District is due to zero representation of women in Parliament and a low labour force participation rate of 24.4 percent. Both the maternal mortality ratio (77.4 deaths per 100,000 live births) and adolescent fertility rate (34.4 per 1000 women aged 15-19) are high compared to most other districts.<sup>43</sup>

Figure 2 3: Gender Inequality Index by District, 2011



Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a, 2009e and 2010c; Department of Elections of Sri Lanka 2011; and Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010.

**Map 2.2: Regional Variations in Gender Inequality Index 2011**



Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a, 2009e and 2010c; Department of Elections of Sri Lanka 2011; and Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010.

Note: Regions with lighter colours have lower levels of gender inequality; darker colours signify higher levels.

## Comparing Districts Across Indices

Table 2.2 highlights the 3 best and the 3 lowest districts in terms of the HDI, IHDI and GII. There are no big differences in results produced by the HDI and the IHDI. Badulla, Kandy and Matara incur the biggest losses due to inequality, among districts for which data are available, and have the lowest income indices. For districts with available data, Batticaloa and Nuwara Eliya are among those ranking the lowest on all three indices.

poverty, from 30.9 percent in 1995-1996 to 9.4 percent in 2009-2010, passing the MDG target of 14.7 percent by 2015. The decline in rural poverty is the main contributor to the significant drop in national poverty, as nearly 85 percent of the poor live in rural areas.

If present trends continue, the estates will achieve the MDG target of halving poverty by 2015. Accounting for around 5.5 percent of Sri Lanka's total population,

**Table 2.2: HDI, IHDI and GII 2011: Best and Lowest Districts \***

| Index                           | Three best districts  | Three lowest districts   |
|---------------------------------|---|--|
| HDI                             | Gampaha (0.752)<br>Kalutara (0.733)<br>Colombo (0.710)        | Nuwara Eliya (0.635)<br>Batticaloa (0.637)<br>Badulla (0.650)                      |
| IHDI                            | Gampaha (0.667)<br>Kalutara (0.642)<br>Colombo (0.626)        | Nuwara Eliya (0.551)<br>Badulla (0.554)<br>Batticaloa (0.556)                      |
| IHDI loss due to inequality (%) | Anuradhapura (11.4)<br>Gampaha (11.3)<br>Trincomalee (9.8)    | Badulla (14.7)<br>Kandy (14.3)<br>Matara (14.0)                                    |
| GI                              | Hambantota (0.474)<br>Anuradhapura (0.493)<br>Gampaha (0.515) | Batticaloa (0.807)<br>Puttalam (0.783)<br>Kalutara (0.754)<br>Nuwara Eliya (0.754) |

*Note:* \*excludes those in the Northern Province.

## Trends in Income Poverty

Sri Lanka has already achieved the MDG on poverty, well before the 2015 deadline. Based on the national poverty lines, computed by the Department of Census and Statistics, the incidence has declined from 26.1 percent in 1990-1991 to 8.9 percent in 2009-2010 (Figure 2.4), a reduction of more than 65 percent. At the national level, poverty was 4.2 percent below the expected MDG target of 13.1 percent by 2015, a significant achievement.

Around 1 million poor people moved out of poverty from 2006-2007 to 2009-2010, as the overall number contracted from 2.8 million to 1.8 million. Unfortunately, many people who have escaped poverty are still at risk of slipping back into it; data show a large proportion is just

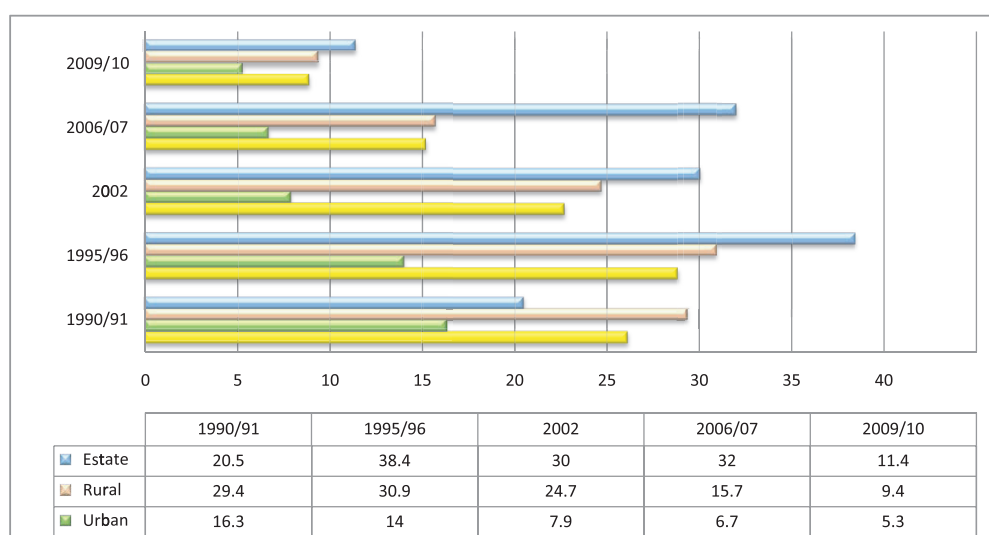
above the poverty line.<sup>44</sup> If the poverty line is increased by 10 percent, 12.8 percent of Sri Lankans would fall under it, amounting to an increase of around 800,000 people. The 'near' poor are highly vulnerable to economic shocks, whatever their source, and need strategies to prevent them from sliding backwards.

Both urban and rural areas have achieved the MDG on poverty. In urban areas, there was a sharp reduction from 16.3 percent in 1990-1991 to 5.3 percent in 2009-2010, halving the incidence. This could be attributed to robust economic growth in the highly urbanized Western Province, which accounts for around 60 percent of the urban population.<sup>45</sup> Rural areas also saw a sharp drop in

the estates have the highest incidence of poverty over a sustained period of time. More than 30 percent of people there have been impoverished for more than 10 years. Estate poverty fell from 38.4 percent in 1995-1996 to 30 percent in 2002, but increased again to 32 percent in 2006-2007, even as urban and rural poverty rates were declining. The latest estimates show that estate sector poverty fell by 32 percent to 11.4 percent in 2009-2010.<sup>46</sup> This improvement is mainly due to the increased attention given to the estate sector. Since 2006-2007, wages in the estate sector have increased, accompanied by significant improvements in welfare and infrastructure improvement programmes.

percent from 1990-1991 to 2002.<sup>47</sup> By 2006-2007, poverty rates had declined significantly in most districts with available data, except in Nuwara Eliya and Monaragala (Figure 2.5). Among districts with available data, these two were the poorest in the country in 2006-2007, with poverty rates above 33 percent. They were followed by Ratnapura, Badulla and Kegalle districts; other lagging districts were Matale, Kandy, Kurunegala and Anuradhapura. Essentially, the central districts, especially those with inadequate accessibility, lagged behind the coastal ones. Poverty estimates are not available for districts in the Northern and Eastern provinces.

**Figure 2.4: Trends in the Incidence of Poverty, 1990-1991 to 2009-2010**



Source: Department of Census and Statistics of Sri Lanka 2011a.

Regional differences in poverty persist despite the overall national decline. Until the early 2000s, among districts with available data, some, such as Badulla, Monaragala, Ratnapura, Kegalle and Hambantota, had high incidences, affecting more than 30 percent of the population. Except for the Colombo and Gampaha districts in the Western Province, all other districts faced poverty rates topping 20

Outside the conflict-affected region, the poorest districts have made significant improvements in reducing poverty over the last several years. Nuwara Eliya, which was the poorest district in 2006-2007, has cut its poverty rate by nearly 80 percent—it stood at 7.6 percent in 2009-2010. The second poorest district, Monaragala, experienced a 56.3 percent reduction in its poverty rate, which fell to

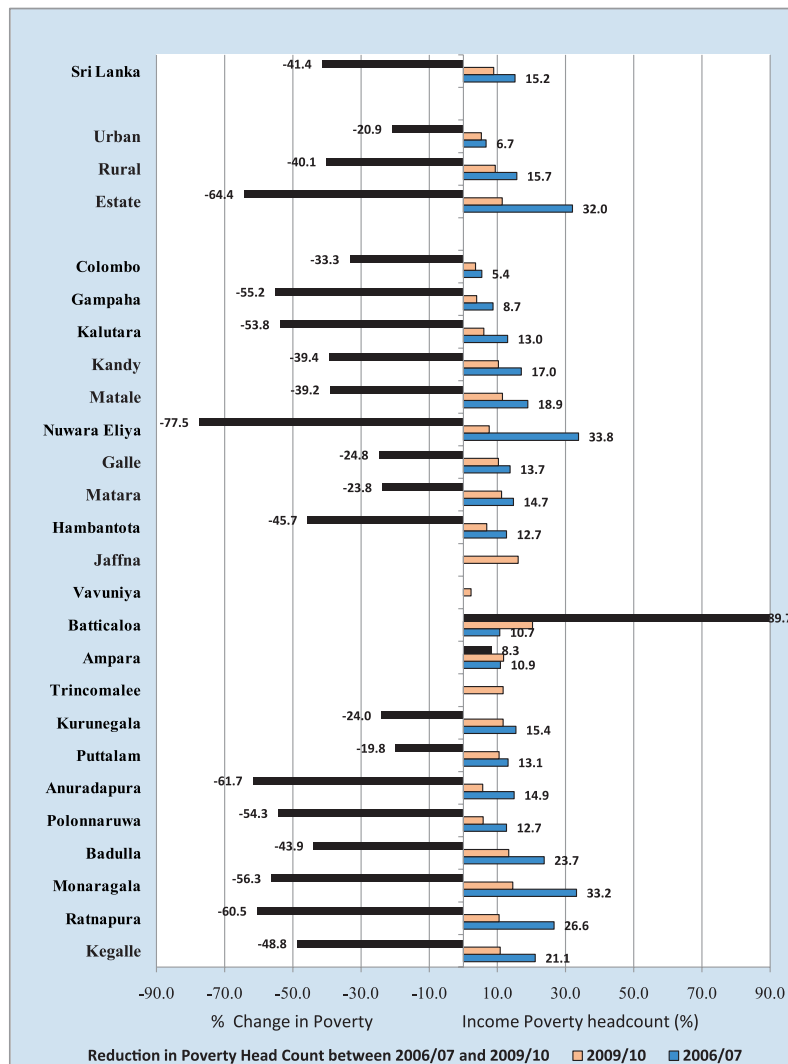
14.5 percent in 2009-2010. As seen in Figure 2.6, most other districts have achieved significant reductions. Across all districts with available data, the incidence of poverty declined by more than 50 percent, meaning they have achieved the MDG poverty goal.

Yet poverty is still prevalent in some districts, especially those affected by conflict or with large estate populations, as well as some rural districts. In the Batticaloa District, poverty has increased from 10.7 percent in 2006-2007 to 20.3 percent in 2009-2010.<sup>48</sup> Poverty in Ampara District rose from 10.9 percent in 2006-2007 to 11.8 percent in 2009-2010. Jaffna District in the Northern Province,

which was covered in a national survey after more than two and a half decades, shows a 16.1 percent incidence of income poverty. Other districts that still have high rates include Monaragala at 14.5 percent and Badulla at 13.3 percent.

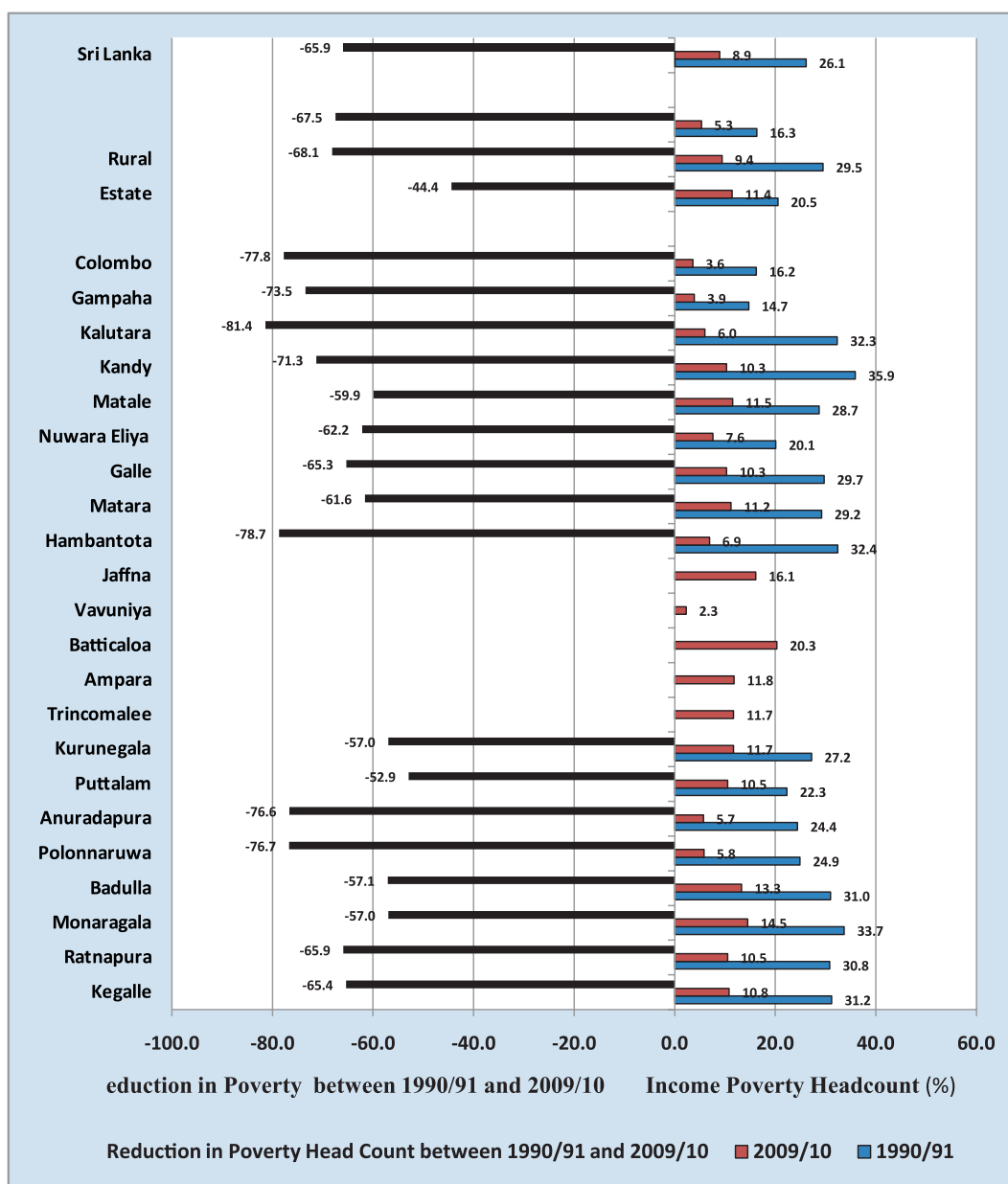
Vavuniya has the lowest incidence of poverty at 2.3 percent.<sup>49</sup> This district was the main administrative centre in the Northern Province throughout the conflict. All international agencies operated there for more than two decades, allowing Vavuniya to function as a commercial hub, and helping to improve living conditions.

**Figure 2.5: Income Poverty Headcount and the Change in Poverty Between 2006-2007 and 2009-2010**



Source: Department of Census and Statistics of Sri Lanka 2011a.

**Figure 2.6: Income Poverty Headcount and the Change in Poverty Between 1990-1991 and 2009-2010**



Source: Department of Census and Statistics of Sri Lanka 2011a.

Although the income poverty headcount is only 4.2 percent in the Western Province, its share of people in poverty is high, comprising 14 percent or 253,000 of Sri Lanka's 1.8 million poor. A higher portion of poor people live in rural areas and on estates compared to their population shares. For example, 84.7 percent of the poor are in rural areas, where 80.1 percent of the total population resides.

While 5 percent of Sri Lankans live on estates, they have 6.5 percent of poor people. Only 8.8 percent of the poor live in urban areas, home to 11 percent of the population. The income poverty headcount index for rural, urban and estate categories is 9.4 percent, 5.3 percent and 11 percent, respectively.

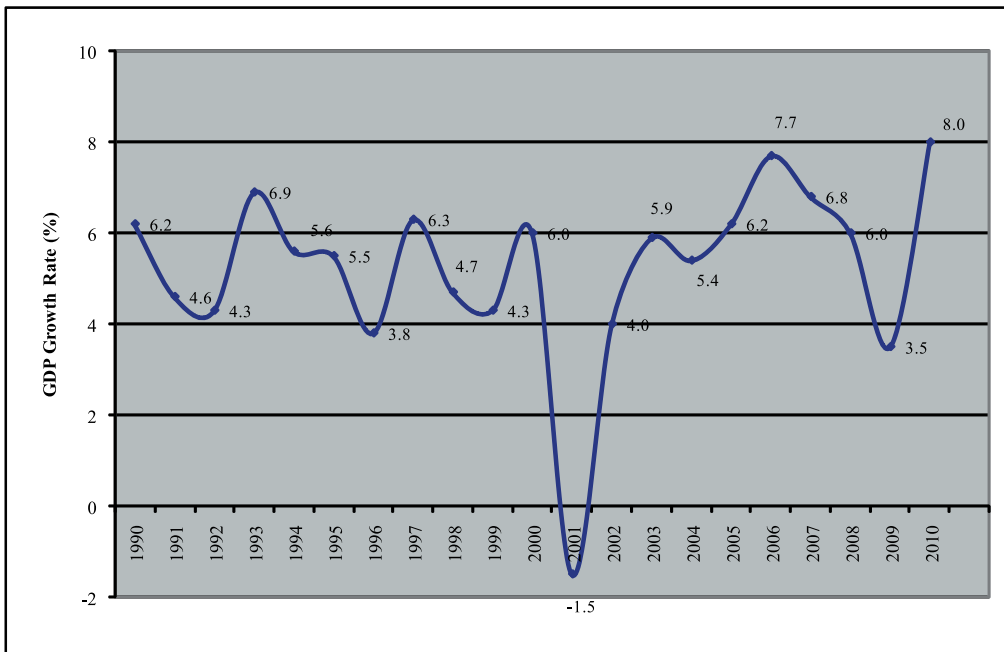


## Economic Growth and Inequality

Although economic growth is important to human development, it alone will not necessarily reduce poverty and inequality.<sup>50</sup> High levels of inequality make it difficult to lower poverty even when an economy is growing.

Inequality manifests in class or income status, through gender differences, and across socioeconomic groups and dimensions such as employment, earnings and access to available social services.

**Figure 2.7: GDP (Real) Growth Rate, 1990 to 2010**



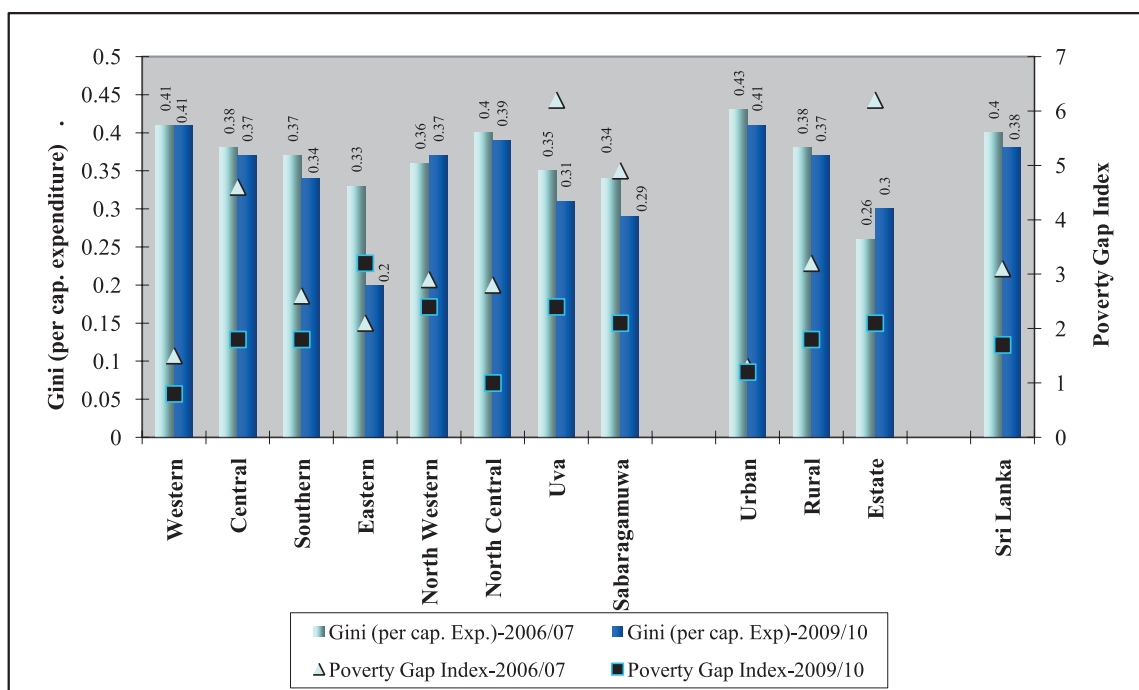
Sources: Department of Census and Statistics of Sri Lanka 1992, 1996, 2002b and 2009d.

Sri Lanka's economy grew at a steady pace from 1990 to 2008, with growth ranging between 3.5 percent and around 8 percent, except in 2001 (Figure 2.7). Seriously affected by conflict, the Northern and Eastern provinces contributed little to this achievement. Negative growth in 2001 stemmed from the impact of the terrorist attack on the Katunayaka International Airport in the middle of the year as well as the terrorist attack on the World Trade Centre in New York on 11 September 2001, which adversely affected the economies of Sri Lanka's main trading partners.

The industrial sector, especially the garment industry, and the tourism sector were badly affected.

Despite satisfactory growth rates, the Gini coefficients for household income and per capita expenditure have remained high, indicating inequalities. The former stood at around 0.46 from 1990-1991 to 2006-2007. The latter held at around 0.40 before declining marginally to 0.38 from 2006-2007 to 2009-2010. This trend was observed in most provinces (Figure 2.8).

**Figure 2.8: Gini Coefficient (Per Capita Expenditure) and Poverty Gap Index by Province, 2006-2007 and 2009-2010**

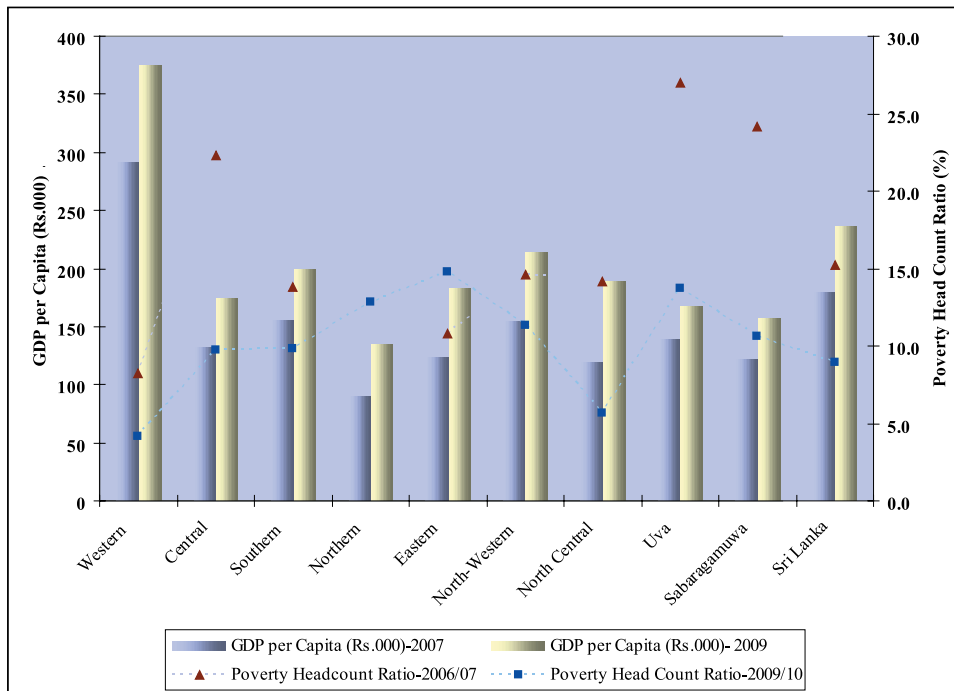


Sources: Department of Census and Statistics of Sri Lanka 2011c and 2011d.

The poverty gap index, which measures the depth of poverty, has declined from 2006-2007 to 2009-2010, with significant reductions in Uva, Sabaragamuwa, the central provinces and the estate sector. This progress does not extend to the Eastern Province, indicating a marginal reduction in inequality. Compared to 2007,

The increase in per capita GDP has improved the living conditions of poorer groups, translating into a lower poverty incidence. The most significant improvements are in regions that were the poorest in 2006-2007, including Uva, Sabaragamuwa and Central provinces, and in the estate sector. Overall, however, the poorest 20 percent

**Figure 2.9: GDP per Capita and Poverty Head Count Ratio by Province, 2006-2007 to 2009-2010**



Sources: Department of Census and Statistics of Sri Lanka 2011c and 2011d, and Central Bank of Sri Lanka 2010.

GDP per capita income increased in 2009 in all provinces (Figure 2.9). It was highest in the Western Province at Rs. 375,000, nearly twice the value of Rs. 213,000 for the North Western Province, the second highest.

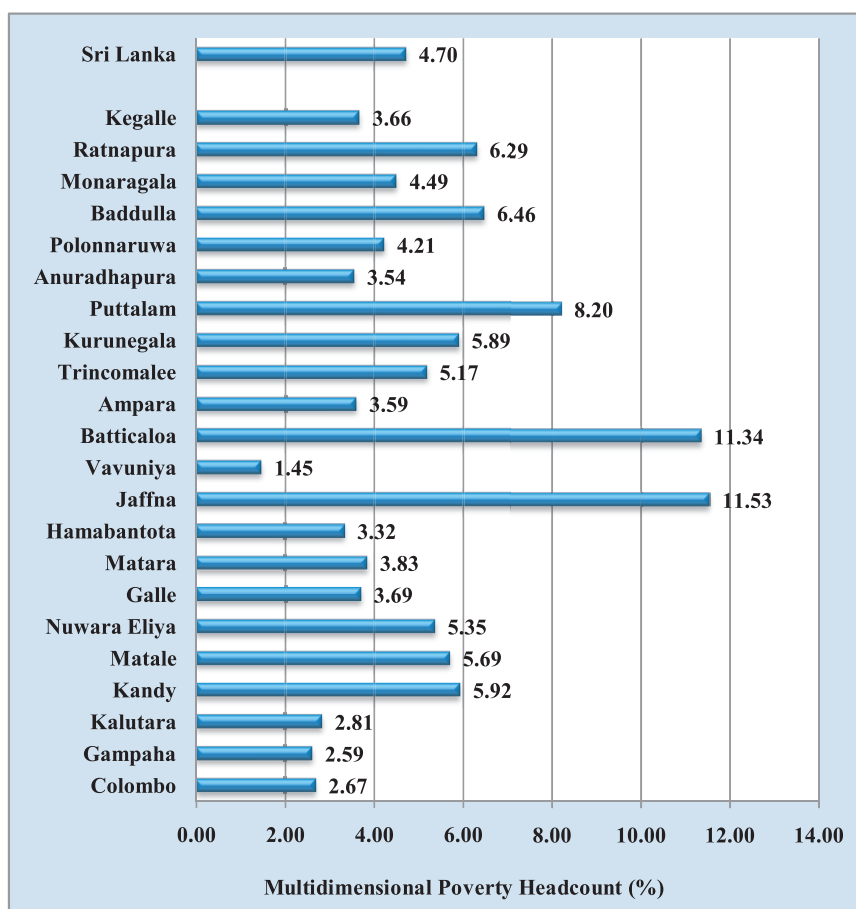
of the population in Sri Lanka received only 4.5 percent of total household income, while the richest 20 percent received 54.1 percent. Income inequality needs to be tackled for sustained human progress.<sup>51</sup>

## Multidimensional Poverty Index (MPI)

MPI analysis depends on micro data from comprehensive national surveys. In Sri Lanka, two such datasets are available: the Demographic and Health Survey of 2006/07 (DHS-2006/07), and the Household Income and Expenditure Survey of 2009/10 (HIES 2006/07), both of which were conducted by the Department of Census and Statistics.

Sri Lanka's multidimensional poverty rate of 4.7 percent in 2009-2010 compares to 7 percent in 2006-2007, based on the DHS dataset. This decline is consistent with the measure produced by the multidimensional poverty headcount index, which indicates a drop from 15.2 percent in 2006-2007 to 8.9 percent in 2009-2010 (Figure 2.10).

**Figure 2.10: Multidimensional Poverty Headcount, 2009-2010**



*Source:* Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

*Note:* Data did not include information for Killinochchi, Mullativu and Mannar districts in the Northern Province.

Because the HIES survey is more recent and covers a larger number of districts, it was used for the calculation of the MPI and ensuing discussion; the Technical Note contains a discussion of the MPI based on the DHS data.

The multidimensional poverty headcount index for the urban, rural and estate sectors is 3.7, 4.5 and 11.4 percent, respectively (Table A4). The MPI for urban areas is considerably less at 5.3 percent; for rural areas it is almost

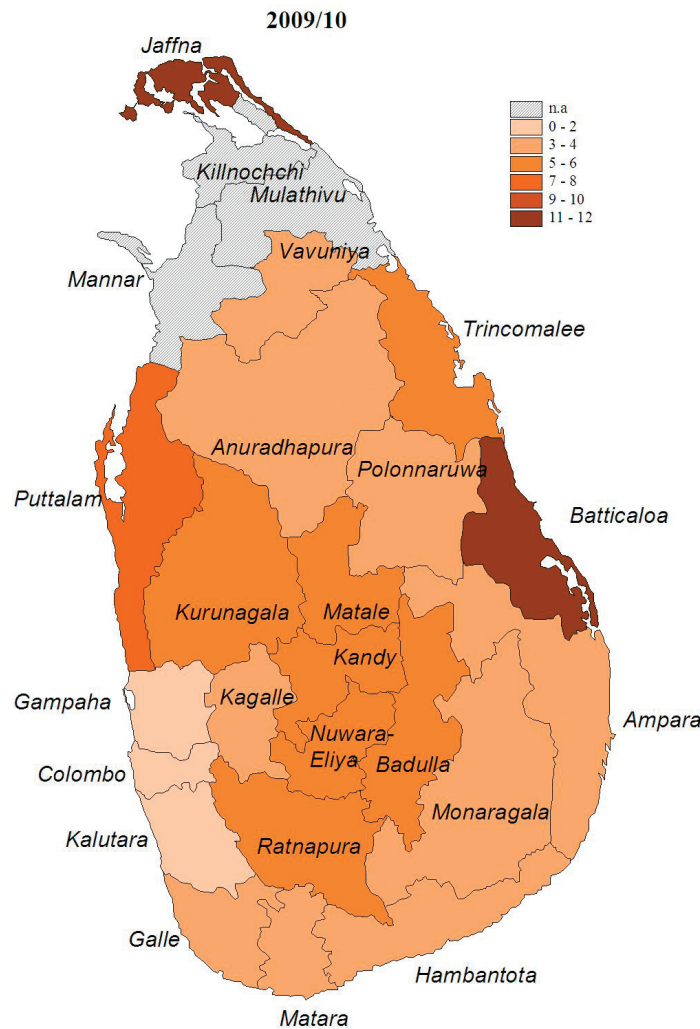
half the headcount index. For the estate sector, the MPI and the multidimensional poverty headcount index are exactly the same at 11.4 percent, a double confirmation of high and persistent rates of poverty there.

At 76.2 percent, rural areas have the highest share of multidimensionally poor people (Table A5). The estates and urban areas account for 12.2 percent and 11.6 percent, respectively. Among districts with available data, Kurunegala has the highest share of multidimensionally poor people, at 9.8 percent, followed by Kandy at 8.1 percent, Ratnapura at 7.5 percent and Puttalam at 7.1

percent. Kurunegala District also has the highest share of people in income poverty at 10.2 percent, followed by Kandy at 7.9 percent, Ratnapura at 6.6 percent, Badulla at 6.3 percent and Galle at 6.2 percent.

Of the 25 districts with available data, Jaffna records the highest incidence of multidimensional poverty at 11.5 percent, followed by Batticaloa at 11.3 percent. Rates are comparatively high in Puttalam at 8.2 percent, Badulla at 6.5 percent, Ratnapura at 6.3 percent, Kandy at 5.9 percent, Kurunegala at 5.9 percent and Matale at 5.7 percent. They are lowest in the three districts of the Western Province (Map 2.3).

**Map 2.3: Multidimensional Poverty Headcount, 2009-2010**



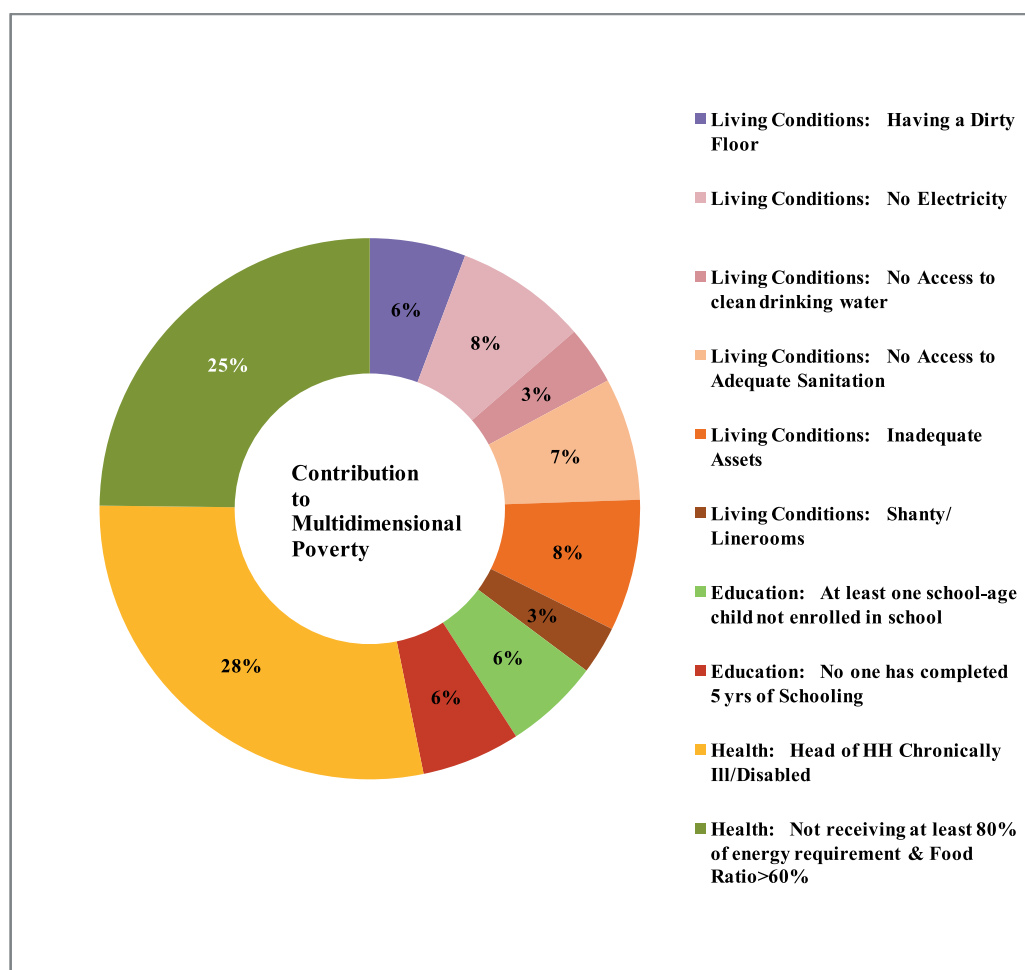
Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

Note: Lighter colours represent low levels of multidimensional poverty. As it increases, the colours darken.

The intensity of multidimensional poverty in Sri Lanka is 0.3887 (Table A4). Among the districts and sectors, the differences are not significant, ranging from 0.3510 in Matara to 0.4380 in Trincomalee. People who are

multidimensionally poor, regardless of where they live, face more or less the same deprivations and are deprived to about the same extent, although the indicators on which they are deprived are different.

**Figure 2.11: Multidimensional Poverty: Relative Importance of Indicators, 2009-2010**



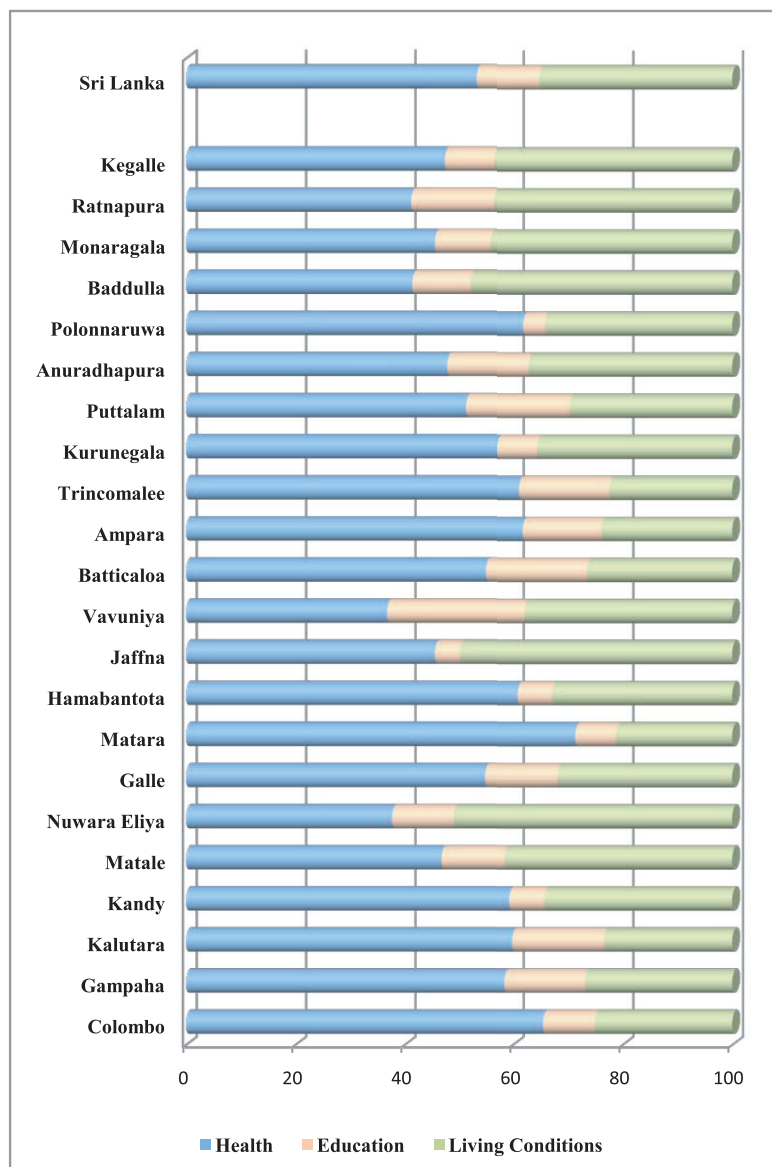
*Source:* Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

*Note:* The data did not include information for Killinochchi, Mullativu and Mannar districts in the Northern Province.

What are the factors that push people into multidimensional poverty? The MPI indicators revealed two distinct types of deprivations at the national level in 2009-2010 (Figure 2.11). The first is health as gauged by nutrition, where calorie consumption of the household is less than 80 percent of the requirement, and household expenditure on food is more than 60 percent of the total. The second deprivation is where the household head is chronically ill or disabled - the principal cause for acute poverty in

Sri Lanka. It contributes to 28 percent of the deprivations experienced by the average multidimensionally poor person; the nutrition indicator contributes to 25 percent. Both factors require the attention of policy makers and planners. Such attention would be, in effect, an investment in the country's children, as they are dependent upon their caregivers for material support and thus directly affected by multidimensional poverty.

**Figure 2.12: Multidimensional Poverty by District 2009-2010: Relative Contributions of the Three Dimensions**



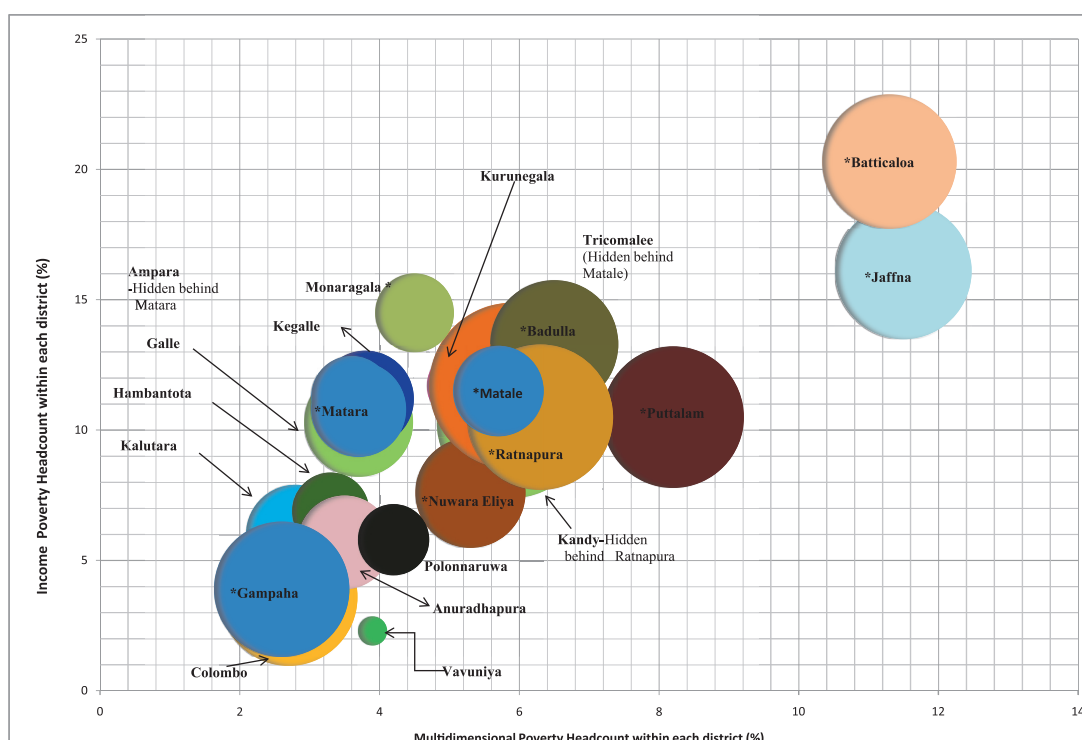
Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

Note: The data did not include information for Killinochchi, Mullativu and Mannar districts in the Northern Province.

If the 10 MPI indicators are considered by the three dimensions defining multidimensional poverty (Figure 2.12), poor health dominates as the chief cause of multidimensional poverty across districts and sectors. The health dimension is responsible for more than 60 percent of multidimensional poverty in Matara, Colombo, Polonnaruwa, Ampara, Trincomalee, Hambantota and

All 22 districts for which data permitted the calculation of the MPI and the income poverty headcount index had income poverty that was considerably higher than multidimensional poverty (Figure 2.13). This observation is true for rural and urban areas; for the estates, both measures are the same, as noted earlier (Table A4c). A simple regression shows that income poverty explains

**Figure 2.13: Multidimensionally Poor Headcount and Income Poverty Headcount by District, 2009-2010**



Note: The size of the bubble indicates the share of multidimensionally poor people in each district (out of the national total). Figures related to this chart are in Table A4. The data did not include information for Killinochchi, Mullativu and Mannar districts in the Northern Province.

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

Kalutara. The overwhelming importance of this single dimension suggests that acutely poor people often suffer health consequences from malnutrition and the disability or chronic illnesses of the household head. Nuwara Eliya, Jaffna, Badulla, Monaragala, Ratnapura, Kegalle and Matale are more seriously affected by the living conditions dimension, which accounts for about 40 percent of their deprivations.

45 percent of multidimensional poverty. This seems to suggest that inadequate income is at the heart of the health deprivations of the multidimensionally poor person in Sri Lanka.

Districts such as Kalutara, Hambantota, Anuradhapura, Polonnaruwa, Vavuniya, Colombo and Gampaha have the



lowest incidence of both income and multidimensional poverty. Jaffna and Batticaloa districts have the highest income and multidimensional poverty. With the rapid development and improvement of services presently underway in the Northern and Eastern provinces, the

situation there is expected to improve. Galle, Matara and Kegalle are in the middle, but they are still characterized by considerably greater income than multidimensional poverty. A ranking of districts, designed to enable policy makers to identify lagging regions for appropriate action, appears in Table 2.3.

**Table 2.3: The Comparative Status of Different Districts**

| Province                        | District     | Human Development Index (HDI)              | Inequality-adjusted Human Development Index (IHDI) | Gender Inequality Index (GII) | Income poverty head count (2009-2010) | Share of income poor people (2009-2010) | Multidimensional Poverty Head count (2009-2010)          | Share of multidimensionally poor people (2009-2010) | Under weight children under five years old (2006-2007) | Infant mortality rate (2008, Registrar General's Office) | Under-five mortality rate (2003, Registrar General's Office) | Maternal mortality rate (2006, Family Health Bureau) |
|---------------------------------|--------------|--|--|-------------------------------|---------------------------------------|---|--|---|--|--|--|--|
| Western                         | Colombo      | 3  | 3  | 6                             | 2                                     | 11                                      | 2  | 18  | 2  | 22   | 21   | 13   |
|                                 | Gampaha      | 1  | 1  | 3                             | 3                                     | 15                                      | 1  | 16  | 1  | 3  | 6  | 9  |
|                                 | Kalutara     | 2  | 2  | 17                            | 6                                     | 9                                       | 3  | 11  | 3  | 5  | 4  | 6  |
| Central                         | Kandy        | 12   | 16   | 12                            | 9                                     | 21                                      | 16   | 21  | 14   | 21   | 20   | 4  |
|                                 | Matale       | 10   | 15   | 11                            | 16                                    | 6                                       | 15   | 6   | 7  | 15   | 16   | 7  |
|                                 | Nuwara Eliya | 20   | 20   | 17                            | 8                                     | 7                                       | 14   | 13  | 14   | 23   | 22   | 22   |
| Southern                        | Galle        | 6  | 8  | 10                            | 9                                     | 18                                      | 7  | 12  | 7  | 19   | 17   | 3  |
|                                 | Matara       | 5  | 6  | 14                            | 14                                    | 15                                      | 9  | 10  | 9  | 17   | 14   | 11   |
|                                 | Hambantota   | 4  | 4  | 1                             | 7                                     | 3                                       | 4  | 4   | 11   | 8  | 9  | 17   |
| Northern                        | Jaffna       | 21   | -  | -                             | 21                                    | 13                                      | 22   | 17  | -  | 4  | 9  | 12   |
|                                 | Kilinochchi  | 21   | -  | -                             | -                                     | -                                       | -  | -   | -  | 1  | 1  | 24   |
|                                 | Mannar       | 21   | -  | -                             | -                                     | -                                       | -  | -   | -  | 6  | 1  | 16   |
|                                 | Vavuniya     | 21   | -  | -                             | 1                                     | 1                                       | 10   | 1   | -  | 16   | 13   | 14   |
|                                 | Mullativu    | 21   | -  | -                             | -                                     | -                                       | -  | -   | -  | -  | 5  | -  |
| Eastern                         | Batticaloa   | 19   | 18   | 20                            | 22                                    | 17                                      | 21   | 15  | 18   | 24   | 24   | 21   |
|                                 | Ampara       | 15   | 13   | 7                             | 15                                    | 9                                       | 6  | 7   | 6  | 9  | 12   | 23   |
|                                 | Trincomalee  | 17   | 11   | 13                            | 17                                    | 3                                       | 13   | 3   | 19   | 2  | 7  | 1  |
| North Western                   | Karunegala   | 6  | 5  | 16                            | 17                                    | 22                                      | 16   | 22  | 5  | 18   | 19   | 7  |
|                                 | Puttalam     | 14   | 14   | 19                            | 11                                    | 11                                      | 20   | 19  | 4  | 14   | 11   | 18   |
| North Central                   | Anuradhapura | 13   | 10   | 2                             | 4                                     | 5                                       | 5  | 8   | 13   | 20   | 23   | 5  |
|                                 | Polonnaruwa  | 9  | 8  | 9                             | 5                                     | 2                                       | 11   | 2   | 16   | 10   | 25   | 2  |
| Uva                             | Badulla      | 18   | 19   | 15                            | 19                                    | 19                                      | 19   | 14  | 20   | 13   | 15   | 15   |
|                                 | Monaragala   | 11   | 11   | 5                             | 20                                    | 8                                       | 12   | 5   | 17   | 7  | 3  | 20   |
| Sabaragamuwa                    | Ratnapura    | 16   | 16   | 4                             | 11                                    | 20                                      | 18   | 20  | 12   | 11   | 18   | 18   |
|                                 | Kegalle      | 6  | 6  | 8                             | 13                                    | 14                                      | 7  | 9   | 9  | 11   | 8  | 10   |
| Lagging: needs urgent attention |              | Moderately lagging needs further attention |  |                               |                                       |   | Comparatively better off, but need to maintain attention |   |  |  |  |  |

Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a and 2010c, Family Health Bureau of Sri Lanka 2009, Registrar General's Office data and Central Bank of Sri Lanka 2011.





### Health for Human Development

Health is one of the fundamental rights of every human being, regardless of race, religion, political belief, or economic or social condition.<sup>52</sup> Physical, emotional and mental health also plays a crucial role in making people productive members of society. The Commission on Macroeconomics and Health<sup>53</sup> identifies it as a central factor in economic development and poverty reduction,<sup>54</sup> while the World Health Organization notes that “health is the basis for job productivity, the capacity to learn in school, and improves the capability of individuals to grow intellectually, physically, and emotionally.”<sup>55</sup> The centrality of health to human development is reflected in its inclusion in the Human Development Index.<sup>56</sup>

improve. Malaysia, the Republic of Korea and Singapore all have better basic health indicators than Sri Lanka.

Sri Lankan women seem to be healthier than men in terms of life expectancy at birth. Until 1968, life expectancy for males was higher, but this advantage has been reversed in recent years. According to the latest available data, for 2000-2002, life expectancy at birth is 8.4 years longer for women than men.<sup>57</sup> The reasons are not clear. Several factors could be involved, including lower maternal mortality rates, the higher prevalence of non-communicable diseases among men, and improved nutrition and education.

**Table 3.1: Comparison of Selected Health Indicators**

| Country           | Life expectancy at birth, 2009 | Infant mortality rate,* 2009 | Under-five mortality rate,** | Maternal mortality rate,*** |
|-------------------|--------------------------------|------------------------------|------------------------------|-----------------------------|
| Singapore         | 82                             | 2                            | 3                            | 9                           |
| Malaysia          | 73                             | 6                            | 6                            | 31                          |
| Republic of Korea | 80                             | 5                            | 5                            | 18                          |
| China             | 74                             | 17                           | 19                           | 38                          |
| Thailand          | 70                             | 12                           | 13                           | 48                          |
| Philippines       | 70                             | 26                           | 33                           | 94                          |
| Indonesia         | 68                             | 30                           | 39                           | 240                         |
| Maldives          | 75                             | 11                           | 13                           | 37                          |
| India             | 65                             | 50                           | 66                           | 230                         |
| Pakistan          | 63                             | 70                           | 87                           | 260                         |
| Bangladesh        | 65                             | 41                           | 52                           | 340                         |
| Nepal             | 67                             | 39                           | 48                           | 380                         |
| Myanmar           | 64                             | 54                           | 71                           | 240                         |
| Sri Lanka         | 71                             | 13                           | 16                           | 39                          |

Notes: \*:probability of dying by age one per 1,000 live births.

\*\* :probability of dying by age five per 1,000 live births.

\*\*\* :per 100,000 live births.

Source: World Health Organization 2011.

Sri Lanka’s national performance in health is good according to most basic indicators, such as life expectancy at birth, and maternity and infant mortality rates (Table 3.1). Compared to more advanced economies in the Asia-Pacific region, however, Sri Lanka’s performance can still

While overall progress in health has been strong, there are still concerns, both longstanding and emerging. The analysis of multidimensional poverty in Chapter 2 (and also in the Technical Note at the end of this report) shows that malnutrition, child mortality, and chronic illnesses/

disability of the heads of poor households are problems burdening the poor in particular. At the same time, non-communicable diseases, such as diabetes and hypertension, are on the rise, affecting both the rich and the poor. This chapter looks in more depth at some of the major issues at stake.

## Health Outcomes

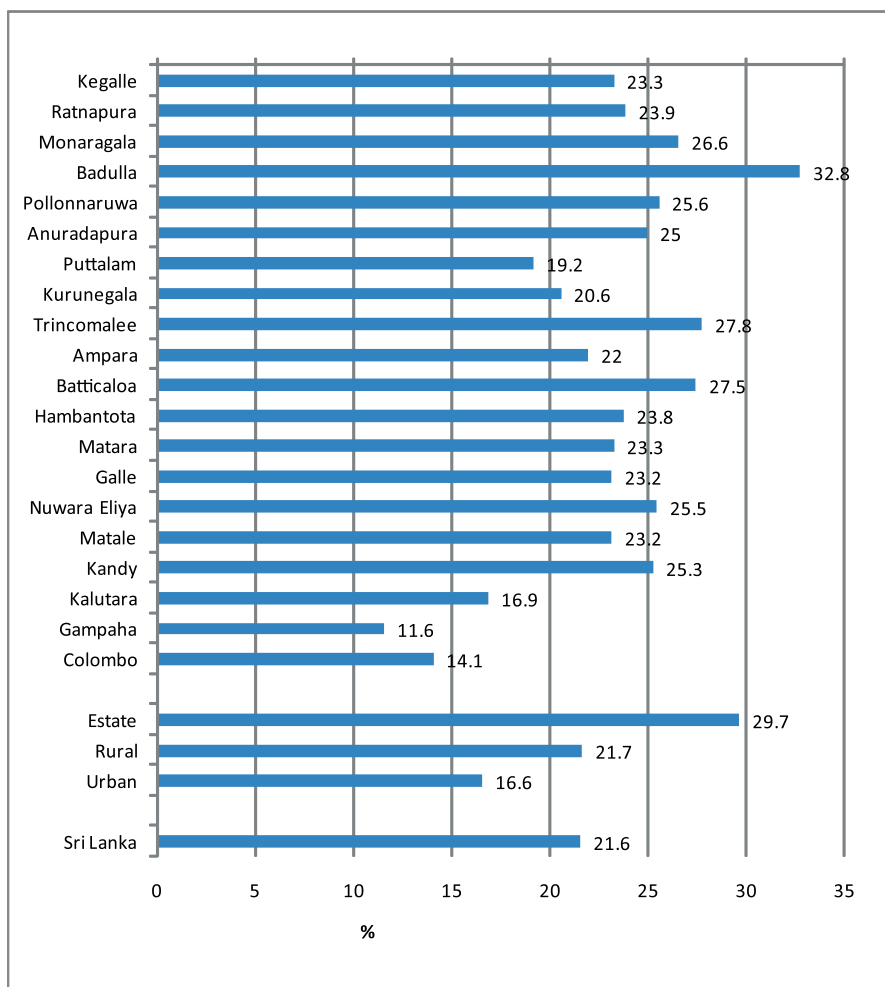
### Malnutrition

Reducing malnutrition is important for health reasons and because it affects many other aspects of peoples' lives. Poor malnutrition hinders learning, burdens families

with higher expenditures on health care, and can reduce productivity.<sup>58</sup> Factors relating to low food intake, frequent infections, hard physical labour, recurrent pregnancies and large families can lead to malnutrition.<sup>59</sup>

Although Sri Lanka fares well in most basic health indicators compared to most developing countries, child nutrition is still a major problem, especially on estates (Figure 3.1). Across districts with available data, Badulla has the highest percentage of underweight children, followed by Trincomalee, Batticaloa, Monaragala, Polonnaruwa, Nuwara Eliya, Kandy and Anuradhapura. More than a quarter of the children are underweight in each of these districts.

**Figure 3.1: Underweight Children Under Five Years by District, 2006-2007**



Note: Based on the World Health Organization Child Growth Standard.

Source: Department of Census and Statistics of Sri Lanka 2009a.

Both Nuwara Eliya and Badulla have high proportions of their population living on estates, where poverty rates are high. Nearly half of all women of reproductive age on the estates do not have even a primary education, and 30 percent of women are malnourished.<sup>60</sup> Most districts with high levels of child malnutrition in 2009 had relatively low female educational outcomes.<sup>61</sup>

Several government initiatives are in place to arrest malnutrition. Some, such as the Threeposha supplementary

feeding programme, have been operating for a long time. Yet improvements have been limited, due partly to the fact that raising nutrition levels requires concerted efforts on many different fronts (Box 3.1). Frequent infections and hard labour, for example, can also cause malnutrition, but are unlikely to be addressed by feeding programmes. More recent malnutrition initiatives are more intersectoral and likely to have a greater impact. They follow the National Nutrition Policy and Strategic Plan of 2010, which seeks to bring together many different stakeholders to address malnutrition.<sup>62</sup>

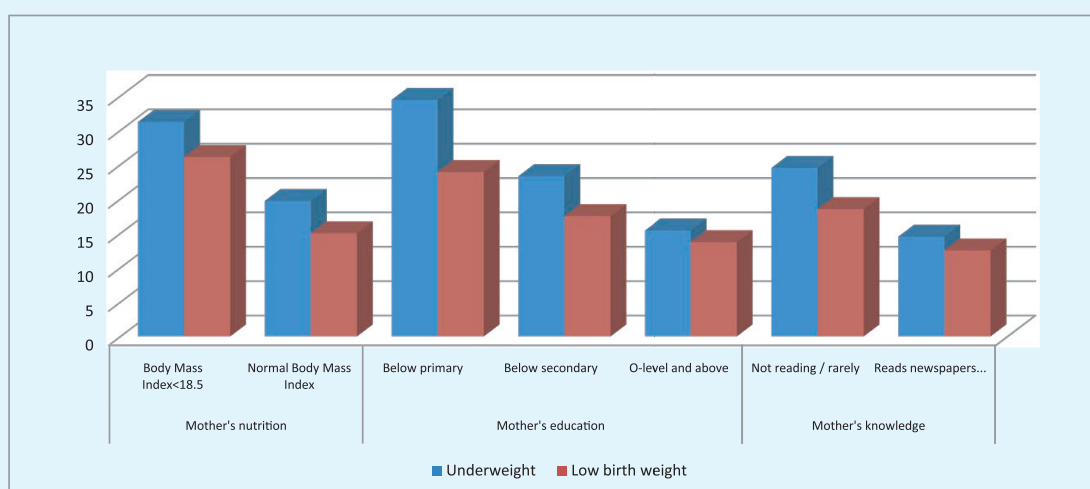
Box 3.1

### The Influence of Socioeconomic Factors on Child Nutrition

There are considerable disparities in child nutrition across socioeconomic groups that favour the better-off in Sri Lanka. A child belonging to the 'poorest' socioeconomic quintile is three times more likely to be underweight than a child in the richest quintile. The prevalence of maternal malnutrition and low birth weight babies is four times higher among the lowest socioeconomic group compared to the highest. Babies with a low birth weight are twice as likely to be underweight children as babies with normal birth weight. A mother's nutritional status and education have strong impacts on a

child's nutrition and birth weight. A malnourished mother may, for example, be less successful at breastfeeding and caring practices that are vitally important for a child's health and proper growth.<sup>1</sup> A child whose mother is educated below primary level is twice as likely to be underweight as a child with a mother who has completed senior secondary level education. Poor education reduces the ability of mothers to benefit from awareness programmes about family health and hygiene, among other effects.

**Prevalence of Underweight Children and Underweight Babies by Mothers' Socioeconomic Characteristics**



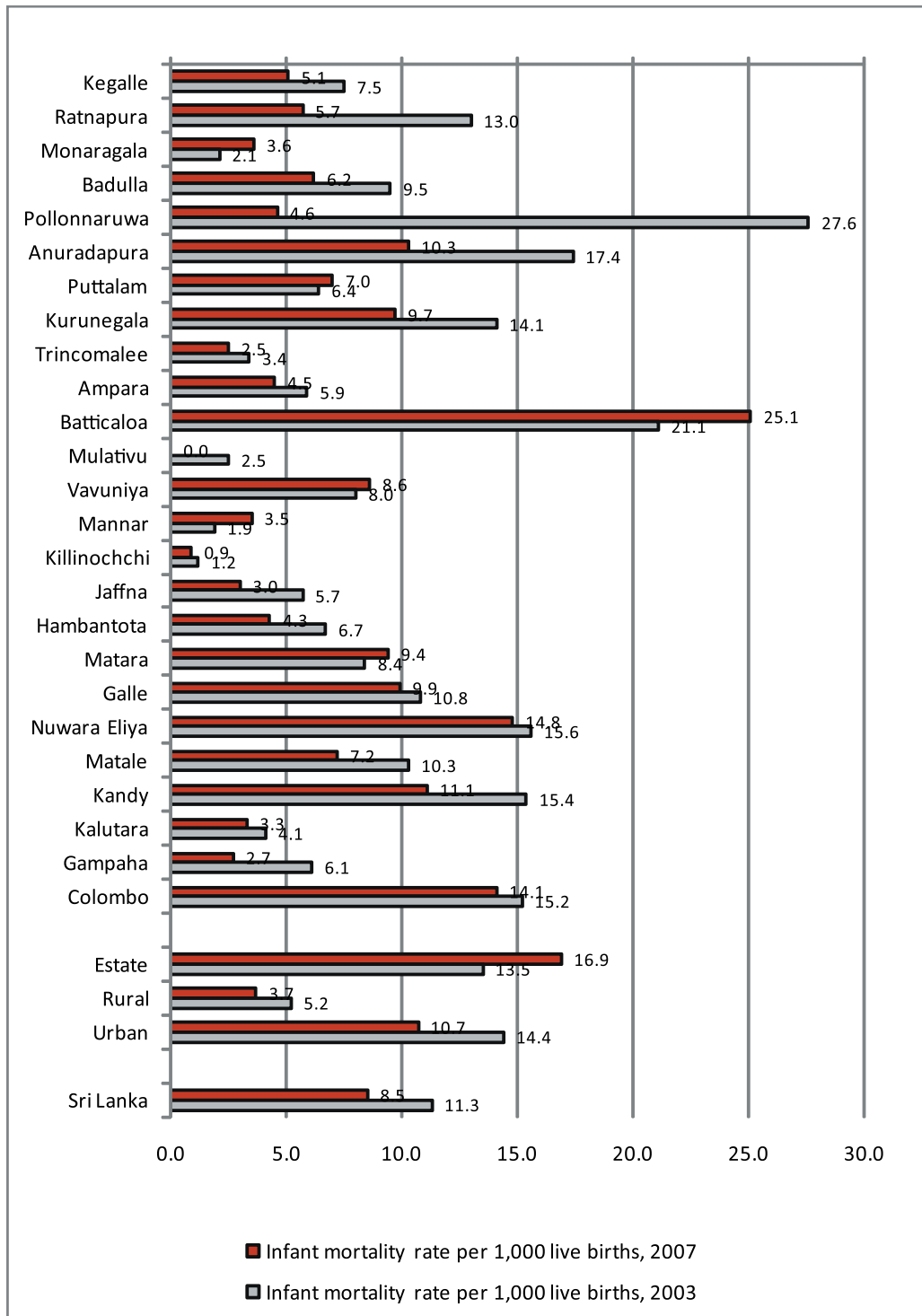
Sources: <sup>1</sup>Jayawardena forthcoming and Smith et al. 2003.

### Infant Mortality and Under-five Mortality Rates

Sri Lanka has been successful in reducing its infant and child mortality rates for more than six decades, a trend spurred by achievements such as the nearly universal delivery of basic vaccinations to children before age two.<sup>63</sup>

The infant mortality rate declined from 19.8 per 1,000 live births in 1990 to 8.5 per 1,000 in 2007, but with considerable disparities across regions (Figure 3.2). The rate remains high in Colombo, Kandy, Nuwara Eliya,

**Figure 3.2: Infant Mortality Rate by District, 2003 and 2007**



Source: Registrar General's Department n.d.<sup>64</sup>

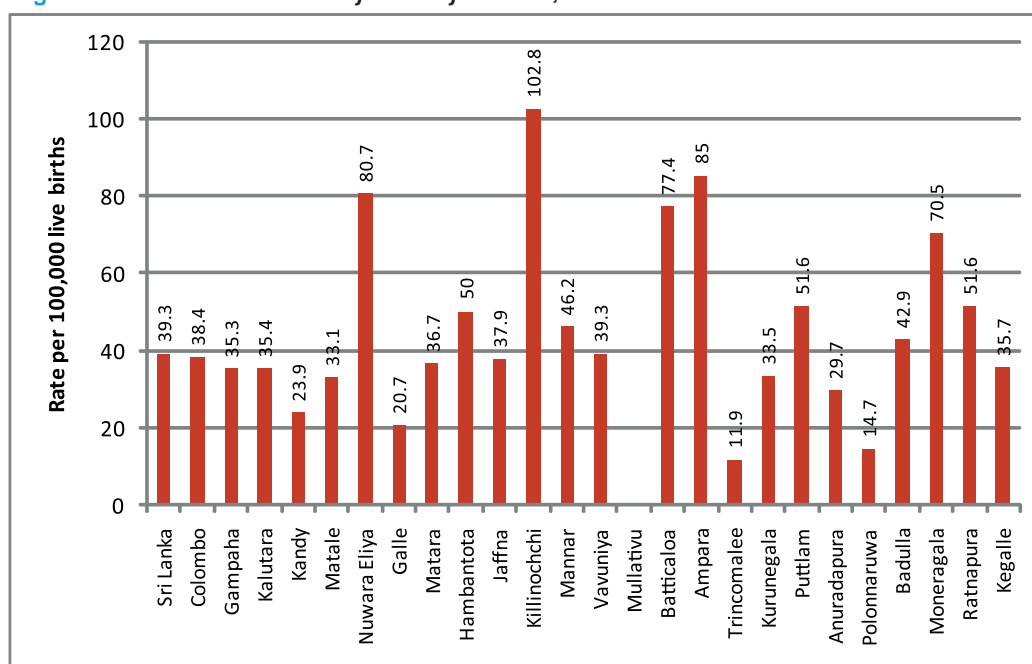
Galle, Matara, Vavuniya, Kurunegala and Anuradhapura, and in urban areas. In Colombo and Kandy, this may be the result of seriously ill infants dying while receiving care in tertiary hospitals there. In some areas, the rate increased from 2003 to 2007, including on estates, where it rose from 13.6 in 2003 to 16.9 in 2007. In Batticaloa, it increased from 21.1 to 25.1 during the same period. Further studies are needed to determine the reasons for these changes.

### Maternal Mortality

For more than six decades, Sri Lanka achieved considerable success in consistently reducing maternal mortality. It began heavily investing in maternal and child health

Sustained, significant investment in health is an important reason for a steep decline in the maternal mortality rate: from 61 per 100,000 live births in 1995 to 39.3 per 100,000 in 2006, according to estimates by the Family Health Bureau. Today, Sri Lanka has the lowest maternal mortality rate in the SAARC region, although regional disparities persist (Figure 3.3). Maternal mortality rates are highest in war-affected districts such as Killinochchi, Batticaloa, Ampara and Mullaitivu, and in Nuwara Eliya and Monaragala, which have high levels of poverty. Half of the population of Nuwara Eliya comprises the estate population whose health care options have begun to improve only recently.

Figure 3.3: Maternal Mortality Rate by District, 2006



Source: Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010.

in the 1940s, which produced positive dividends over the years. The country now has a wide network of free maternal care services integrated with child care services. A well-trained cadre of Public Health Midwives provides domiciliary care; 98 percent of births take place in public health institutions;<sup>65</sup> and more than 98 percent of births are attended by skilled health care personnel, 74 percent of whom are medical doctors.

### Communicable Diseases

Sri Lanka has nearly eradicated most vaccine-preventable diseases, as well as leprosy, malaria and Japanese encephalitis. Basic immunization coverage is close to 100 percent (see Figure 3.4). According to available data, by 12 months of age, almost 100 percent of infants have been vaccinated against tuberculosis (the BCG vaccine),



and given three doses each of polio and DPT (diphtheria, pertussis and tetanus) vaccines.<sup>66</sup> About 95 percent have received the measles vaccine. Across districts for which data are available, there are slight variations in coverage, but more than 93 percent of infants have been vaccinated in all districts.

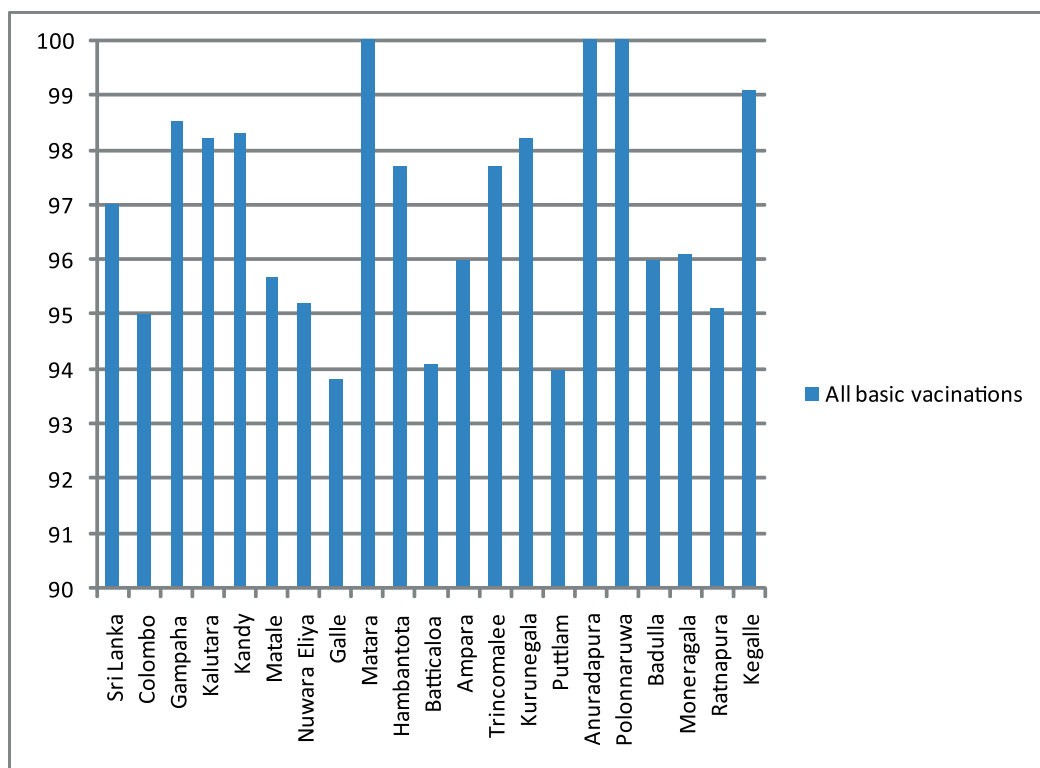
There were no apparent reasons for districts experiencing lower coverage. They include more urban areas, such as Galle and Colombo, as well as rural areas, such as Puttalam, and some conflict-affected districts, such as Batticaloa. Further studies will be needed to ascertain the reasons behind the low coverage.

Dengue is prevalent in more populous urbanized areas, mainly attributable to environmental pollution. Majority of the cases are reported from the Western province.<sup>69</sup> Although many initiatives have been taken to clean the environment and arrest the spread of dengue, these have not been successful. These debilitating diseases affect work and family life, and put extra pressure on household budgets.

### Non-communicable Diseases

Recent demographic, epidemiologic and socioeconomic changes have produced a different set of health challenges in the form of non-communicable diseases. Some are

**Figure 3.4: Immunization Coverage by District, 2006-2007**



Source: Department of Census and Statistics 2009a.

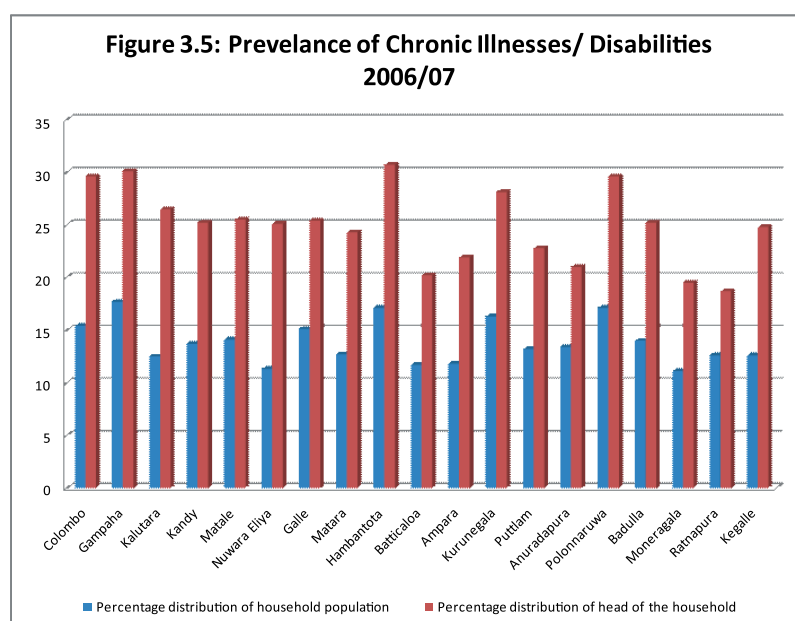
Other types of communicable diseases, such as dengue, chikungunya, leptospirosis<sup>67</sup> and dysentery, are on the rise in Sri Lanka. For example, the total number of reported cases of dengue increased drastically in recent years.<sup>68</sup>

holdovers from the past, such as infectious and parasitic diseases, nutritional deficiencies and diseases of the blood, while some like cardiovascular and respiratory diseases and neoplasm are evolving problems.<sup>70</sup>

The World Health Organization defines chronic non-communicable diseases as those “that have one or more of the following characteristics: they are permanent, leave residual disability, are caused by non-reversible pathological alterations, require special training of the patient for rehabilitation, or may be expected to require a long period of supervision, observation and care.”<sup>71</sup> Non-communicable diseases have become a major cause of death even in countries with low standards of living. At present, nearly 90 percent of Sri Lanka’s disease burden is attributed to non-communicable diseases.

The economic implications of chronic diseases and disabilities are large. They directly affect productivity and earning potential, and require constant monitoring and medication, which can add to economic pressures on households. In some cases, affected individuals need expensive full-time care. Research in other countries has found that the cost of different non-communicable diseases can be as much as one to three percent of GDP.<sup>73</sup> In Sri Lanka, given the prevalence of these diseases, especially among household heads, the economic burden is probably large. Recognizing the importance of containing them,

**Figure 3.5: Prevalence of Chronic Illnesses and Disabilities, 2006-2007**



Source: Department of Census and Statistics of Sri Lanka 2011c.

Statistics indicate that deaths due to ischaemic heart disease, stroke and cancer are high. During the past half-century, the proportion of deaths due to circulatory diseases, such as heart disease and stroke, has increased from 3 percent to 24 percent, while that due to infectious diseases has decreased from 42 percent to 20 percent.<sup>72</sup>

Chronic illnesses and disabilities are found throughout the country. In all districts, more than 10 percent of people suffer from these, and more than 20 percent of household heads struggle with chronic illnesses (Figure 3.5).

the Government has now launched several prevention programmes. These include appointing medical officers for non-communicable diseases to coordinate district activities, designing a non-communicable disease surveillance system, and evaluating prevention and control activities at the district level every three months.

### Mental Health

Mental health is essential for a completely healthy person. The World Health Organization defines health not only

as the absence of illness, but also as physical, mental and social well-being.

Mental health disorders have become a prominent concern in Sri Lanka. This could be the result of several factors, including the 30-year conflict, the devastation caused by the tsunami in 2004, and a number of social issues, such as alcoholism and unemployment.<sup>74</sup> Resources for mental health have always been low, however, and more concentrated in the urbanized districts (Table 3.2).

There were only 41 psychiatrists in the country to treat 40,333 people with different mental disorders in 2007.

59 percent of psychiatrists were located in Colombo District.<sup>75</sup> Most of the conflict-affected districts, where people need more psychological attention and guidance, have only a limited number of specially trained personnel to provide mental health-related services.

In 2005, a 10-year Mental Health Policy was developed, and there are now programmes in place to improve access to mental health care outside of the Western Province. For example, acute in-patient units at Nuwara Eliya Hospital and Mannar Base Hospital have been established.

**Table 3.2: Distribution of Mental Disorder Cases and Psychiatrists, 2007**

| District                       | Distribution of cases of mental disorder |     | Distribution of psychiatrists |     |
|--------------------------------|--|-----|-------------------------------|-----|
|                                | Number                                   | %   | Number                        | %   |
| Colombo                        | 9,195                                    | 23  | 24                            | 59  |
| Gampaha                        | 4,135                                    | 10  | 1                             | 2   |
| Kurunegala                     | 3,889                                    | 10  | 1                             | 2   |
| Kandy                          | 3,586                                    | 9   | 3                             | 7   |
| Galle                          | 3,384                                    | 8   | 1                             | 2   |
| Badulla                        | 2,037                                    | 5   | 2                             | 5   |
| Cumulative for other districts | 14,107                                   | 36  | 9                             | 18  |
| Sri Lanka                      | 40,333                                   | 100 | 41                            | 100 |

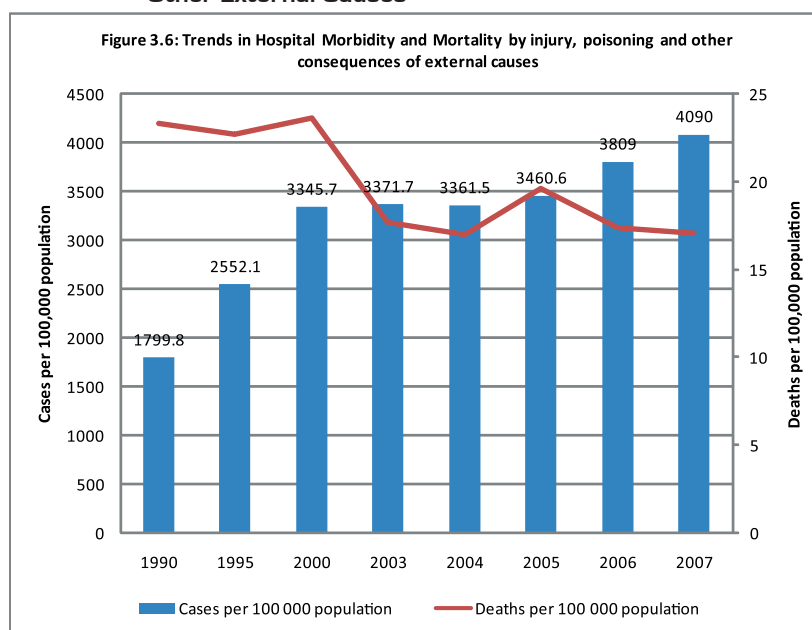
Source: Ministry of Health 2007.

## Injuries

According to the Ministry of Health, traumatic injuries have remained the leading cause of hospitalization.<sup>76</sup> Morbidity from injury, poisoning and other external causes has increased over time, although deaths have declined since 1990 (Figure 3.6).

While data are not available, domestic violence is probably another major cause of injuries. Anecdotal evidence suggests widespread prevalence of domestic violence (Box 3.2). A recent survey links alcoholism to domestic violence, especially in Ampara and Batticaloa districts in the Eastern Province.<sup>78</sup>

**Figure 3.6: Trends in Hospital Morbidity and Mortality Due to Injury, Poisoning and Other External Causes**



Source: Ministry of Health 2007.

Road accidents make a major contribution to traumatic injuries. According to the Traffic Division of the Department of Police, 2,721 people were killed and another 26,847 injured in 2010. Beyond this, Sri Lanka loses around 500,000 person-days per year owing to occupational accidents.<sup>77</sup>

Several programmes under the National Policy and Strategic Framework on Injury Prevention and Management, overseen by the Ministry of Health Care and Nutrition, aim to build awareness on injury prevention and take measures to reduce injuries. These have mostly started only recently, however, and it is still too early to determine their outcomes.

Box 3.2:

## Gender-based Violence

The UN Declaration on the Elimination of Violence against Women defines gender-based violence as “any act of gender-based violence that results in, or is likely to result in, physical, sexual or psychological harm or suffering to women, including threats of such acts, coercion or arbitrary deprivation of liberty, whether occurring in public or in private life.” The United Nations Population Fund considers gender-based violence to be “violence involving men and women, in which the female is usually the victim; and which is derived from unequal power relationships between men and women. Violence is directed specifically against a woman because she is a woman, or affects women disproportionately. It includes, but is not limited to, physical, sexual, and psychological harm. It includes violence which is perpetuated or condoned by the state.”<sup>1</sup>

In 2005, the World Health Organization conducted a study<sup>2</sup> in 10 countries that found that the proportion of women who had ever suffered physical violence by a male partner ranged from 13 percent in Japan to 61 percent in Peru. Reliable data are difficult to obtain because victims are reluctant to reveal incidents of violence, also because statistical systems have not been good at collecting it, but Sri Lanka’s Demographic and Health Survey, based on 2006-2007 data, confirms that, regardless of background, women are highly susceptible to violence.<sup>3</sup> This is in part due to perceptions that a husband may be justified in beating his wife. Violence is a barrier to women’s empowerment, and threatens their health as well as that of their children.

### Percentage of Ever Married Women Aged 15-49 Agreeing That a Husband Can Be Justified in Hitting or Beating His Wife, \* 2006-2007

| Background             | Percentage of women |
|------------------------|---------------------|
| <b>Residence</b>       |                     |
| Urban                  | 46.8                |
| Rural                  | 54.5                |
| Estate                 | 47.8                |
| <b>Education</b>       |                     |
| No education           | 57.8                |
| Primary                | 56.6                |
| Secondary              | 57.2                |
| Passed O-Level exams   | 49.7                |
| Higher                 | 42.7                |
| <b>Wealth quintile</b> |                     |
| Lowest                 | 57.3                |
| Second                 | 56.7                |
| Middle                 | 55.4                |
| Fourth                 | 53.6                |
| Highest                | 42.9                |
| <b>Total</b>           | <b>53.2</b>         |

\*Note: Women were asked if a husband was justified under at least one of five scenarios: 1) if she goes out without telling him, 2) if she neglects the children, 3) if she argues with him, 4) if she refuses to have sex with him, or 5) if she burns the food.

Source: Department of Census and Statistics of Sri Lanka 2009a (This source only for the table above)

### What has been done so far?

Sri Lanka has taken initiatives to stop violence against women, such as the Domestic Violence Act of 2005. It has ratified all key international mechanisms on human rights, including four major instruments relevant to rape and other forms of gender-based violence.

Following the passage of the Domestic Violence Act, the Forum against Gender-Based Violence was set up. Programmes help raise awareness

among women and extend assistance through both government and non-governmental organizations. One-stop crisis centers are in place in government hospitals, and there are women's desks at police stations.

<sup>1</sup>United States Agency for International Development 2009b.

<sup>2</sup>World Health Organization 2005.

<sup>3</sup>Department of Census and Statistics of Sri Lanka 2011e.

## Health Care Services

Decades of health investment have enabled Sri Lanka to achieve commendable health outcomes. Today, public health care is provided free of charge at government hospitals and dispensaries to all citizens, although the supply is unable to meet the demand. While the public health sector serves nearly 60 percent of the population, out-of-pocket health expenditure is very high, as will be discussed later in this chapter.<sup>79</sup>

Responsibility for the public health service devolved from the central Government to the provincial councils with Provincial Council Act No. 42 of 1987. As a result, apart from the Health Ministry at the national level, there are nine provincial ministries of health. The Ministry of Indigenous Medicine promotes ayurvedic medicine.

Compared to the public sector, the role of the private sector in health care is smaller, but has increased over time. Only 46 private hospitals operated in 1990; by 2000, their number grew to 65, and by 2008 to 90.<sup>80</sup> Private hospitals are largely concentrated in the Western Province, which in 2008 had 60 percent of them and 75 percent of all private hospital beds.<sup>81</sup>

### Health Facilities

Access to health care is a complex process, encompassing service availability, the adequate supply of services and the

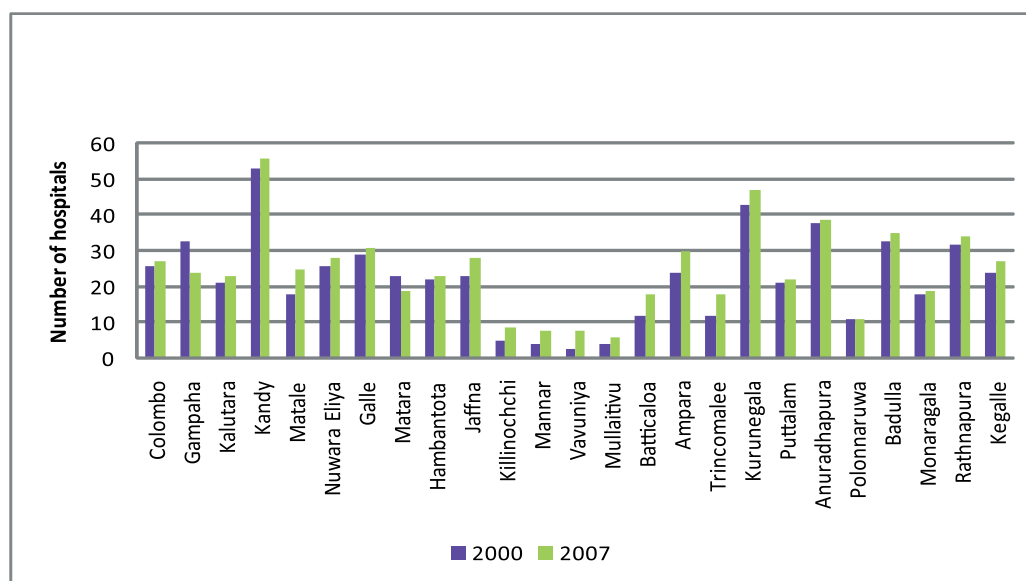
opportunity to obtain health care.<sup>82</sup> The extent to which a population gains access depends on a variety of financial, organizational, social and cultural factors.<sup>83</sup>

According to the Ministry of Health, by the end of 2007, Sri Lanka had 608 hospitals and 68,694 patient beds, including maternity homes and central dispensaries, and 72 government medical institutes, including teaching, provincial and base hospitals.<sup>84</sup> There were 62 ayurvedic hospitals and 208 central ayurvedic dispensaries, with 1,424 physicians serving public ayurvedic hospitals.<sup>85</sup> The number of government hospitals increased from 558 in 2000 to 615 in 2007. On average, a free Western-type government health care service can be found within 4.8 kilometres of any home.<sup>86</sup>

In 2011, 11,023 medical officers and 31,466 nurses worked in the public hospital system. The number of medical officers and nurses per 100,000 people increased from 41.1 to 55.1, and 76 to 157.3, respectively, from 2000 to 2007.<sup>87</sup>

This enormous health infrastructure is not equitably distributed. There are fewer government hospitals in the Northern and Eastern provinces (i.e. Jaffna, Killinochchi, Mannar, Vavuniya, Mullaitivu, Batticaloa, Ampara and Trincomalee), although the situation improved markedly from 2000 to 2007 (Figure 3.7).

**Figure 3.7: Distribution of Government Hospitals, 2000-2007**



Source: Ministry of Health 2007.

### Human and Physical Resources

Access to health facilities alone does not ensure good health care. Facilities need to be adequately staffed, and require a regular supply of at least essential medicines and equipment. Nationally, Sri Lanka's health workforce and infrastructure indicators are mostly comparable to those of

Sri Lanka does well in terms of physician density compared to the poorer South Asian countries, such as Bangladesh and Nepal. This is also true in comparison to some more advanced economies such as Thailand and Indonesia (Table 3.4). However, Sri Lanka's statistics appear low in comparison to most other Asian countries. For example,

**Table 3.3: Health Workforce and Infrastructure**

|  | Sri Lanka | South-East Asia | Global |
|--|-----------|-----------------|--------|
| Physicians per 10,000 people, 2000-2010                      | 4.9       | 5.4             | 14.0   |
| Nursing and midwifery personnel per 10,000 people, 2000-2010 | 19.3      | 13.3            | 29.7   |
| Dentistry personnel per 10,000 people, 2000-2010             | 0.8       | 0.7             | 3.0    |
| Pharmaceutical personnel per 10,000 people, 2000-2010        | 0.4       | 3.8             | 4.1    |
| Hospital beds per 10,000 people, 2000-2009                   | 31        | 11              | 29     |
| Radiotherapy units per 1,000,000 people, 2010                | 0.6       | 0.3             | 1.8    |

Source: World Health Organization 2011.

South-East Asia, but they lag behind corresponding global figures, perhaps with the exception of pharmaceutical personnel (Table 3.3).

the number of midwives and nurses is low compared to more advanced economies: 19.3 per 10,000 people in Sri Lanka compared to 27.3 in Malaysia. Performance is better in terms of the number of hospital beds: 31 per 10,000 people compared to 18 per 10,000 in Malaysia.

**Table 3.4: Health Workforce and Infrastructure: A Country Comparison**

| Country           | Physician density per 10,000 people, 2000-2010 | Nursing and midwifery personnel density per 10,000 people, 2000-2010 | Hospital beds per 10,000 people, 2000-2009 |
|-------------------|--|--|--|
| Singapore         | 18.3   | 59.0   | 31   |
| Malaysia          | 9.4  | 27.3   | 18   |
| Republic of Korea | 19.7   | 52.9   | 123  |
| China             | 14.2   | 1.8  | 41   |
| Thailand          | 3.0  | 15.2   | 22   |
| Philippines       | 11.5   | 60.0   | 5  |
| Indonesia         | 2.9  | 20.4   | 6  |
| Maldives          | 16.0   | 44.5   | 26   |
| India             | 6.0  | 13.0   | 9  |
| Pakistan          | 8.1  | 5.6  | 6  |
| Bangladesh        | 3.0  | 2.7  | 4.0  |
| Nepal             | 2.1  | 4.6  | 50   |
| Myanmar           | 4.6  | 8.0  | 6  |
| Sri Lanka         | 4.9  | 19.3   | 31   |

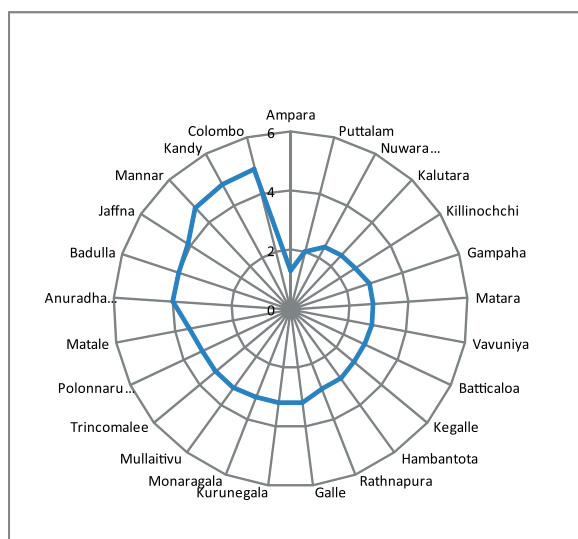
Note: The figures are estimated values for the period given.

Source: World Health Organization, World Health Statistics 2011.

Available health resources are not well distributed, with medical facilities, physicians and nurses concentrated in metropolitan areas, especially Colombo (Figures 3.8, 3.9, 3.10 and 3.11), and scarcer in conflict-affected and poor rural districts. The Government has recognized the need for adequate local facilities to screen patients and refer

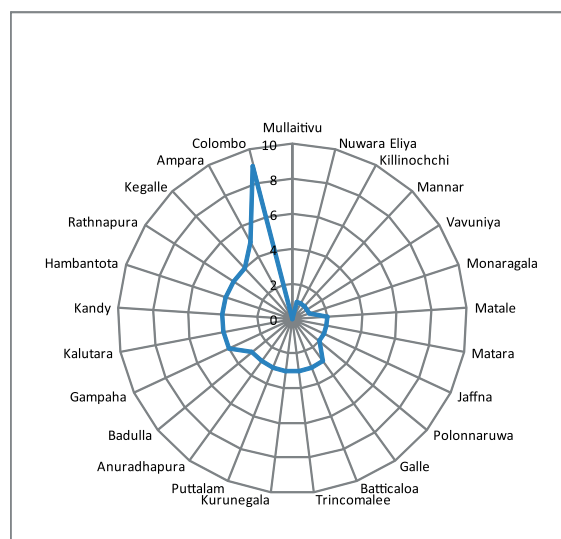
them to special care facilities as needed, but available evidence suggests that both health personnel and facilities are insufficient. Many patients bypass primary health facilities to directly access secondary and tertiary health care facilities, leading to congestion.<sup>88</sup>

**Figure 3.8: Government Hospital Beds per 1,000 People**



Source: Ministry of Health 2007.

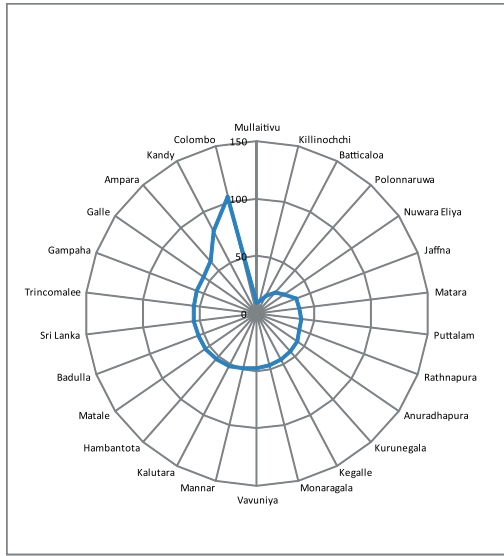
**Figure 3.9: Government Medical Institutions with Specialties**



Source: Ministry of Health 2007.

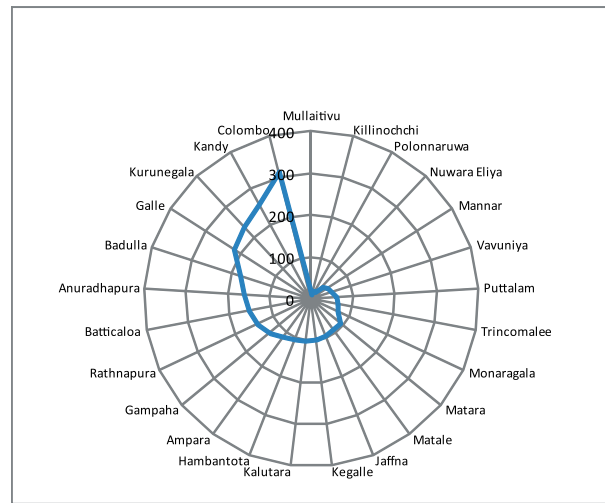


Figure 3.10: Medical Officers per 100,000 People



Source: Ministry of Health 2007.

Figure 3.11: Nurses per 100,000 People



Source: Ministry of Health 2007.

## Medicines

Shortages of essential drugs, substandard drugs and easy access to drugs are all health concerns. Currently, the pharmaceutical market is regulated under the Cosmetics, Devices and Drugs Act, No. 27 of 1980, which is implemented by the Drug Regulatory Authority. The Medical Supply Division of the Ministry of Health is authorized to distribute medical supplies to public institutions and narcotic drugs to both state and private ones.

Signs that the market is unregulated, however, include the ready availability of substandard, outdated and counterfeit drugs, the dispatch of medicines without prescriptions and drug shortages.<sup>89</sup> Unregulated use of drugs has resulted in adverse health outcomes, including deaths,<sup>90</sup> yet thousands of them are marketed under different brand names. While only a few of the medicines are regarded as essential,<sup>91</sup> over 9,000 are registered in Sri Lanka.<sup>92</sup>

Policy makers are aware of these deficiencies and have taken steps such as the 2005 National Medicinal Drug Policy, formulated and approved by the Cabinet, but has not been implemented due to delays in establishing the necessary institutional framework and to lobbying by pharmaceutical companies.<sup>93</sup>

## Health Financing and Access to Health Services

After years of heavy investment, improvements in health facilities and personnel have recently been compromised by more limited resources. As a percentage of GDP, total expenditure on health care<sup>94</sup> has remained around 4 percent from 2000 to 2008, a low rate compared to a global average of around 8 percent of GDP (Table 3.5).

**Table 3.5: Health Expenditure as a Share of GDP, 2000 and 2008**

|   | Sri Lanka |      | Global |      |
|---|-----------|------|--------|------|
|   | 2000      | 2008 | 2000   | 2008 |
| Total expenditure on health as % of GDP   | 3.7       | 4.1  | 8.3    | 8.5  |
| General government expenditure on health as % of total expenditure on health            | 48.3      | 43.7 | 56.4   | 60.5 |
| General government expenditure on health as % of total government expenditure           | 6.9       | 7.9  | 13.3   | 13.9 |
| Private expenditure on health <sup>95</sup> as % of total expenditure on health         | 51.7      | 56.3 | 43.5   | 38.4 |
| Out-of-pocket expenditure <sup>96</sup> on health as % of private expenditure on health | 83.3      | 86.7 | 50.7   | 50.7 |
| Per capita total expenditure on health at average exchange rate (US \$)                 | 101       | 187  | 484    | 854  |

*Note:* The figures are estimated values for the period given.

*Source:* World Health Organization, World Health Statistics 2011.

Access to health services is very high with regard to pregnancy and childbirth. More than 95 percent of deliveries have the opportunity of taking place in a health facility, and more than 95 per cent of women have the opportunity of getting a tetanus injection during pregnancy

(Table 3.6). Globally, between 2000 and 2010, only 66 percent of births were assisted by health personnel.<sup>97</sup> Despite slight variations across Sri Lanka, 90 percent of pregnant women have access to health facilities, even on estates where accessibility is difficult.

**Table 3.6: Access to Health Services During Pregnancy, 2000 and 2006**

|   |          | 2000                            | 2006                |
|---|----------|---------------------------------|---------------------|
|   |          | Average opportunity opportunity | Average opportunity |
| Delivery assisted by health personnel*      | National | 96.6                            | 99.3                |
| Delivery in public or private hospital*     | National | 97.9                            | 98.6                |
| Received tetanus injection during pregnancy | National | 95.8                            | 95.4                |
|   | Urban    | 93.6                            | 95.3                |
|   | Rural    | 97.2                            | 95.6                |
|   | Estate   | 89.9                            | 92.7                |

*Source:* Arunatilake, Attanayake and Jayawardena 2009.

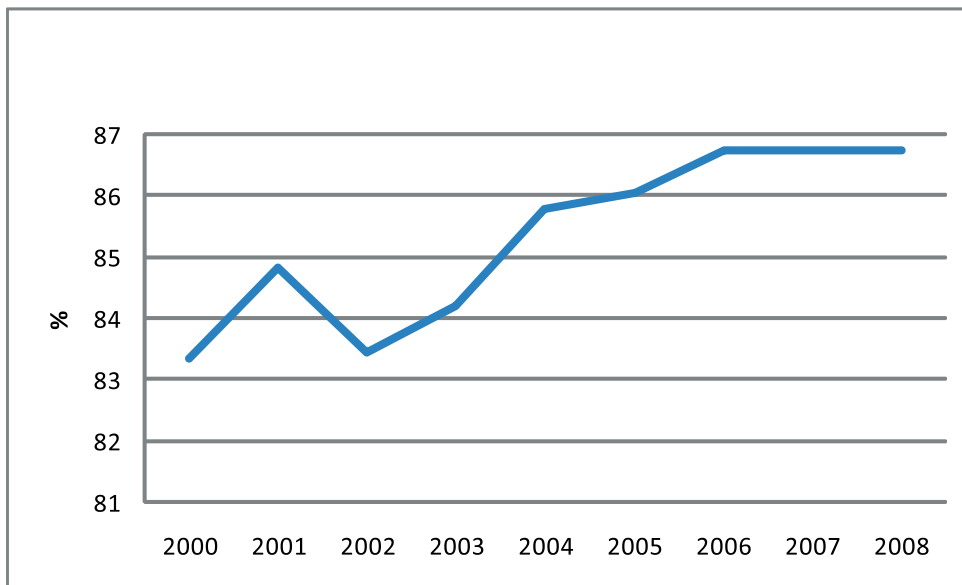
\* Sample size is too small to disaggregate by sector.

While access to public health care is high for mothers and children, it is not readily available for diseases specific to the elderly, and for non-communicable diseases. The result is another disturbing health trend: the rising reliance on private expenditure for financing health care, which raises concerns about equity. Globally, private health expenditure is falling: it accounted for 43.5 percent of total health expenditure in 2000, but declined to 38.4 percent in 2008. For Sri Lanka, the corresponding statistics are 51.7 percent and 56.3 percent, respectively. The proportion of out-of-pocket expenditure for private healthcare has grown as

Although health services are provided free of charge in public hospitals, issues relating to the quality of care and time taken to acquire it push some people to seek treatment from private health facilities. When some services are not available in public hospitals, such as laboratory facilities, patients obtain them from private institutions for a fee.

Despite issues with quality, access and funding, health outcomes are not solely determined by what happens (or does not happen) in the formal health sector. Other influential factors include poverty, living conditions,

**Table 3.12: Sri Lanka's Out-of-pocket Expenditure as a Percent of Private Health Expenditure**

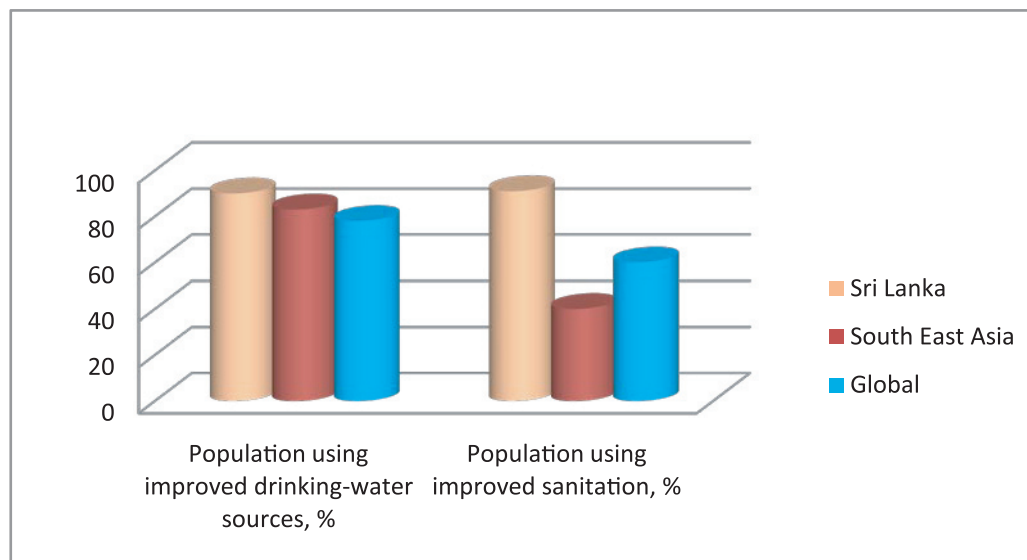


Source: World Health Organization 2012c.

well, rising from about 83 percent to 87 percent between 2000 and 2008 (Figure 3.12). If this trend continues, the poor may have less access to health services as they become more expensive.

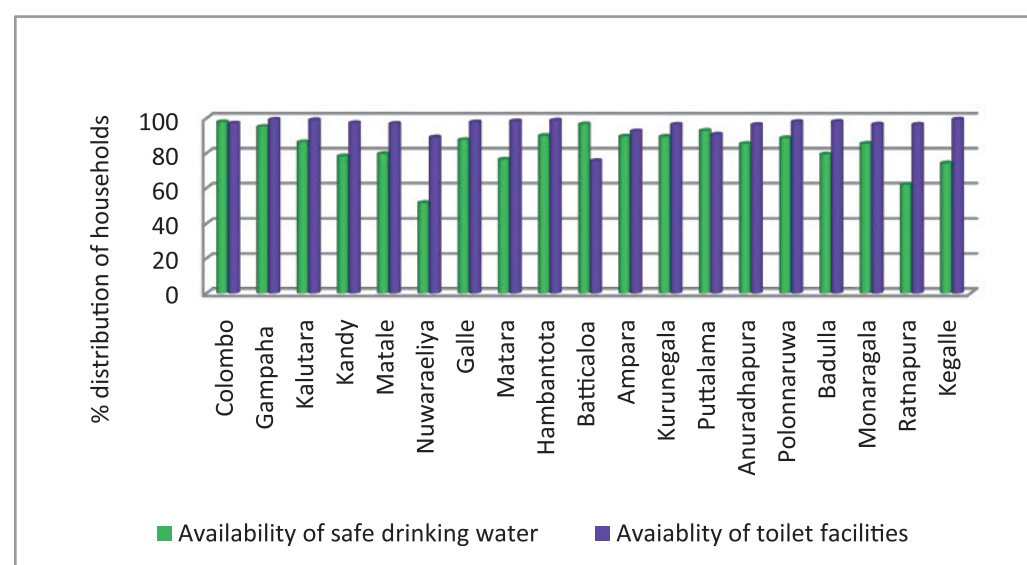
and access to clean water and sanitation. The percentage of people with improved drinking water sources<sup>98</sup> and sanitation<sup>99</sup> is high in Sri Lanka compared to countries in South-East Asia or globally (Figure 3.13). Access varies across districts, although it is generally above 70 percent (Figure 3.14).

**Figure 3.13: Percentage of People with Improved Drinking Water and Sanitation, 2008**



Source: World Health Organization 2011.

**Figure 3.14: Availability of Safe Drinking Water and Toilet Facilities**



Source: Department of Census and Statistics of Sri Lanka 2011c.

Data on access in the Northern and the Eastern provinces are limited, but it is likely low. For example, in Vavuniya District, 82 percent of all households have safe latrines, but only 34 percent have safe drinking water.<sup>100</sup> The following observations by people living in the Northern and Eastern provinces highlight their plight:

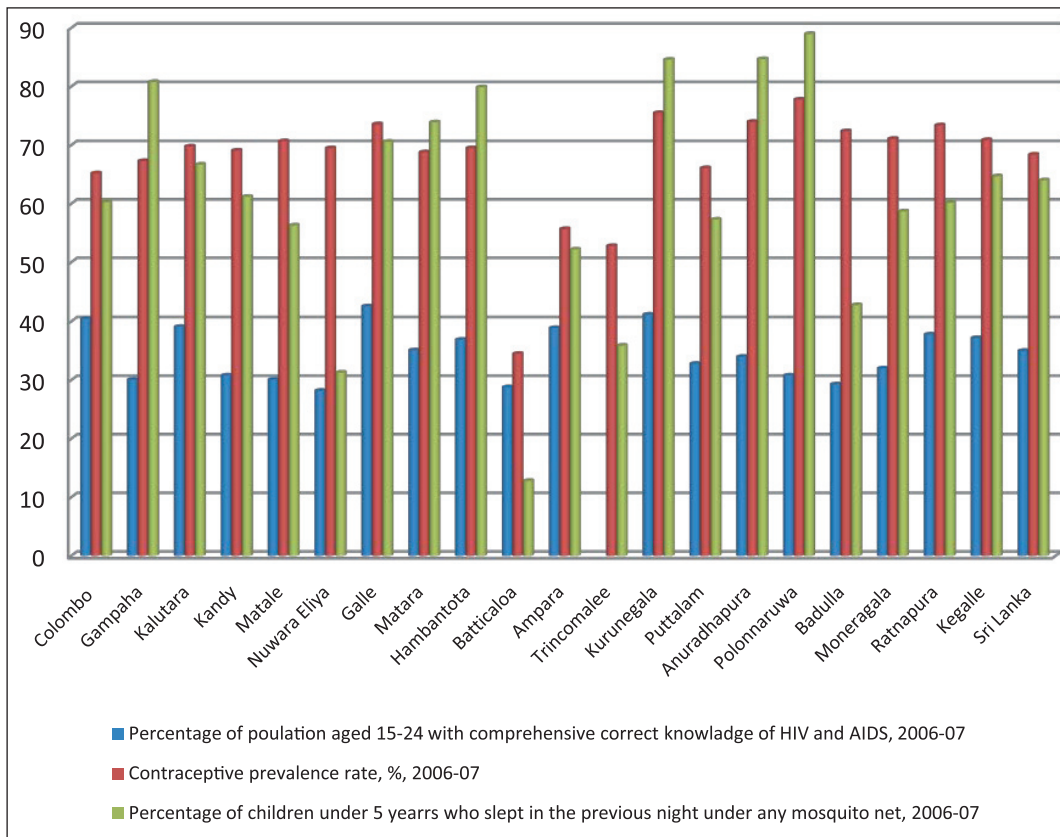
*“Toilet facilities are not available for all the households. Those who don’t have toilets use nearby jungles and paddy fields. Sometimes we have to face snake bites and wild animal attacks in such occasions,”* noted a villager from Mandapathadi, Batticaloa.<sup>101</sup>

A villager from Ellappanmarudankulam, Vavuniya said: *“We have to travel long distances to fetch water during the*

*dry season of the year. Although most of the households have wells in their own premises, they are not protected and water cannot be used for drinking.”*<sup>102</sup>

Available data indicate that basic knowledge of health practices is low and varies widely across different districts (Figure 3.15). Only 35.3 percent of people aged 15-24 have correct knowledge about HIV and AIDS, for example. Even so, this level of knowledge varied from about 28 percent in Nuwara Eliya District to 46 percent in Galle District. Contraceptive prevalence rate and the usage of mosquito nets is significantly lower in some districts, especially in the Eastern Province. Only 34 percent of women use contraceptives in Batticaloa District.

**Figure 3.15: Health Knowledge and Practices**



Source: Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010.

Note: Data were not available for Trincomalee District on knowledge of HIV and AIDS.

## Groups with Special Health Needs

### The Elderly

Sri Lanka is currently in the third phase of its demographic transition,<sup>103</sup> where the population stabilizes with low birth and death rates. According to the Department of Census and Statistics, 7.5 per cent of the country's population was 65 years or older in 2006-2007,<sup>104</sup> compared to 4.3 per cent in 1981.<sup>105</sup> If this trend continues, one-fourth of the country's population will be 60 years and older by 2041.<sup>106</sup> Ageing is an important emerging issue, since it increases the old-age dependency ratio and has economic implications.

An ageing population also means higher demand for the prevention of non-communicable diseases and related services that are more costly than other types of health care. Sri Lanka's health system has not evolved to take on these additional challenges. As a result, many of today's elderly people do not undergo screening for illnesses and are not aware of how to prevent non-communicable diseases. Many who acquire these illnesses do not receive continued and comprehensive care.<sup>107</sup>

### Disabled Persons

Globally, according to the World Health Organization, about 15.6 percent of people 18 years and above in any given population are disabled.<sup>108</sup> The rate is higher for women, especially those who are poor and live in rural areas.<sup>109</sup>

Sri Lanka has no consistent and reliable data on the prevalence of disability. According to the 2001 Census conducted by the Department of Census and Statistics, 1.6 per cent of people have a disability,<sup>110</sup> a rate considerably below the 7 percent for the Asia-Pacific region in 2007, according to the Economic and Social Commission for Asia and the Pacific (ESCAP).

The variations in numbers may be mainly due to definitional differences. For Sri Lanka, the 2001 Census defined someone with disabilities as, "A person who was

unable or limited in carrying out activities that he or she can do due to congenital or long-term physical/mental disabilities." This is a relatively narrow definition that may not fully capture the prevalence of disability. The Commission (ESCAP) takes a broader approach: "Any person who, as a result of any deficiency in his physical or mental capabilities, whether congenital or not, is unable by himself to ensure for himself, wholly or partly, the necessities of life."<sup>111</sup>

The most comprehensive data on disabled people are from the 2001 Census. According to it, 274,711 people were disabled, including 4,851 children aged 0-4. Among disabled people, only 14.4 percent of disabled people were employed; only 4.1 percent of people with mental disabilities had work. Family support sustained 73.3 percent of disabled persons.

Disability can result in direct and indirect social and economic costs, but these are hard to quantify.<sup>112</sup> Direct costs include the additional expenses that people with disabilities and their families incur to attend to special needs, and government expenditure on benefits and social provisions. Indirect costs are both economic, such as loss of productivity and limitations on labour force participation, and non-economic, such as psycho-social burdens faced by the disabled and their caretakers, including social isolation and depression.

Integrating disabled people into the labour force in a productive manner is a challenging but important step. The main responsibility for this lies with the Government, which has started to move forward. For example, the Ministry of Public Administration has decided to allocate three percent of state jobs to persons with disabilities. This policy has not been fully implemented, unfortunately, as people with disabilities lack the educational qualifications and required skill sets.<sup>113</sup> To address this issue, the Government has taken initiatives to improve skills and provide financial grants to generate self employment.<sup>114</sup>

## People in Conflict-affected Areas

Fallout from the conflict was evident across Sri Lanka: violence, loss of human lives, increased disability,<sup>115</sup> poverty, food insecurity, destruction of infrastructure and displacements. Large-scale disruptions, ideal conditions for diseases and trauma,<sup>116</sup> were more severe and frequent in the Northern and Eastern provinces. Data from these areas were either not incorporated or were under-

Special studies of displaced people indicated that their nutrition status was remarkably poor compared to national figures. For example, the prevalence of wasting, stunting and low weight among children less than five years old in Vavuniya District was 35.6 percent, 30 percent and 46.7 percent, respectively, in 2009.<sup>118</sup> The national figures were 14.7 percent, 17.3 percent and 21.1 percent, respectively.<sup>119</sup>

**Table 3.7: Selected Health Indicators and Resource Availability in Districts of the Northern and Eastern Provinces**

|             | Maternal mortality rate per 100,000 live births, 20051 | Child malnutrition [% of children below five years below two standard deviations], <sup>2</sup> 2006-2007 |      |      | Maternal malnutrition [% of women aged 15-49], <sup>2</sup> 2006/2007 | Medical officers per 100,000 people, <sup>3</sup> 2007 | Nurses per 100,000 people, <sup>3</sup> 2007 | Distribution of government hospitals, 2007 |
|-------------|--|---|------|------|---|--|--|--|
| Sri Lanka   | 39.3   | 17.3  | 14.7 | 21.1 | 16.2  | 55   | 160  | 615  |
| Jaffna      | 37.9   | N.A.  | N.A. | N.A. | N.A.  | 37   | 95   | 28   |
| Kilinochchi | 102.8  | N.A.  | N.A. | N.A. | N.A.  | 12   | 20   | 9  |
| Mannar      | 46.2   | N.A.  | N.A. | N.A. | N.A.  | 49   | 50   | 8  |
| Vavuniya    | 39.3   | N.A.  | N.A. | N.A. | N.A.  | 48   | 53   | 8  |
| Mulativu    | 70.8*  | N.A.  | N.A. | N.A. | N.A.  | 10   | 12   | 6  |
| Batticaloa  | 77.4   | 24.4  | 19.4 | 27.5 | 11.6  | 18   | 151  | 18   |
| Ampara      | 72.8   | 14.1  | 19.3 | 22.0 | 15.1  | 61   | 112  | 30   |
| Trincomalee | 11.9   | 30.5  | 28.1 | 27.8 | 20.1  | 56   | 67   | 18   |

Note: \* denotes a 2004 figure.

Sources: 1Family Health Bureau of Sri Lanka 2009, 2Department of Census and Statistics 2009a 3 Ministry of Health 2007.

represented in national surveys and censuses due to poor security conditions. But available statistics indicate high rates of maternal mortality, and the thin distribution of medical personnel and health facilities (Table 3.7).

As articulated by a resident in conflict-affected Damana in Ampara District: *“The nearest hospital to us is the Thottama Government Hospital, which is 7 kilometres away from the village. In this hospital also there are not enough doctors, nurses and other medical personnel and there is no sufficient medicine.”*<sup>117</sup>

The Government faces a major challenge in re-establishing health services in conflict-affected areas. As detailed in the Health Master Plan for 2007-2016, prepared by the Ministry of Health: “Damaged infrastructure, ranging from primary care centres to tertiary hospitals, the scarcity of human resources for health in the war-torn areas, breakdown of preventive and promotive services, lack of other supportive facilities, such as medical supplies, equipment and the disorganization of other systems such as education, sanitation, etc. that have a direct adverse influence on health, have created negative health impacts

among those living in these districts.”<sup>120</sup> The scale of the destruction of systems that support a decent life is considerable, as are the logistical challenges, and the need for resources, financial and human.

The immediate task is to address the health needs of returnees and internally displaced people in camps. This entails re-establishing formal health services and networks in a sustainable manner, which depends on large-scale

health investment projects with a long implementation time.<sup>121</sup> Simultaneously, requisite human resources have to be allocated - this is one of the most crucial steps.<sup>122</sup> Since many challenges are interrelated, the return to normalcy will require a holistic approach combining actions on health infrastructure, accommodation, transportation, communication, education, livelihood opportunities and psycho-social issues.





By helping people achieve their competencies, education expands the space for human development.<sup>123</sup> Countries that do well in education do well in terms of human development: According to the OECD's comprehensive world education ranking for the year 2009,<sup>124</sup> the 5 top-performing countries in education—Canada, Finland, Japan, New Zealand and the Republic of Korea—are among the 17 countries with the highest human development achievements.<sup>125</sup> Education also moulds a country's social, cultural and political developments, and in multi-ethnic societies can build trust and bring diverse people together to work for common goals.<sup>126</sup>

The intrinsic value of education is coupled with its instrumental and transitional values: enlarging the national pie, powering upward socioeconomic and political mobility, shattering gender-related barriers, positively influencing the use of health services, and bettering knowledge on child nutrition, etc.<sup>127</sup>

In the modern global economy, needed competencies and capabilities are constantly changing, marked by overall increased demand for 'expert-thinking'<sup>128</sup> and 'complex-communication'.<sup>129</sup> Building these skills starts with a solid foundation of reading, writing, mathematics, and the sciences, including technology, but also depends on opportunities for more sophisticated learning, education and research.

### Education for Human Development

Sri Lanka's education attainment levels are high, if judged by basic indicators such as literacy, access to primary education and education completion rates. Adult literacy reached 91 percent in 2008,<sup>130</sup> and Sri Lanka has almost achieved the MDG targets for universal primary education and gender equity in education. In 2006, it attained a primary enrolment rate of 97.5 percent, and practically reached gender parity in primary education, with the ratio of girls to boys at 99 percent.<sup>131</sup> Despite being a

lower middle-income country, Sri Lanka is often cited as a nation with high educational achievements.

New challenges have come in providing quality education that is relevant to a modern economy and the lifestyles of Sri Lankans today. Shortages of certain kinds of skills may only grow as the country moves towards a knowledge-based economy. This needs to be redressed quickly to preserve competitive advantages and reduce the tendency of very skilled people to leave the country.

Like all developing nations, Sri Lanka will have to improve the quality and relevance of tertiary education, and prepare workers with the advanced skills sets that a competitive economy demands. Present government development policy aims to reposition Sri Lanka in the global arena as a middle-income country with a strong knowledge base and improved living standards. The government development policy framework, 'Mahinda Chintana—Vision for the Future', has identified five focus areas: naval, aviation, commerce, energy and knowledge.<sup>132</sup>

A principal issue, however, is the need to bridge the mismatch between skills acquired through the education system and the requirements of the labour market.<sup>133</sup> A 2003 sector review by the National Education Commission found that the system has failed to enhance the quality and relevance of education, and thus to prepare people adequately for work.<sup>134</sup> This chapter examines Sri Lanka's successes and limitations in meeting these challenges.

### Delivery of Education Services

The general education system provides 13 years in three cycles: primary (grades 1-5), junior secondary (grades 6-9), senior secondary (grades 10-11), and collegiate (grades 12-13). All children aged 5 to 14 must complete the primary and junior secondary education cycles.<sup>135</sup> Two national level examinations—the General Certificates of Education Ordinary (O-Levels) and Advanced (A-

Levels)—mark the end of the senior secondary and collegiate education cycles. The exams determine access to higher education, and are prerequisites for most public sector jobs at the clerical level and above.

Sri Lanka has provided free education for decades. The education ordinances of 1939 and free education introduced in 1945 were among the earliest national policies aiming to achieve universal and equal access to education at all levels.<sup>136</sup> This commitment is still in force, aligned with international standards. To improve access to general education, successive governments have adopted a variety of demand and supply-side policies, including for a countrywide network of government-funded schools, free textbooks, scholarships for disadvantaged students, free uniforms and subsidized transport facilities.<sup>137</sup>

Structurally, the education system of Sri Lanka comprises three kinds of institutions: schools that provide general education; the university system, which offers degree programmes; and institutions for technical education and vocational training. Aside from a handful of private schools,<sup>138</sup> the school system is public; the entire formal university system is in the hands of the Government. Recently, there has been some private provision of tertiary education through institutions affiliated to foreign universities. The number of technical schools is relatively small but growing, with an almost even division between public and private institutions.

The public education system included 10,502 schools in 2010, a number slightly less than it was in 2000 (Table 4.1). The number of teachers employed by these schools rose from 186,097 to 212,457, an increase of 14 percent. In contrast, the student population contracted by 6 percent, a decline partly explained by demographic changes, and by more students choosing to attend ‘international schools’. A healthier teacher-student ratio has been achieved: from 1 teacher for 22.5 students in 2000 to 1 teacher for 18.5 students in 2010.

The number of private schools rose from 78 to 98, an increase of more than 25 percent, during this ten-year period (2000 – 2010). Buddhist centres of learning (referred to as *pirivenas*) also grew, from 561 to 719, an

increase of 28 percent. A new set of private ‘international schools’ is registered under the Board of Investment, not with the Ministry of Education. Estimated at between 200 to 250 institutions,<sup>139</sup> they offer foreign curricula and prepare students for international examinations.

Sri Lanka’s tertiary education system consists of universities, higher education institutions, and technical and vocational education schools. The state university system comprises 15 universities, 7 postgraduate institutes and 10 other higher educational institutions functioning under the purview of the University Grants Commission. To increase opportunities for and to diversify higher education, the Government has established new higher education institutes and expanded existing universities with new faculties.

New admissions for basic degrees rose by about 83 percent from 2000 to 2010, moving from 11,805 to 21,457. Yet only 17 percent of students who qualified, based on their A-Level exam results, gained admission in 2010; capacity remains a constraint. The number of lecturers grew as well, by 52 percent, increasing from 3,241 to 4,918.

Establishment of degree-awarding institutions outside the University Grants Commission’s purview is a recent development. It has allowed some state and non-state local institutions the option to conduct certain courses of study and award degrees.<sup>140</sup> It has also recognized foreign universities and higher educational institutes, based on international acceptance.<sup>141</sup>

The National Policy Framework for Higher Education notes a growing need to recognize the role of non-state institutions in higher education,<sup>142</sup> and in March 2011, the Cabinet approved preparation of a legal framework to guide the quality assurance and accreditation of higher education institutions, and the registration and regulation of non-state institutions.<sup>143</sup> A council for non-state higher education is planned to monitor the quality of all providers. Implementation is awaiting parliamentary approval.

A wide array of institutions run technical education and vocational training programmes, including public and private sector providers, and the Tertiary and Vocational

Education Commission. Private and non-governmental training institutions play a key role—by the end of 2010, 1,138 were registered as providers. The Commission formulates policy, plans and coordinates, sets standards, and regulates the sector for the relevance and quality of training.

Most organizations charge fees, but national and international charities also support a large network of free institutions. The Commission has put in place a system for registering training outlets and accrediting courses as part of a credible quality assurance system.<sup>144</sup>

**Table 4.1: Trends in Education Provision**

|  | 2000          | 2005          | 2010      |
|--|---------------|---------------|-----------|
| <b>General education</b>                           |               |               |           |
| Total number of schools                            | 10,615        | 10,461        | 10,502    |
| Government schools                                 | 9,976         | 9,723         | 9,685     |
| Pirivena schools                                   | 561           | 653           | 719       |
| Private schools*                                   | 78            | 85            | 98        |
| Government schools                                 |               |               |           |
| Number of teachers                                 | 186,097       | 189,234       | 212,457   |
| Number of students                                 | 4,193,908     | 3,942,077     | 3,940,072 |
| <b>Higher education</b>                            |               |               |           |
| Number of universities                             | 13            | 15            | 15        |
| Number of other higher educational institutions    | -             | 16            | 17        |
| Number of new admissions                           | 11,805        | 14,520        | 21,547    |
| Number of lecturers                                | 3,241         | 3,875         | 4,984     |
| <b>Technical education and vocational training</b> |               |               |           |
| Number of registered institutions                  |               |               |           |
| Government and semi-government                     | 556 (2001)    | n.a.          | 939       |
| Private  | 252 (2001)    | n.a.          | 898       |
| Non-governmental                                   | 112 (2001)    | n.a.          | 240       |
| Intake   | 67,612 (2002) | 63,040 (2006) | 108,125   |
| Public expenditure on education (Rs. millions)**   | 30,929        | 63,557        | 104,248   |
| Current  | 23,794        | 50,697        | 85,195    |
| Capital  | 7,135         | 12,860        | 19,053    |

*Notes:* \* Some private schools, popularly called 'international schools', provide education services, but are registered as companies; as such, these are not included in this table.

\*\* Denotes government expenditure on general and higher education. N.a. means not available.

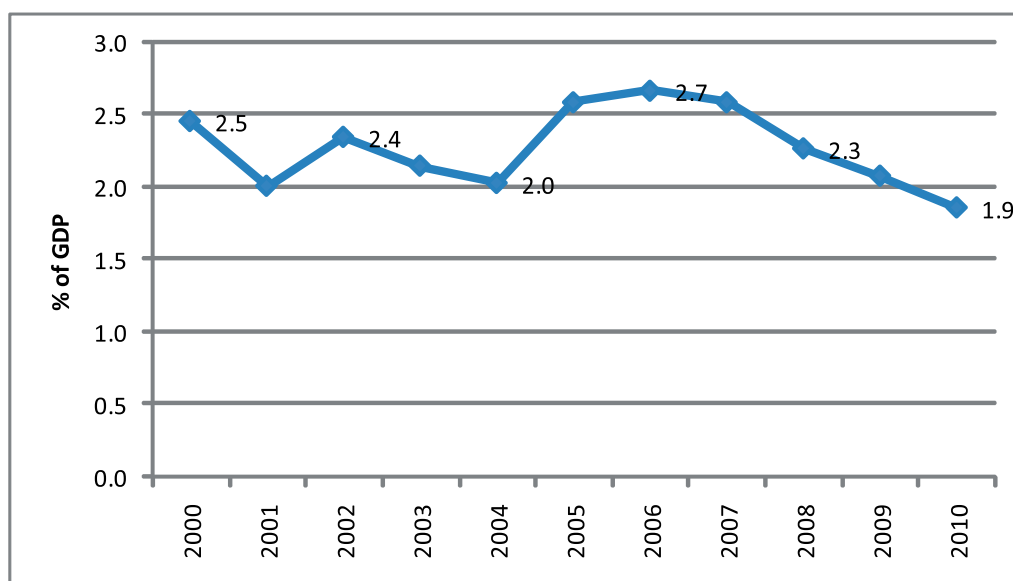
*Sources:* Central Bank of Sri Lanka 2010, Tan and Chandrasiri 2004, Tertiary and Vocational Education Commission 2010b, and Ministry of Youth Affairs and Skills Development 2012.

## Funding Education

Public investment in education is low and declining, even as the public system remains the predominant institution supporting this critical dimension of human progress. Public expenditure fluctuated around 2.3 percent of GDP between 2000 and 2010 (Figure 4.1). Available data suggest that in South Asia, Bangladesh, India and Nepal all invested a larger share.<sup>145</sup> Sri Lanka's public investment is also smaller than the average for middle-income countries (Table 4.2).

Of the amount spent on education in 2010, 80 percent went towards recurrent expenditures, with salaries for teachers comprising the largest component at 75 percent.<sup>146</sup> While well-developed school infrastructure may have resulted in a diminished need for investments in recent times, the limited availability of funds has held back plans to improve facilities and increased out-of-pocket expenditure.<sup>147</sup>

**Figure 4.1: Public Expenditure on Education as a Percentage of GDP**



Source: Central Bank of Sri Lanka 2010

**Table 4.2: Public Expenditure on Education, 2008**

|                               | As % of GDP | As % of total government expenditure |
|-------------------------------|-------------|--------------------------------------|
| Malaysia                      | 4.1         | 17.2                                 |
| Singapore                     | 2.6         | 15.3                                 |
| Indonesia                     | 2.8         | 17.9                                 |
| Philippines                   | 2.8         | 16.9                                 |
| India                         | 3.1 (2006)  | n.a.                                 |
| Bangladesh                    | 2.4         | 14                                   |
| Nepal                         | 3.8         | 19                                   |
| Sri Lanka                     | 2.3         | 10                                   |
| Lower middle-income countries | 4 (2006)    | n.a.                                 |
| Upper middle-income countries | 5 (2007)    | 13(2007)                             |

Note: N.a. means not available. Where data for 2008 were not available, data for the closest available year (indicated in parentheses) are given. For some instances, data on public expenditure on education refer only to the Ministry of Education, excluding other ministries that spend on education. Technical colleges, training schools, vocational education institutes, agriculture schools, fisheries training institutes and even some universities are funded under other ministries.

Sources: Central Bank of Sri Lanka 2008; United Nations Educational, Scientific and Cultural Organization Institute of Statistics data centre; and The World Bank Education Statistics (EdStats).

The central Ministry of Education provides resources for national schools,<sup>148</sup> while provincial schools, most of which are in rural areas,<sup>149</sup> are financed through the Finance Commission (Table 4.3). The per student expenditure for a national school student was around Rs. 19,000 per annum, whereas the lowest per student expenditure was recorded in Eastern Province schools at around

Although education in public schools is free, including tuition, textbooks and subsidized transport, households still spend a considerable sum on it - on average, around 3.2 percent of total expenditure, which amounts to Rs. 776 per month. The richest decile invests 3.1 percent of monthly expenditure, equivalent to an average of Rs. 2,050, while the poorest decile spends Rs. 280 per month,

**Table 4.3: Average per Student and per School Expenditure, National and Provincial Schools, 2007**

| Province         | Number of students | Number of schools | Per student total expenditure, Rs. | Per school total expenditure, millions of Rs. |
|------------------|--------------------|-------------------|------------------------------------|---|
| Western          | 681,617            | 1,288             | 14,153                             | 7.5   |
| Central          | 419,314            | 1,413             | 16,195                             | 4.8   |
| Southern         | 354,714            | 1,032             | 17,931                             | 6.2   |
| Northern         | 244,888            | 881               | 16,341                             | 4.5   |
| Eastern          | 325,040            | 944               | 12,562                             | 4.3   |
| North Western    | 385,617            | 1,187             | 17,239                             | 5.6   |
| North Central    | 224,680            | 772               | 15,576                             | 4.5   |
| Uva              | 223,919            | 795               | 17,434                             | 4.9   |
| Sabaragamuwa     | 300,598            | 1,076             | 16,129                             | 4.5   |
| National schools | 676,127            | 326               | 19,313                             | 40.0  |
| Sri Lanka        | 3,836,514          | 9,714             | 16,380                             | 6.5   |

Sources: The World Bank 2011a and Balasuriya 2007.

Rs. 12,500 per annum (Table 4.3). The Government has taken measures to expand the share of general education provided by provincial schools with the aim of increasing resources for them; most are located in rural areas. The provincial share of general education spending increased from 68 percent in 2007 to 71 percent in 2009.<sup>150</sup>

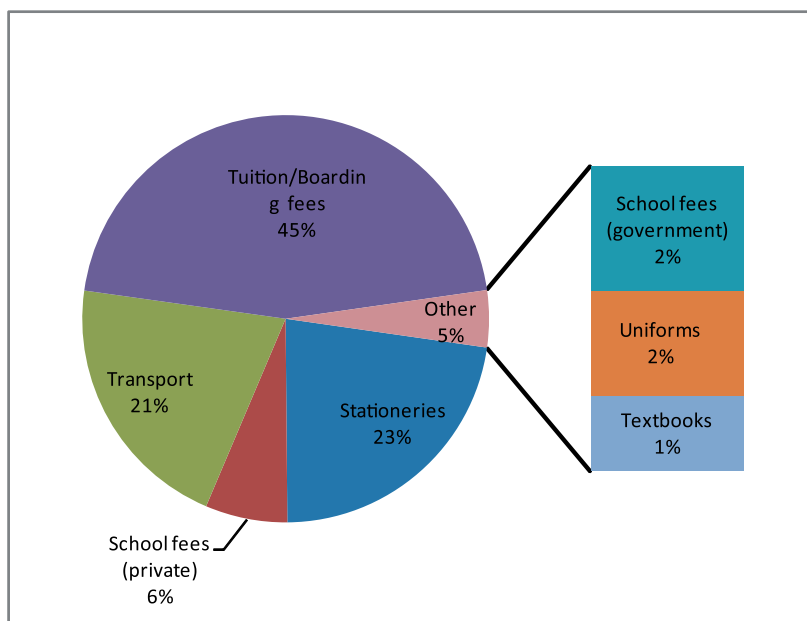
which accounts for 2.9 percent of monthly expenditure (Table 4.4). The largest slice of household expenditure goes to additional private tuition (45 percent), followed by stationery (23 percent) and transport (22 percent). These three items consume 90 percent of typical household out-of-pocket expenditure on education (Figure 4.2).

**Table 4.4: Average Monthly Household Expenditure on Education, 2006-2007**

| Income decile  | Household consumption expenditure, Rs. | Expenditure on education, Rs. | Expenditure on education as a % of total expenditure |
|----------------|--|-------------------------------|--|
| Poorest decile | 9,797                                  | 280                           | 2.9  |
| 2              | 11,867                                 | 354                           | 3.0  |
| 3              | 13,503                                 | 398                           | 2.9  |
| 4              | 15,889                                 | 489                           | 3.1  |
| 5              | 17,590                                 | 574                           | 3.3  |
| 6              | 20,559                                 | 673                           | 3.3  |
| 7              | 24,192                                 | 820                           | 3.4  |
| 8              | 29,016                                 | 950                           | 3.3  |
| 9              | 36,626                                 | 1,337                         | 3.7  |
| Richest decile | 66,039                                 | 2,050                         | 3.1  |
| All            | 24,020                                 | 776                           | 3.2  |

Source: Arunatilake and Jayawardena 2011.

**Figure 4.2: Distribution of Out-of-pocket Expenditure on Education, 2006-2007**



Source: Arunatilake and Jayawardena 2011

### Equitable Access to Quality Education

The 1990 World Declaration on Education for All emphasized equitable access to quality education for everyone.<sup>151</sup> Over the years, Sri Lanka has taken several education measures to improve access to quality education for all, irrespective of socioeconomic background.<sup>152</sup> These have resulted in universal primary education<sup>153</sup> and the access of most children to the junior secondary cycle.

After the primary level, however, participation rates fall and diverge. While the enrolment rate for junior secondary education ranges from 90 to 94 percent across most of the country, it was only 84 percent for estates in 2009-2010.

An overall fall-off began at the upper secondary level, with net enrolment at 80.6 percent for the country. Girls had a slightly higher enrolment rate than boys: 82 percent compared to 79 percent, respectively.

The disparity in access to upper secondary education was greatest on estates, where only 54 percent of children were enrolled, compared to 86 and 81 percent for urban and rural areas, respectively. Across provinces, enrolment at this level was lowest in the Northern Province, the main scene of prolonged conflict, reaching only 70 percent, followed by the North Western and Central provinces. It was highest in Sabaragamuwa and Southern provinces, at 87 percent in both cases (Table 4.5).

**Table 4.5: Grades 1 to 13 Net Enrolment Rates, 2009-2010**

|                        | Net enrolment, %        |                                  |                                   |                              |
|------------------------|-------------------------|----------------------------------|-----------------------------------|------------------------------|
|                        | Primary<br>(grades 1–5) | Junior secondary<br>(grades 6–9) | Upper secondary<br>(grades 10–11) | Collegiate<br>(grades 12–13) |
| <b>Gender</b>          |                         |                                  |                                   |                              |
| Male                   | 95.3                    | 92.1                             | 79.3                              | 33.1                         |
| Female                 | 95.3                    | 93.0                             | 81.9                              | 45.9                         |
| <b>Sector</b>          |                         |                                  |                                   |                              |
| Urban                  | 95.9                    | 92.3                             | 86.2                              | 45.8                         |
| Rural                  | 95.3                    | 93.3                             | 81.4                              | 39.7                         |
| Estate                 | 93.1                    | 83.5                             | 53.8                              | 12.8                         |
| <b>Province</b>        |                         |                                  |                                   |                              |
| Western                | 94.6                    | 93.0                             | 83.1                              | 48.4                         |
| Central                | 95.4                    | 92.5                             | 77.5                              | 37.7                         |
| Southern               | 96.3                    | 93.5                             | 87.2                              | 40.4                         |
| Northern               | 95.8                    | 94.0                             | 69.8                              | 32.3                         |
| Eastern                | 96.5                    | 91.0                             | 78.4                              | 33.3                         |
| North Western          | 94.6                    | 90.3                             | 72.9                              | 34.4                         |
| North Central          | 96.2                    | 93.6                             | 79.0                              | 37.4                         |
| Uva                    | 92.0                    | 92.2                             | 79.1                              | 32.6                         |
| Sabaragamuwa           | 96.8                    | 93.9                             | 87.3                              | 34.7                         |
| <b>Economic groups</b> |                         |                                  |                                   |                              |
| Poorest quintile       | 95.7                    | 88.7                             | 71.4                              | 20.8                         |
| 2nd quintile           | 95.2                    | 91.9                             | 77.6                              | 29.5                         |
| 3rd quintile           | 94.9                    | 94.9                             | 83.9                              | 42.0                         |
| 4th quintile           | 95.2                    | 93.6                             | 87.4                              | 51.5                         |
| Richest quintile       | 95.2                    | 95.6                             | 88.1                              | 62.2                         |
| <b>Sri Lanka</b>       | <b>95.3</b>             | <b>92.6</b>                      | <b>80.6</b>                       | <b>39.4</b>                  |

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

At the collegiate level, the net enrolment rate for the country as a whole was 39 percent in 2009-2010. About half of the students who enrolled in upper secondary schools made it to the next level of education. Here again, the estate sector lagged far behind. Only 13 percent of children continued, which is far behind urban areas at 45.8 percent and rural areas at 39.7 percent. The collegiate enrolment rate was lowest in the Northern and Uva provinces, with less than a third of the eligible children enrolled. The Eastern, North Western and Sabaragamuwa provinces fared only slightly better. Enrolment was highest in the Western Province at 48.4 percent, followed by the Central Province at 40.4 percent.

Across economic groups, enrolment rates declined for poor people. The rate for all quintiles at the primary level was about 96 percent, but only 89 percent for the poorest quintile at the junior secondary level, compared to 96

percent for the richest quintile. By the upper secondary level, enrolment for the poorest quintile dropped steeply to 71 percent. The decline was also present for the richest quintile, but was considerably smaller. By the time collegiate education comes around, only 21 percent of children from the poorest quintile were enrolled, compared to two-thirds of the richest quintile.

In general, access to education starts off equitably for all children in Sri Lanka, regardless of whether they come from poor or rich families, or live in rural or urban areas. Inequality develops from the junior secondary to collegiate levels so that almost 30 percent of children from the poorest quintile do not have an upper secondary education, while 80 percent of them do not have a collegiate education. For the richest quintile, about one-third of the children do not have a collegiate education.



Male children are generally less likely to attend school at the higher levels, particularly if they come from poorer provinces or sectors. For example, at the collegiate level, the net enrolment for boys from the estate sector is 9 percent compared to 16.7 percent for girls.<sup>154</sup> One reason could be that boys join the labour market at an early age due to poverty.

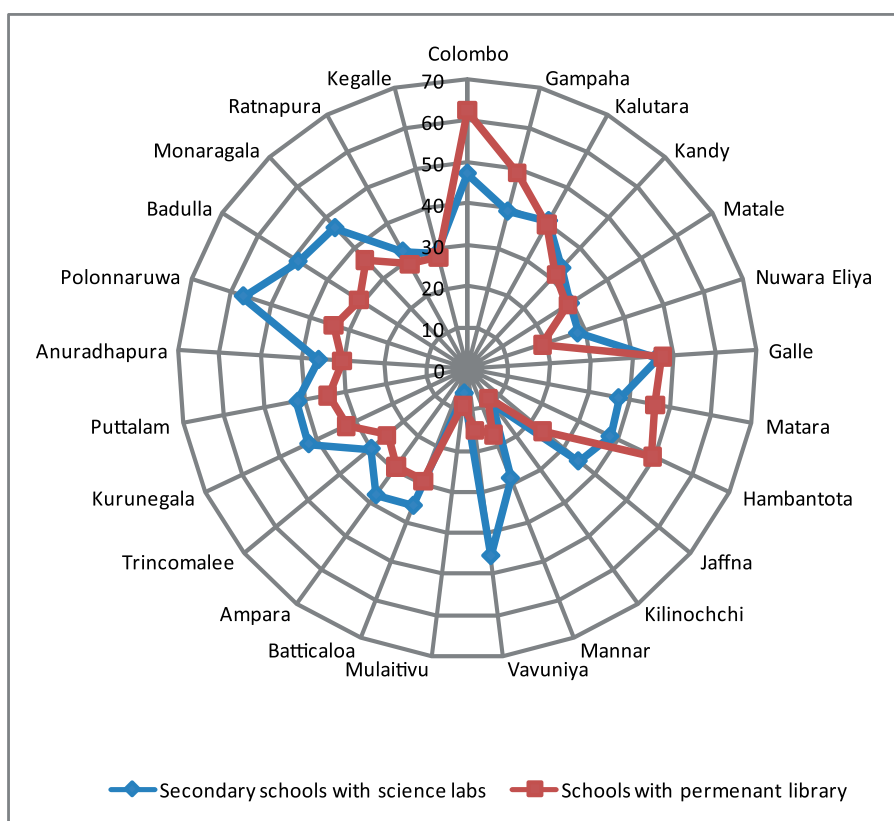
Another challenge comes from extending education to the most vulnerable groups, including children needing special education. Some are left out of the formal education system, such as differently abled children, those with learning difficulties, street children and children from deprived socioeconomic backgrounds. A lack of facilities and specially trained teachers to guide these children, combines with discriminatory attitudes to discourage their education.<sup>155</sup> Differently abled children can learn skills and become more gainfully employed if special educational

facilities and training programmes are available to them.

The availability of school facilities such as science labs and libraries varies widely across districts (Figure 4.3). Facilities are poorest in the Kilinochchi, Mannar, Mulativu and Nuwara Eliya districts, and best in the Colombo, Galle, Hambantota and Gampaha districts. UNICEF supports to reduce the number of out of school children and to provide opportunities for children to get back to formal schooling. UNICEF's child friendly approach has introduced strategies like school attendance committees which are intended to play a major role in identifying out of school children. As a result 50 per cent of out-of-school children, identified in catchment areas of child friendly school programme, are estimated to have been reintegrated in 2011.

Source: UNICEF-Sri Lanka, n.d., 'Briefing sheet-Education',

**Figure 4.3: Proportion of Schools with Science Labs and Permanent Library Facilities by District (%), 2010**



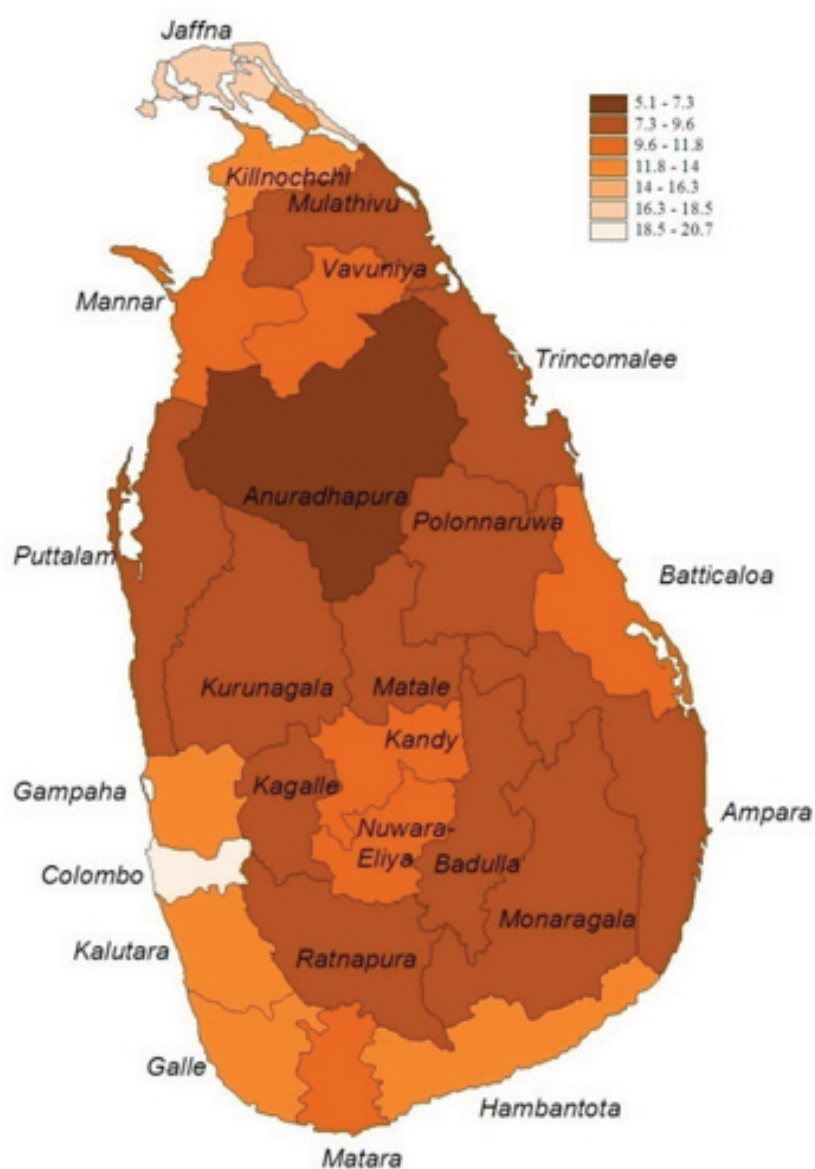
Note: Secondary schools refer to schools that have classes from years 1-9, 1-11, 1-13, and 7-13.

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Ministry of Education 2010b.

Both poor facilities and resource constraints have spurred a decline in the quality of education. One result has been limits on the number of students qualifying for technical education. Only 10 percent of secondary schools have facilities to teach advanced science streams,<sup>156</sup> and they are inequitably distributed. Most of the best-equipped schools

to teach the A-Level science stream are in urban areas. A fifth of schools are in the Colombo District, followed by 17 percent in Jaffna District. Anuradhapura, Kegalle, Matale, Ratnapura, Kurunegala, Puttalam, Polonnaruwa, Mullativu, Badulla, Monaragala, Ampara and Trincomalee districts are below the national average in the numbers of these schools (see Figure 4.4).

**Figure 4.4: Proportion of Schools with Advanced Science Streams by District (%), 2010**

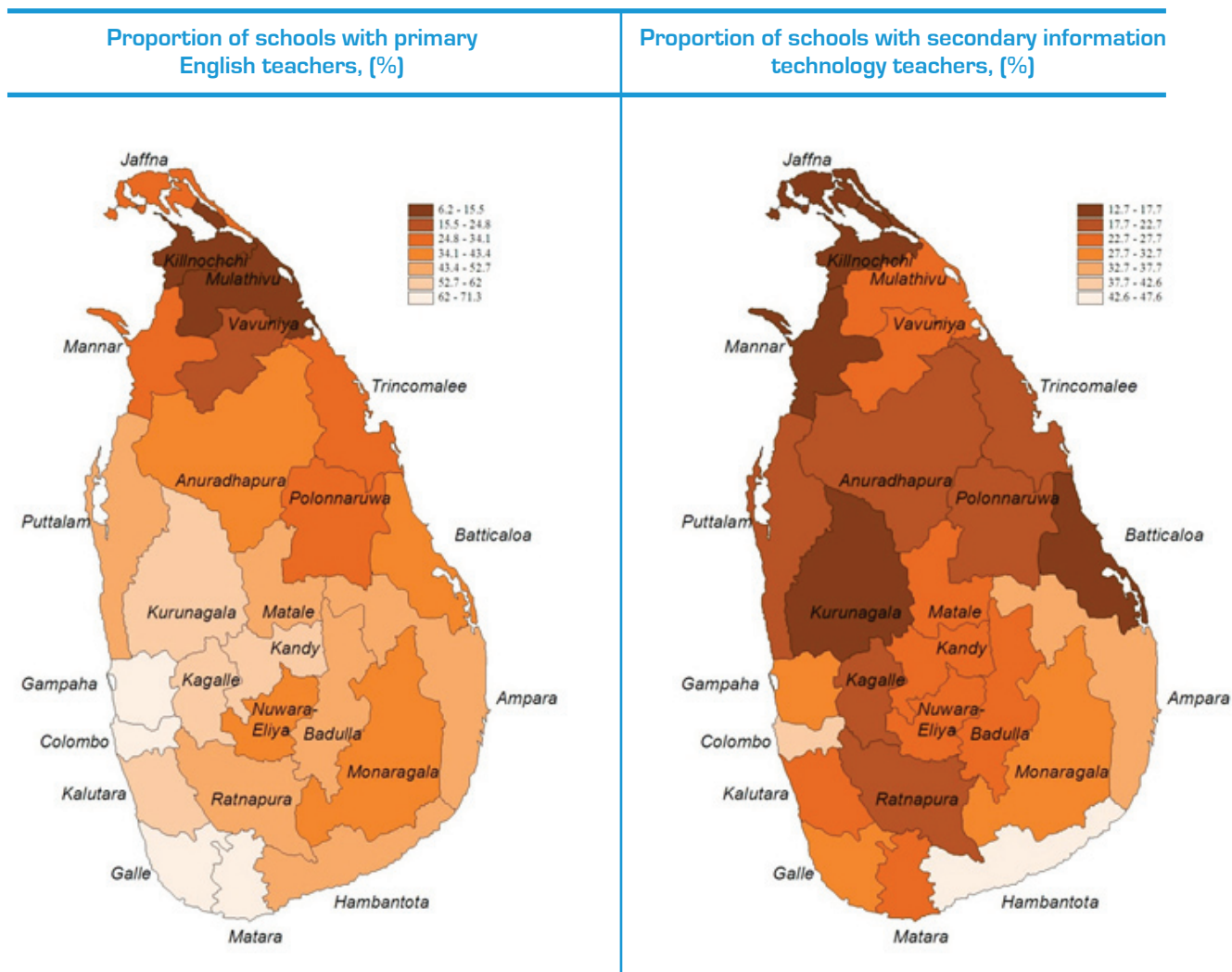


Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Ministry of Education 2010b.

Deficits in information technology and primary English teachers persist in almost all districts, particularly in rural schools (Figure 4.5). Schools in Kilinochchi, Mulativu, and Vavuniya are less likely to have primary level English teachers, while Kilinochchi, Jaffna, Mannar, Kurunegala

and Batticaloa districts are less likely to have secondary level information technology teachers. By contrast, there is an excess of such teachers in popular urban schools.<sup>157</sup> Shortages and disparities have worsened the problems of schools in remote locations.<sup>158</sup>

**Figure 4.5: Deficits in the Supply of Primary English and Secondary Information Technology Teachers, 2010**



Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Ministry of Education 2010b.

Many problems and inequities are graver in conflict-affected areas, where several hundred thousand families have been displaced from their homes, and children have been forced to leave schools. Many have been exposed to violence, lost family members, become disabled, lived for extended periods in welfare centres, and suffered physical and emotional traumas. Education facilities have been damaged, repairs and maintenance have not kept pace, and teacher shortages continue unabated.<sup>159</sup>

With the end of the conflict, government education authorities at all levels, with support from the United Nations and other local and international agencies, have worked to uphold children's right to education in conflict-affected areas. Almost all schools have reopened, and a recent census in the Northern Province found that 90.9 percent of children required to go to school were now doing so.<sup>160</sup> The quality of education is still an issue; it will take time to resolve. In conflict affected areas, UNICEF

Box 4.1

### The Education Sector Development Framework and Programme 2006-2010

The Education Sector Development Framework and Programme strategy was developed on the basis of a sector-wide approach.<sup>162</sup> It paves the way for sustained development of the sector by mainstreaming and coordinating external donor investments with government budgeting at the central, provincial and school levels. Bottom-up planning gives a greater focus to the needs of schools.

Key initiatives and achievements under different dimensions of the programme include:

#### Promote equitable access to basic education (grades 1-9) and secondary education (grades 10-13).

- Provision of school meals to primary school children in poor areas: In 2008, the programme covered 6,024 schools, benefitting 575,745 children. The extension of school feeding activities to primary grades in the Northern and Eastern provinces started in 2009.
- Delivery of special education programmes for children with special learning needs.
- Non-formal education programs for non-school-going children and adolescents included surveying and identifying non-school-going children, providing facilities and training staff.
- The number of out-of-school children declined by approximately 68,000 against the target of 50,000 (a 146 percent achievement).
- The passage of students through the compulsory basic education cycle continuously improved from 78 percent in 2005 to 91 percent in 2010, against the programme target of 88 percent.

#### Improve the quality of education.

- Child-centered pedagogical methods were promoted. Both curricula and teacher instructional manuals were revised and updated for all grades.
- 110,501 in-service advisors were trained to help teachers by providing practical guidance on pedagogy.
- There were significant improvements in the national assessment of grade four students.

#### Enhance the economic efficiency and equity of resource allocation and distribution within the education system.

- A medium-term budget framework was developed for basic and secondary education.
- The Public Expenditure and Quality Education Tracking System has been established to promote equity and transparency in resource distribution. It tracks the flow of expenditures to, and through, the various levels of the central and provincial education system down to schools.

#### Theme 4: Strengthen education governance and service delivery.

- The Government introduced a balanced-control model of school-based management.
- Local communities, parents and guardians are able to participate in school management and make the delivery of school services more sensitive to the needs of local children.

Source: Ministry of Education 2007, Aturupane 2009 and The World Bank 2011b.

supports displaced children who return to catch up on missed education opportunities. Approximately 37,000 children benefited from these interventions in 2011.

*Source:* UNICEF-Sri Lanka, n.d., 'Briefing sheet-Education',

The Government has taken various initiatives to improve the quality of education, the supply of human resources and the expansion of physical facilities, with particular emphasis on disadvantaged and remote regions. The main objective of the Education Sector Development Framework and Programme, a joint project by the Ministry of Education and the World Bank, is to maintain the basic principles of quality, equality and equity in education across the country (Box 4.1). The first phase ran from 2006-2010, and a second phase is planned for 2012-2016. The latter aims to put more emphasis on secondary education, given the significant achievements in primary education under the first phase. In alignment with the national policy vision, 'Mahinda Chintana: Vision for the Future', the programme will strengthen key skills for knowledge services, such as the English language, Information and Communications Technology, Science and Mathematics; it will take into account wide regional disparities.<sup>161</sup>

Measures to improve teacher deployment include giving preference to applicants in districts with a shortage of teachers, appointing newly trained teachers to remote areas, conducting inter-provincial teacher transfers to even out surpluses and deficits, and providing living accommodation for teachers serving in disadvantaged remote schools. Even with these and other measures, however, gaps continue, especially for English, Science, Mathematics and Information Technology,<sup>163</sup> and particularly for schools in rural areas.<sup>164</sup> Payment of a substantial monthly allowance, as practised by some OECD (Organization for Economic Co-operation and Development) countries, and fully decentralized school-based teacher recruitment are measures that could be tried.<sup>165</sup>

## Educational Performance

### Educational Performance: Basic Education

Access to education captures only one aspect of educational outcomes. These also depend on interactions between students and teachers, the quality of teaching and the learning process. The National Education Research and Evaluation Centre periodically conducts studies to measure children's learning outcomes, with one important finding being that they have improved over time at the primary level. Data show considerable improvements in grade four scores for first language (Sinhalese and Tamil), English and mathematics from 2003 to 2009. These range from 19 percent for first languages to 22 percent for mathematics to 81 percent for English (Table 4.6). Scores for all subjects, but especially English, could be improved further. For example, around one-fifth of children did not score above 50 percent in first languages and Mathematics in 2009, while the corresponding figure for English was 44 percent.

While there are variations in achievement levels across provinces, gaps have narrowed. According to the Centre's national assessment of grade four students in 2003, average scores on English and mathematics diverged markedly (Figure 4.6). For example, the Central, Eastern, Northern and Uva provinces had mean scores below the national average.<sup>166</sup> By 2009, the mathematics gap had disappeared for Uva and narrowed for the Central, Eastern and Northern provinces. Gaps in English remained in all other provinces, but were less severe.

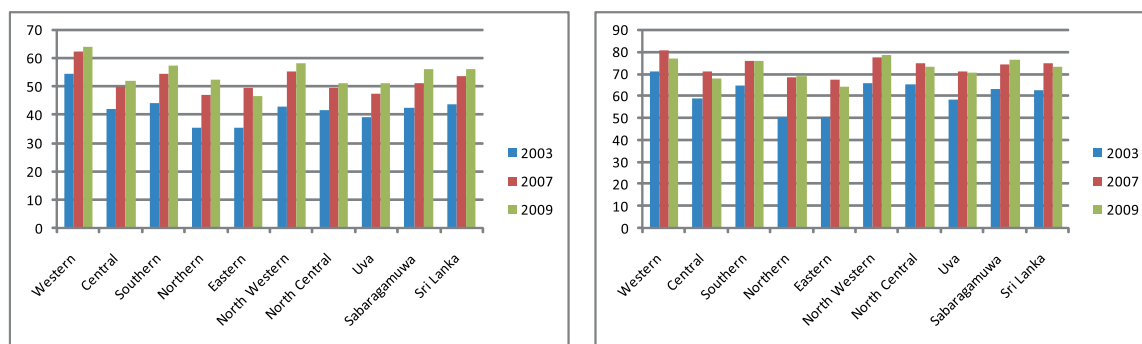
Teacher deficits in English, Mathematics and Science could be one reason for disparities. According to 2010 school census data, around 65 percent of schools in all districts in Northern and North Central provinces; all districts in Eastern Province, except for Ampara; and Nuwara Eliya District in Central Province did not have English teachers at the primary level. Government measures, such as the Education Sector Development Framework and Programme, could help to narrow these differences and improve the quality of education over time.<sup>167</sup>

**Table 4.6: Proportion of Students Scoring above 50 Percent on the National Assessment of Learning Outcomes for Grade Four**

|                 | 2003, % | 2009, % | Change, % |
|-----------------|---------|---------|-----------|
| Mathematics     | 65      | 79      | 21.5      |
| English         | 31      | 56      | 80.6      |
| First languages | 67      | 80      | 19.4      |

Source: National Education Research and Evaluation Centre 2009

**Figure 4.6: Average Scores of Grade Four Students on National Assessments of Learning Outcomes, 2003, 2007 and 2009**



Sources: National Education Research and Evaluation Centre 2007 and 2009.

Note: scores is given as out of hundred marks

Unlike at the primary level, learning outcomes at the junior secondary level improved only marginally from 2005 to 2008 (Table 4.7). The national assessment of grade 8 was conducted in 2005 and 2008 for first languages, science and technology, and Mathematics.<sup>168</sup> The proportion of

students who scored over 50 percent in Mathematics increased by 30 percentage points. The improvement for English was a tepid 3 percentage points, however, while there was a negligible decline for first languages.

**Table 4.7: Proportion of Students Scoring Above 50 Percent in Grade Eight**

|                      | 2005, % | 2008, % | Change, % |
|----------------------|---------|---------|-----------|
| Mathematics          | 38.6    | 50.0    | 29.5      |
| Science & technology | 57.7    | 59.3    | 2.8       |
| First language       | 72.5    | 72.1    | -0.06     |

Source: National Education Research and Evaluation Centre 2008

## Educational Performance: Senior Secondary Schools

National O-Level examinations are required for entrance to collegiate level education. Students passing six subjects, including a first language and mathematics, and having at least three credit passes qualify to pursue A-Level studies.<sup>169</sup> The O-Level pass rate for 2010 rose to 58 percent from 48 percent in 2009, and from 43 percent in 2003 (Table 4.8).<sup>170</sup> Pass rates for mathematics, science and English increased to 62, 60 and 41 percent, respectively, from 2009.<sup>171</sup>

Each year, about 200,000 students take the A-Level examinations required for entry to public universities.

The pass rate rose from 44 percent in 2003 to 61 percent in 2010, but the quality of education has not improved, especially in providing the competencies required by the labour market.

## The Educated: Distribution Across the Country

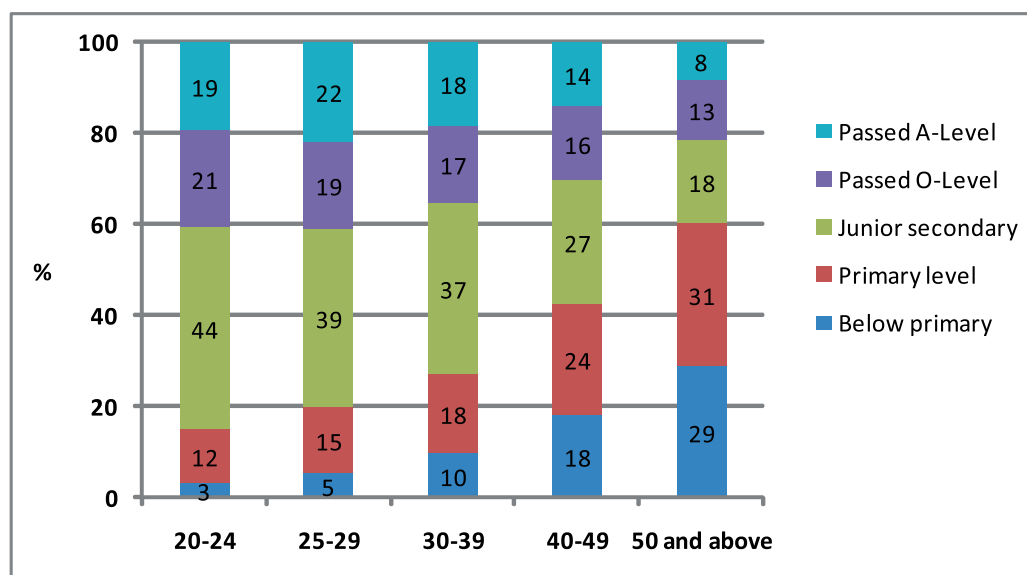
Sri Lankans have become more educated over the years. The highest level of completed formal education for younger people is above that of older age groups. The pass rate on the O-Level exam for people 20-30 years old is 40 percent compared to 20 percent for people 50 years and above (Figure 4.7).

**Table 4.8: National Examination Success Rates, 2003 and 2010**

|   | 2003    | 2010    |
|---|---------|---------|
| Number sitting for O-Levels               | 434,131 | 433,673 |
| Percentage qualifying for A-Levels        | 43      | 58      |
| Number sitting for A-Levels               | 213,201 | 233,354 |
| Number qualifying to enter university     | 93,292  | 142,415 |
| Percentage qualifying to enter university | 44      | 61      |
| Number admitted to university             | 12,736  | 21,547  |
| Percentage admitted to university         | 14      | 17      |

Sources: Department of Census and Statistics of Sri Lanka 2010b and 2011g.

**Figure 4.7: Formal Education Completed by Age Group, 2009**



Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2009e.

Note: Education levels are in hierarchical order. Completion of a particular level of education implies the completion of all levels below it.

14 percent of Sri Lanka's population aged 25 and above was formally educated up to the A-Level in 2009, while 30 percent passed O-Level exams (Table 4.9). At the educational level demarcated by O- and A-level examinations, there was a slight difference in favor of females on both.

The distribution of educated people varies widely across the country. In 2009, almost half of the estate population aged 25 and above was educated below the primary level, compared to one-sixth of the rural population and 11 percent of the urban population. By junior secondary level, these differences increased significantly in favor of the urban population, a trend affirmed in pass rates on national examinations. Thirty-eight percent of people in urban areas aged 25 and above had passed the O-Level examination, compared to 29 percent of people in rural

areas. A fifth of the urban population had passed the A-Level examination, but only 13 percent of the rural population had done so. On the estates, performance on both examinations was dismal: A mere 6 and 3 percent of people passed O-Level and A-Level exams, respectively.

Nationally, the Western Province was at the top of the educational ladder in 2009, with 39 percent and 18 percent of its population having passed the O-Level and A-Level exams, respectively. The Northern Province was the lowest performer, with about 17 percent and 9 percent of people passing these, respectively. By socioeconomic group, the poorest quintile fares the worst, at 10 percent and 3 percent, respectively. For the richest quintile, 55 percent passed the O-Level exam, while almost a third passed the A-Level.

**Table 4.9: Highest Level of Formal Education Completed by People 25 Years and Above, 2009**

|                  | Below primary | Primary | Junior secondary | Passed O-Level | Passed A-Level | Total |
|------------------|---------------|---------|------------------|----------------|----------------|-------|
| National         | 18            | 25      | 28               | 16             | 14             | 100   |
| Male             | 16            | 27      | 28               | 16             | 13             | 100   |
| Female           | 19            | 23      | 28               | 16             | 14             | 100   |
| Urban            | 11            | 23      | 26               | 18             | 20             | 100   |
| Rural            | 17            | 25      | 29               | 16             | 13             | 100   |
| Estate           | 46            | 32      | 16               | 3              | 3              | 100   |
| Western          | 9             | 23      | 28               | 21             | 18             | 100   |
| Central          | 23            | 25      | 26               | 13             | 13             | 100   |
| Southern         | 21            | 22      | 27               | 17             | 14             | 100   |
| Northern         | 13            | 39      | 30               | 9              | 8              | 100   |
| Eastern          | 29            | 28      | 20               | 13             | 10             | 100   |
| North Western    | 19            | 29      | 27               | 14             | 11             | 100   |
| North Central    | 16            | 26      | 35               | 13             | 10             | 100   |
| Uva              | 29            | 23      | 27               | 13             | 8              | 100   |
| Sabaragamuwa     | 22            | 23      | 33               | 11             | 12             | 100   |
| Poorest quintile | 32            | 31      | 27               | 7              | 3              | 100   |
| 2nd quintile     | 22            | 30      | 31               | 11             | 6              | 100   |
| 3rd quintile     | 18            | 27      | 30               | 15             | 10             | 100   |
| 4th quintile     | 12            | 22      | 30               | 21             | 16             | 100   |
| Richest quintile | 7             | 16      | 23               | 23             | 32             | 100   |

*Source:* Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

*Note:* Education levels are in hierarchical order. Completion of a particular level of education implies the completion of all levels below it.

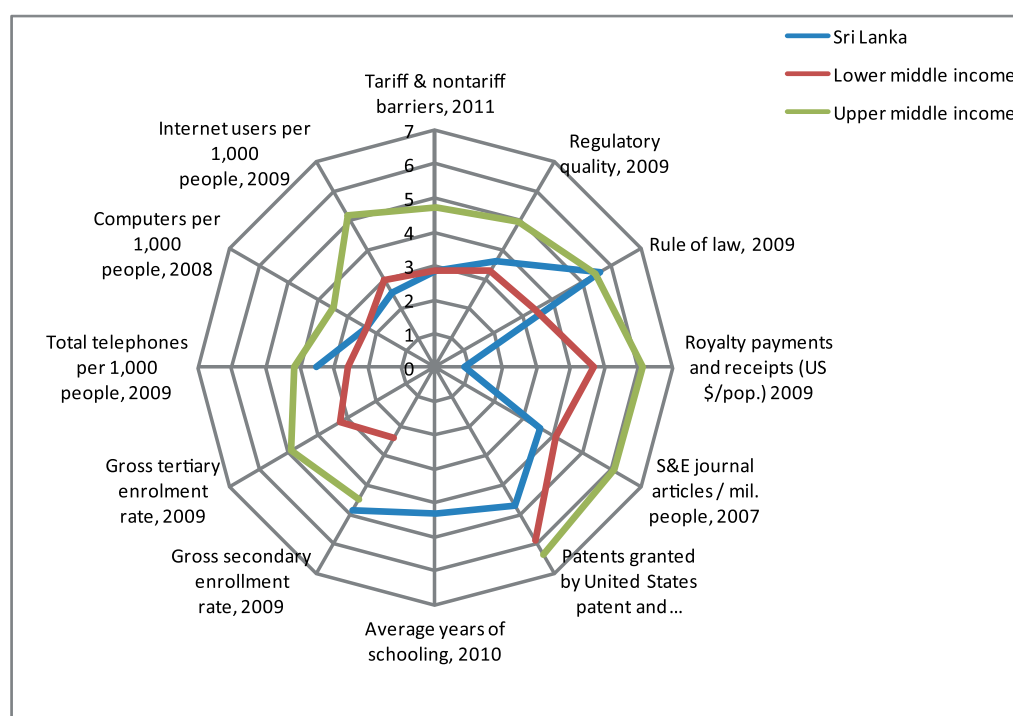


## Building a Knowledge Economy

Sri Lanka is falling behind in terms of the technical knowledge necessary to compete successfully in the global economy. An important measure of the robustness of a 'technical' economy is the World Bank's Knowledge Economy Index (KEI). It is constructed as the simple average of four sub-indices, which represent the pillars of the knowledge economy: economic incentive and institutional regime, education and human resources, innovation and technological adoption, and information and communications technology infrastructure. The KEI ranked Sri Lanka 101 out of 145 countries in 2012, a drop from its ranking of 87 in 2000.<sup>172</sup>

A scrutiny of the indicators used to construct the KEI reveals that Sri Lanka performs well in terms of rule of law<sup>173</sup> and gross secondary school enrolment rates. The problem is with the information and communications technology indicators, which together measure penetration, and innovation and technology adoption. For all three indicators under the latter (royalty payments and receipts, technical journal articles and patents granted), Sri Lanka's performance is below the average for lower middle-income countries. For two other indicators (Internet users per 1,000 people, and computers per 1,000 people) Sri Lanka is either performing below or at par with lower middle-income countries (Figure 4.8).

**Figure 4.8: Knowledge Economy Indicators for Sri Lanka and Averages for Lower Middle-Income and Upper Middle-Income Countries, 2012**



Note: All variables have been normalized to take values from 0 (least favourable) to 10 (most favourable).

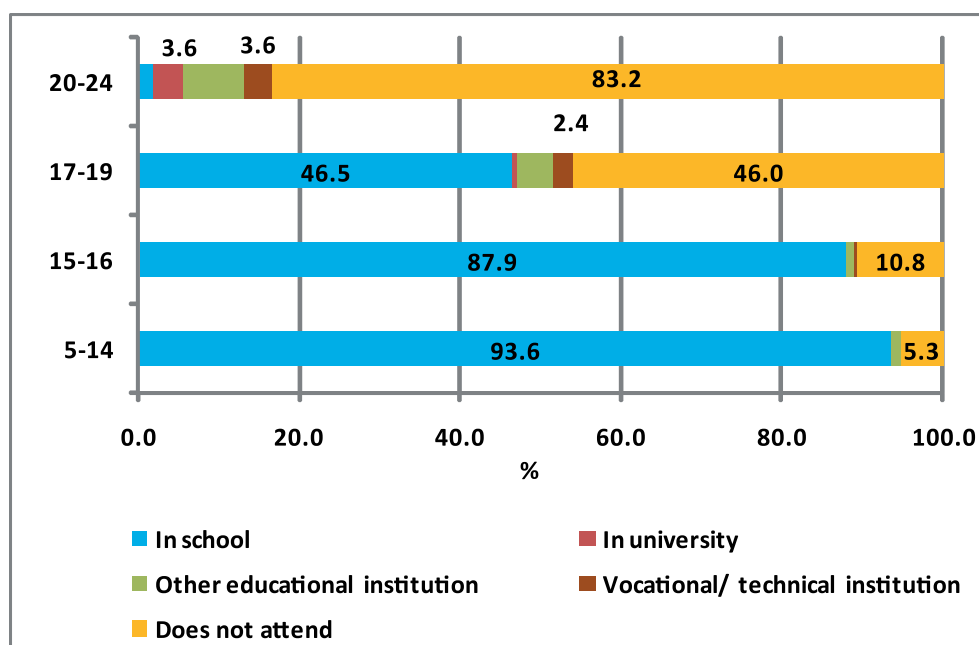
Source: Compiled using data from The World Bank 2012b.

There is an obvious need to align the country's university system with the needs of a modern economy. Two issues are involved. First, while Sri Lanka does have a reputable tertiary education system, its capacity is inadequate and it serves only a very small proportion of the population. In 2009, only 3.6 percent of 20-24 year olds were enrolled in a university, with an additional 3.6 percent in the same age

a higher education system that produces graduates capable of taking on complex tasks, who learn and adapt quickly, undertake independent research, and generate a steady stream of world class technical innovations.

The study areas of Sri Lanka's undergraduates reveal a heavy concentration on Arts and Management, similar

**Figure 4.9 : Education of Students Aged 5 to 24: Distribution by Institution, 2009**



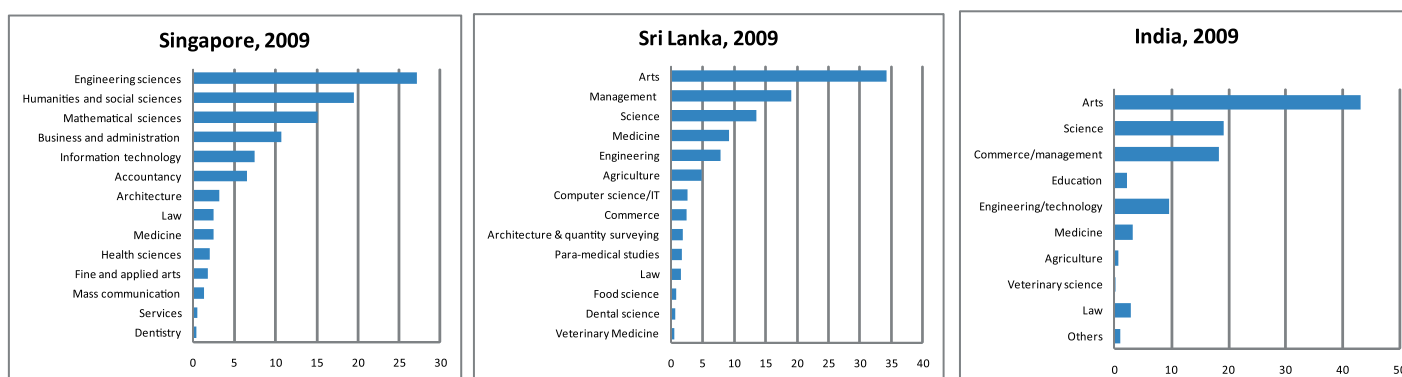
Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2009e.

group enrolled in technical and vocational courses (Figure 4.9). Around 20,000 students from the roughly 330,000 people aged 20 to 24 entered state universities for higher education in 2008.<sup>174</sup> Most of those qualified to enter could not do so due to capacity constraints.

A second and related issue is that universities are too heavily focused on non-technical disciplines that do not generate skills required by a modern economy. The obvious implication of the KEI ranking as well as earlier discussion in this chapter is the urgent need for Sri Lanka to develop

to that in India (Figure 4.10). In 2009, almost 55 percent of undergraduates studied these two disciplines. In Singapore, ranked as one of the world's most scientifically oriented countries,<sup>175</sup> 42 percent of undergraduates were studying Engineering and Mathematics, compared to 21 percent in Sri Lanka.<sup>176</sup> While 34 percent of Sri Lanka's undergraduates were majoring in Arts, only around 19 percent of Singapore's undergraduates chose Humanities. A major reason that Sri Lankan graduates are unable to find jobs in the industrial sector is the mismatch between their competencies and job requirements.<sup>177</sup>

**Figure 4.10: Distribution of University Enrolments by Subject**



Source: Ministry of Education of Singapore 2010. Source: University Grants Commission of Sri Lanka 2012a. Source: University Grants Commission of India.

A challenge facing the university system is its ‘closed’ nature. While there is no explicit legal barrier, in practice, it is extremely difficult to invest in private universities.<sup>178</sup> Consequently, students who cannot enter public universities have few other options for higher education. In 2009, for example, more than 100,000 students, around 83 percent of those who qualified for university education, were forced to abandon their ambitions to study because state-funded universities could not accommodate them.<sup>179</sup> Those from highly affluent families opted to go to school outside Sri Lanka.

Others, unwilling to sacrifice their desire for higher education and willing to pay for it, enrolled in one of around 30 degree-awarding institutions<sup>180</sup> affiliated with private universities outside Sri Lanka. These have gained public attention due to their high cost and questionable quality. The absence of an accreditation system for them makes it difficult to regulate their quality, and there are no proper quality assurance, control and monitoring mechanisms.

As noted earlier, the government policy document ‘Mahainda Chinthana—Vision for the Future’ aims for a dynamic and modernized education system. It would help to create a knowledge-based economy by providing competencies and specialized technical skills for rapid growth and a competitive position in the global economy. Key policy priorities include: successful completion of primary and secondary education by all students; educational services designed around the needs of all children; improvements in the quality of general education and its relevance to the demands of the labour market; and the equipping of children with English and Mathematics competencies.<sup>181</sup> The Ministry of Education has developed a complementary policy document, ‘New Vision for Education, 2010’, that further emphasizes the need to modernize the education system.<sup>182</sup>

In particular, the Ministry aims to enhance competencies in Science, Mathematics, English and Information Technology. Measures are already in place to move towards a competency-based curriculum and away from an

examination-based one. Information Technology is now a required subject for all A-Level students, and English as a medium of instruction has been introduced for A-Level science streams and selected subjects at the secondary level. To date, information technology is still in the early stages of development in schools,<sup>183</sup> while English as the medium of instruction is available in about 6 percent of secondary schools.<sup>184</sup> Much more remains to be done - and quickly - to accelerate implementation of these commitments.

The Government is encouraging higher education institutions to become centres for economic development

establishment of institutions affiliated to universities; the creation of degree-awarding institutions outside the purview of the Universal Grants Commission and cross-border ties with higher education intuitions.<sup>187</sup> The framework also recommends involving the industrial sector in designing courses, promoting research and generating technical innovations.

Several measures have been deployed to incorporate suggested revisions in higher education. The Higher Education for the Twenty-First Century initiative helps implement strategic and innovative initiatives, for example

#### Box 4.2

### Higher Education for the 21<sup>st</sup> Century

The Higher Education for the 21<sup>st</sup> Century project, which draws on funding from The World Bank, has four components. It aims to: develop a qualification framework and quality assurance and accreditation system, promote the relevance and quality of teaching and learning in universities, develop alternative institutes, and strengthen human resources.

The project provides university development grants, and quality and innovation grants. The former help enhance

Information and Communications Technology, English language and other skills, and promote ethnic cohesion among students and staff. The latter are provided on a competitive basis to promote modern teaching, learning and assessment methods, and to improve the employability of graduates. The project also offers postgraduate and short-term training programmes for all staff in higher education.

Sources: Ministry of Education 2007, Aturupane 2009 and The World Bank 2011b.

and agents of innovation.<sup>185</sup> Priorities encompass enabling a wider choice of courses and disciplines, promoting private sector participation, enhancing quality and upgrading standards to satisfy the imperatives of a modern economy, encouraging a culture of research and innovation, and ensuring accountability and financial sustainability.<sup>186</sup>

An important reform instrument is the National Policy Framework on Higher Education and Technical and Vocational Education, issued by the National Education Commission in 2010. Covering all areas of tertiary education, it proposes restructuring the governance and institutional framework of higher education to improve access, quality and relevance. Several means of expanding the capacity of existing institutions have been proposed. These include increases in human and physical resources; new methods of teaching, such as distance learning; the

(Box 4.2). It seeks to enhance the capacity of the higher education system and deliver quality services in line with equitable social and economic development.

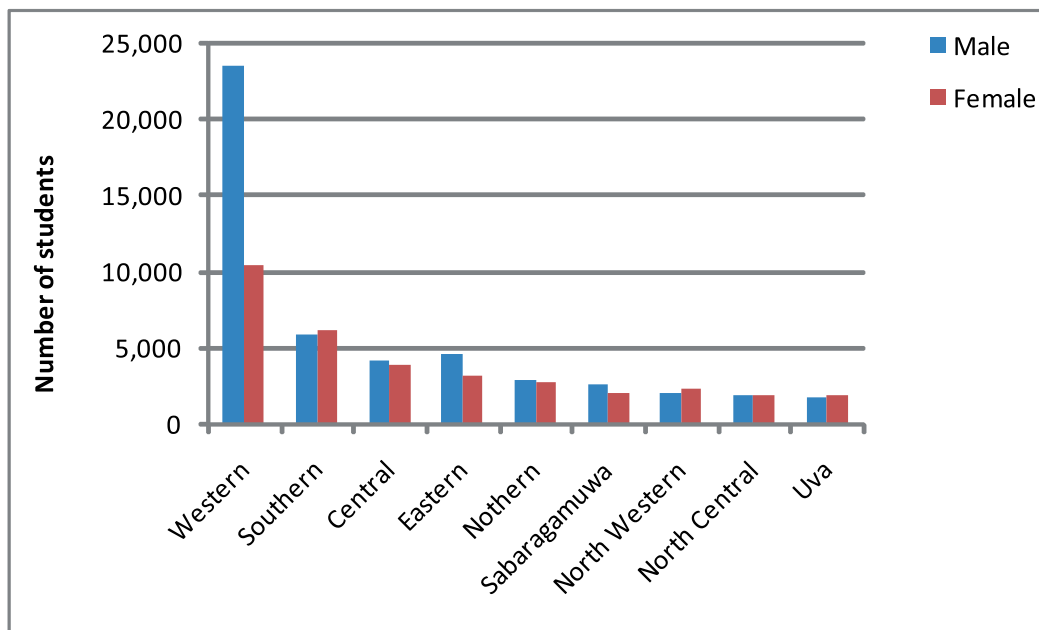
To boost opportunities for higher education, the University Grants Commission has allowed nine private institutions to award degrees.<sup>188</sup> Consideration could also be given to increasing private investment in university education to generate competition, improve quality and enhance access. As a first step, the Government anticipated presenting a new piece of legislation, the Act on Quality Assurance, Equalization, Qualification and Framework, to Parliament in 2011. But the process has been delayed due to escalating opposition to the reforms, particularly to the establishment of private universities. According to the Government, the Act provides a mechanism to monitor and improve the quality of diplomas and degrees

offered by private institutions.<sup>189</sup> Given the consensus that the higher education sector needs to be revamped, the implementation of reforms in a transparent and systematic manner can minimize resistance to change.

The reforms extend to technical education and vocational training, which is available throughout the country, but with skewed distribution (Figure 4.11), as is apparent by public sector enrolment across provinces. Availability is highest in the Western Province, where around 34,000

examinations. In 2010, 146,500 school candidates did not pass the O-Level exam, while another 76,000 did not succeed at the A-Level.<sup>190</sup> The majority of these young people are not equipped with marketable skills, which is one reason why youth unemployment is so high: 19.4 percent for 15 to 24 year olds in 2010, compared to a national average of only 4.9 percent.<sup>191</sup> Training is critical to facilitating the transition from school to work and to reducing unemployment.<sup>192</sup> 70 percent of those who are unemployed did not have any vocational training.<sup>193</sup>

**Figure 4.11: Technical and Vocational Training: Enrolment in Selected Public Sector Institutions, 2010**



Source: Tertiary and Vocational Education Commission 2010a.

young people were enrolled in 2010. It is lowest in Uva, where enrolment was below 4,000 people. Enrolment was below 5,000 students in the North Central, North Western and Sabaragamuwa provinces. In the Western, Central, Eastern and Sabaragamuwa provinces, the enrolment of men outnumbered that of women; distribution is, however, more even in the other provinces.

Each year, about 200,000-250,000 young people leave the school system without succeeding in the national

While young people are the prime target for technical and vocational training and skills development, these programmes are poorly recognized. Reasons include weak links between them and secondary education,<sup>194</sup> a lack of interaction with industry, the poor quality of training and the lack of a career development path for participants.<sup>195</sup> In 2005, a major reform was the establishment of the National Vocational Qualification system to set standards for diploma and certificate courses.<sup>196</sup> Funded by the Asian Development Bank, it has mainly focused on diploma-level

courses and the setting up of the University of Vocational Technology to award degree-equivalent qualifications. 9 technical colleges in 9 provinces were upgraded to colleges of technologies to offer national diplomas, starting in 2010.<sup>197</sup> In general, the system is still a work in progress as it has not yet reached its full potential.<sup>198</sup>

The Ministry of Youth Affairs and Skills Development now has a programme to streamline the delivery of technical and vocational training by public sector institutions. This enables it to develop plans for supplying skilled workers depending upon the labour demands of specific geographic areas. A special vocational education and training plan was devised for the Northern and Eastern provinces, for example.



Access to productive employment is a key element of human development, as it is the means by which people reap the benefits of investments in health and education. When people do not have assets providing adequate incomes, productive employment remains a key channel out of poverty, although it may not be sufficient by itself. The type and nature of employment people can find is also important. Poor employment opportunities may lead mainly to social unrest.

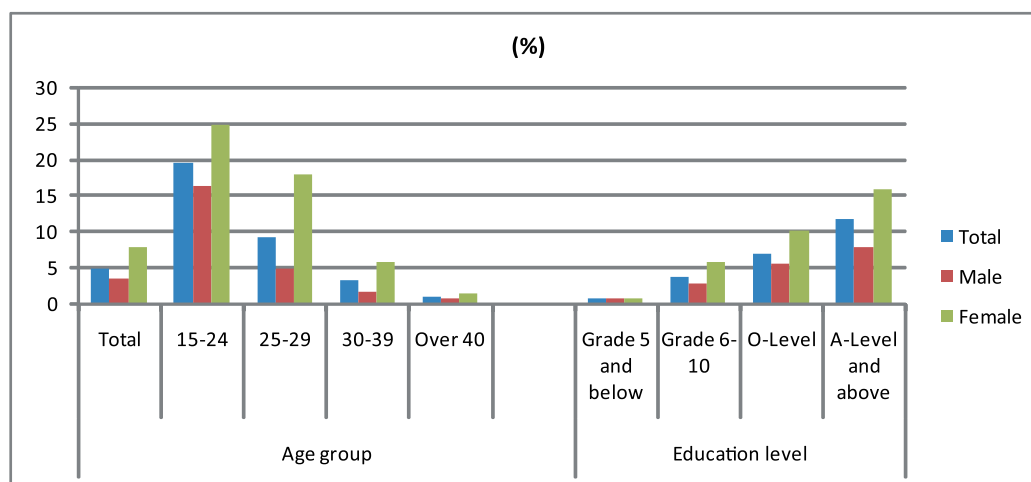
While Sri Lanka's unemployment rate is relatively low, employment growth lags considerably behind GDP

### Labour Market Performance

There were 8.1 million economically active people in Sri Lanka in 2010,<sup>199</sup> comprising roughly half the population above age 15, for a labour force participation rate of 53.4 percent. Men were twice as likely to participate in the labour market as women.<sup>200</sup> The rates for rural and urban populations were 54.4 and 46.8 percent, respectively.

For the country as a whole, the unemployment rate was 4.9 percent in 2010, an improvement over the 7.6 percent rate in 2000.<sup>201</sup> But high unemployment among more educated

Figure 5.1: Unemployment Rate by Education Level, Age Group and Sex, 2010



Note: Total excludes the Northern Province.

Source: Department of Census and Statistics of Sri Lanka 2010a.

growth, which averaged at least 5 percent from 1990 to 2001. Further, the quality of jobs created has been poor.

This chapter examines the performance of the labour market in Sri Lanka, recognizing that outside the Western Province, most people are dependent upon agriculture for employment. It then explores ways to improve agricultural productivity and access to other types of employment opportunities.

people, youths and women (Figure 5.1), especially outside the Western Province, is a major concern. Various factors explain this phenomenon, including the relevance of skills taught by the education system, differences in the terms and conditions of employment across sectors, and slow job creation.

The unemployment rate for people with an A-Level education and above was 11.6 percent in 2010, more than



twice the rate for the economy as a whole. While the unemployment rate for the educated has been a concern to policy makers for decades, the problem remains unresolved, and in particular, high youth unemployment rates remain of special concern.

In 2010, across provinces with available data, unemployment was highest in the Southern, Central and Eastern provinces in that order, all of which recorded rates above the national average (see Tables A20 and A21 for details). North Central, Western and Uva provinces recorded the lowest unemployment rates. This is explained in the Western Province by the fact that it contributes close to half of national GDP, and in the North Central and Uva provinces in part due to the high prevalence of unpaid or very poorly paid family workers. Compared to the national average of 10.4 percent for this category, the proportions in these two provinces were 24.2 and 21.5 percent, respectively. Both have a high dependence on agriculture as the major source of employment.

The Government employs about 14.3 percent of workers; the private sector employs 41 percent. Another 42 percent are self-employed or unpaid family workers, mostly in low-productivity agriculture.

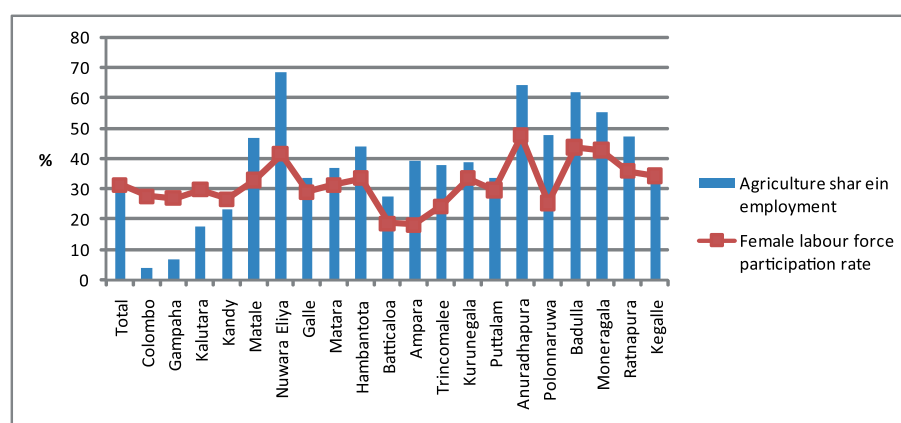
Sri Lanka's relatively low unemployment rate depends on how an employed person is defined. Since more than a third of the labour force works in low productivity agriculture and other poor quality jobs, low unemployment is not necessarily a synonym for good employment. Other factors that influence labour market performance include available job opportunities, working conditions, remuneration and the mobility of workers.

Available evidence indicates that Sri Lanka faces both the lack of 'good jobs' in the formal sector, and a mismatch between the skills of the educated and those demanded by the labour market.<sup>202</sup> The lack of language and technology skills poses major constraints for seekers of white-collar jobs created by the private sector since economic liberalization.<sup>203</sup> According to Hettige and Salih, the emphasis on monolingual education in Sinhalese has divided the society into those who speak English well and those who do not.<sup>204</sup> Language barriers, they note, increase ethnic divisions by limiting young peoples' access only to those jobs using their mother tongue.

Further, because the economic marginalization of educated youth is common to all ethnic groups, most of those who do not speak English well look for jobs in the public sector. The tradition of providing public sector employment for unemployed graduates practiced by successive governments has in fact created awkward incentives. People with degrees wait for public sector jobs for more reasons than one: competence in English is not usually a requirement, the working days are shorter, and the benefits are better.<sup>205</sup>

Labour force participation rates are particularly low for women. Among districts with available data, the rates climbed above 40 percent only in Nuwara Eliya, Anuradhapura, Badulla and Moneragala districts, the only ones in which the agricultural share of employment is above 50 percent. This suggests that a large share of female employment is in this sector (Figure 5.2). The low labour force participation of females in Ampara, Trincomalee and Batticaloa may be due to cultural reasons, given the high proportion of Sri Lankan Moors, who are mostly Muslims.

**Figure 5.2: Female Labour Force Participation Rates and Agricultural Employment by District, 2010**



Note: Total excludes the Northern Province.

Source: Department of Census and Statistics of Sri Lanka 2010a

Some of the primary reasons for women's low labour force participation include the shortage of 'good' jobs and poor pay. Evidence indicates that women are paid less than men, a difference not explained by their productive capacity. Further, this was true in all sectors and irrespective of their ethnic background. This may be due to the occupational segregation of females in the private sector, but this is true even in the public sector where women benefit from gender-specific policies.<sup>206</sup>

In 2010, for women with A-Level education or above, the unemployment rate was 15.8 percent, compared to 7.9 percent for men with similar qualifications.<sup>207</sup> While the proportion of women among professionals is higher than men, women constitute a smaller share at senior managerial levels. In both the public and private sectors, 61.9 percent of employees are women, mainly the result of the large number of female school teachers. Among senior officials and managers, however, only 23.7 percent are women.<sup>208</sup> The share of women among senior officials in the public sector is also small. In the state, provincial public and semi-government sectors, females account for only around 28 percent of senior officials.<sup>209</sup>

Unlike their older male counterparts, women and youth are more likely to seek flexible working arrangements. For women, the reasons include the management of work at home, while youth may still be acquiring an education. However, opportunities for part-time employment are extremely limited. Overall, the employment situation is not helped by the country's highly protective labour laws, which hinder job creation in both the public and formal private sectors.<sup>210</sup>

### **Job Creation and Quality of Jobs**

The Sri Lankan economy has created new jobs at the same rate as the growth of the working age population - an average annual rate of 1.5 percent from 2000 to 2010. The labour force, defined as the economically active population, has grown at a slower pace of only 1.1 percent per year, mainly because of the ever-increasing outflow of workers seeking employment in foreign countries. Every year, an estimated 270,000 people depart for foreign employment, compared to 20,000 who enter the labour market<sup>211</sup> Successful

governments have relied upon outward migration as a source of both foreign capital and employment.<sup>212</sup>

Around 7.4 percent of Sri Lankan households receive remittances from abroad.<sup>213</sup> Compared to households with no migrant workers, those with at least one have significantly higher levels of total expenditure on food and non-food items, including health and education. They also receive more income from other sources, such as properties, and financial and physical assets. But not all outcomes of migration are positive. A small percentage of households suffer adverse impacts, such as when children become unhappy and fall behind in school because their mothers are abroad.<sup>214</sup>

A high proportion of Sri Lankan workers are in the informal sector, as has been true over time.<sup>215</sup> In 2010, for example, about 62.6 percent of employed people worked in the informal sector, which operates outside state regulation. They include 86.5 percent of the agricultural labour force and 51 percent of non-agricultural workers. In all districts, the share of non-agricultural workers in the informal sector was more than 39 percent.

Around 42 percent of workers were either self-employed or unpaid family workers, categorized as vulnerable by the International Labour Organization.<sup>216</sup> It defines vulnerable workers as those who do not have formal work arrangements and therefore are less likely to be covered by social protection schemes. They are also more likely to have low levels of productivity, low earnings and difficult working conditions.

Currently, most types of social protection are linked to employment, so formal sector workers tend to be better protected. This imbalance has been instrumental in increasing unemployment rates, as educated workers wait for better jobs in the formal sector without taking up available opportunities.<sup>217</sup> The proportion of workers in vulnerable employment declined only marginally from 2000 to 2010.

Recent data show that 7.5 percent of the employed were working poor, an improvement on the 2006-2007 figure of 13.7 percent.<sup>218</sup> There are, however, disparities, especially

across geographic locations and by the level of education. Compared to the national average, 9.6 percent of workers in the estate sector are among the working poor, more than twice the 4.2 percent for urban areas. By level of education, those who have not passed O-Levels are much more likely to be considered working poor than those with higher education. In fact, 91 percent of the working poor have not passed O-Levels.<sup>219</sup> Women were more likely to be working poor than men, possibly because more are unpaid family workers. By employment status, private sector employees and family workers were most likely to be poor. Across sectors, the portion of working poor was highest in agriculture.

The rise in employment from 2000 to 2010 resulted from employment growth in services and industry. During this period, total employment grew at 1.5 percent on average

Poverty is higher in agriculture and lowest in services (Table 5.1). It is highest in the estate sector, irrespective of the type of employment: Over a quarter of estate households were impoverished in 2006-2007. The considerably higher rate of poverty stems in part from historical setbacks, which are clearly evident in poor social infrastructure, educational attainment and housing. However, the overall poverty rate in the estate sector fell to 11.4% by 2009-10, as discussed in Chapter 2.

Despite its low contribution to employment growth, agriculture in 2010 produced around 12.8 percent of GDP and was responsible for 33 percent of total employment.<sup>221</sup> Outside the Western Province, it is especially important, as more than a third of all employed persons are engaged in it. This proportion is particularly large in Uva and

**Table 5.1: Poverty Head Count Index by Employment of Head of Household, %**

|                  | Sri Lanka | Urban | Rural | Estate |
|------------------|-----------|-------|-------|--------|
| <b>2006-2007</b> |           |       |       |        |
| Agriculture      | 21.6      | 8.3   | 20.8  | 29.4   |
| Industry         | 15.1      | 8.3   | 16.0  | 29.2   |
| Services         | 11.3      | 6.5   | 12.1  | 26.4   |
| Total            | 15.4      | 7.1   | 16.0  | 28.8   |
| <b>2009-2010</b> |           |       |       |        |
| Total            | 8.9       | 5.3   | 9.4   | 11.4   |

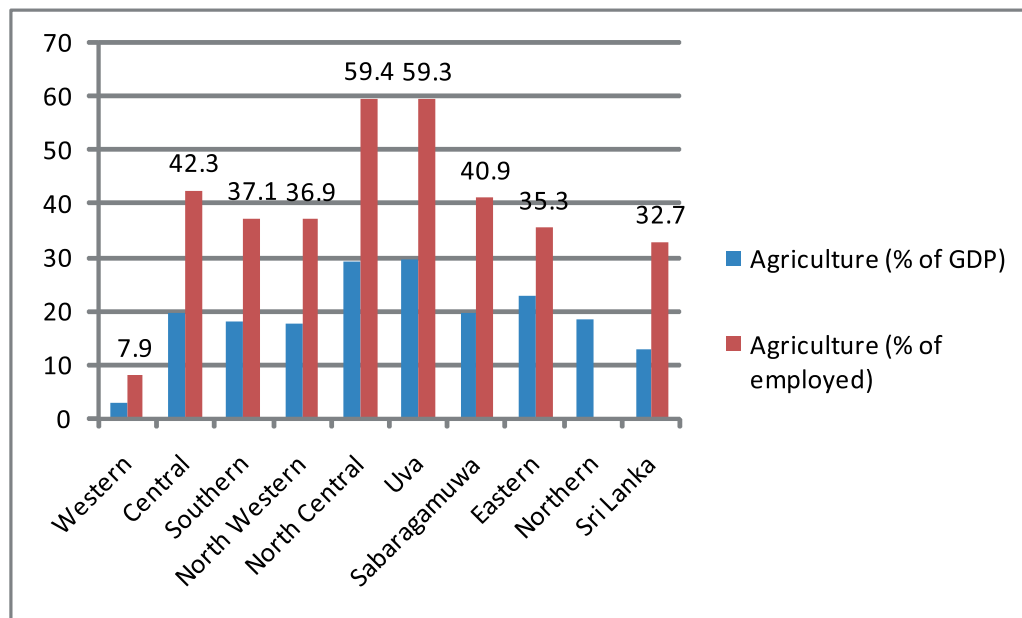
*Note:* Poverty data are not yet available by sector for 2009-2010.

*Source:* Department of Census and Statistics of Sri Lanka 2011a

per year.<sup>220</sup> In comparison, the increases in industry and services were 2.5 and 2.0 percent, respectively. Employment in agriculture grew by a marginal 0.2 percent. In absolute terms, the total number of employed persons rose by almost a million. Around 61 percent of new jobs were in services, followed by 31 percent in industry and 8 percent in agriculture.

North Central provinces, where it employs 59 percent of workers (Figure 5.3). Expenditure on agriculture, at 1.1 percent of GDP in 2007, is higher than for other South Asian countries, except for Bhutan at 2.2 percent in 2007 and the Maldives at 1.3 percent that year. It is lower than for countries like Thailand, and way below China's expenditure.<sup>222</sup>

**Figure 5.3: Agriculture's Share of GDP and Total Employed by Province**



Sources: Central Bank of Sri Lanka 2010, and Department of Census and Statistics of Sri Lanka 2010a.

Note: Employment figures for the Northern Province are not available.

## Livelihood Development: Constraints and Solutions

Despite its falling share of GDP, agriculture remains important to livelihoods, providing both monetary and non-monetary income, especially for people outside the Western Province and in rural areas (Table A27). Agricultural productivity has stagnated, however, as evident from persistently high poverty in the sector as a whole. Productivity depends on land, labour, capital and technology, and suffers from poor access to any of these factors.

The North Central Province provides one illustration of how investing in agricultural support services can boost productivity. It depends heavily on agriculture, but its poverty rate is relatively low compared to other provinces

that are at least equally dependent. This success could be partly attributed to improved services that support the productive land surrounding major irrigation schemes.<sup>223</sup>

Two potential strategies to improve agricultural livelihoods are to boost agricultural productivity and to facilitate movement into more productive employment. Land and irrigation are especially germane to agricultural productivity, while accessibility to economic hubs, finance and technology are important for livelihoods in and outside agriculture. So far, Sri Lanka's agricultural potential mostly remains under-fulfilled due to a lack of productivity improvements, although steps are being taken towards better infrastructure (Box 5.1).

## Box 5.1

### Programmes to Improve Infrastructure

The Government of Sri Lanka has made improving the country's infrastructure a high priority. Ongoing programmes target key economic infrastructure, including that destroyed in conflict areas, at the national, regional and village levels.

Randora (Golden Gateway) is the national infrastructure development programme. It aims to provide modern facilities to support nationwide economic development, and targets both economic and social infrastructure. The programme focuses on roads, power generation, large-scale water supply and sanitation, major aviation centres and ports, railway networks, irrigation facilities, and urban and township development. It also targets health and education. In 2010, expenditure was Rs. 356.5 billion, a significant increase from Rs. 177.4 billion in 2006. Top investments have included highways (Rs. 108 billion in 2010, a threefold increase from 2006), ports (Rs. 29 billion in 2010, a fivefold increase since 2006), and the power and energy sectors (Rs. 293.1 billion in 2010, a fivefold increase since 2006).<sup>224</sup>

Corresponding infrastructure development projects at regional levels are provided under the Maga Neguma and Gama Neguma schemes.<sup>225</sup> Maga Neguma is the government initiative to develop rural infrastructure, consisting of a community-based feeder road development programme covering the whole island.<sup>226</sup> Gama Naguma (Raising the Villages) identifies key village infrastructure barriers, including obstacles to livelihoods. It aims at comprehensive development of villages through active community participation.<sup>227</sup>

Infrastructure reconstruction and development in the Northern and Eastern provinces complements resettlement and rehabilitation activities. Many investments are made in tandem with livelihood support, vocational training and industrial activities.

The Government has launched 21 large-scale projects with a total investment of Rs. 95 billion, including Rs. 2.7 billion in 2010.<sup>228</sup>

### Access to land

The poor depend heavily upon agriculture, including livestock and fisheries, for their livelihoods,<sup>229</sup> but land for agriculture is increasingly scarce, mainly because of population pressure.<sup>230</sup> Legislation to prevent land fragmentation has not been adequately enforced,<sup>231</sup> so small landholders dominate agriculture,<sup>232</sup> holding about 80 percent of the agricultural land. 5 percent of these holdings are less than a quarter of an acre (or less than 0.1 hectare) in size.<sup>233</sup> The share of holdings smaller than 0.1 hectare is highest in Colombo at 22 percent, Gampaha at 16 percent, Jaffna at 24 percent and Batticaloa at 11 percent.

Small agricultural plots are often inefficient, with low income-generating potential.<sup>234</sup> The problem is particularly pronounced with paddy land, where only 0.4 percent of plots are over 5 acres. Even in predominantly agricultural districts, such as Anuradhapura and Polonnaruwa, the number of households owning more than 5 acres of paddy land is negligible.

About 6 percent of small landholders do not actually own any of the land they use. Another 22 percent own only home gardens.<sup>235</sup> Southern, North Central and North Western provinces have the highest numbers of landless operators. All provinces have close to 20 percent or more of their agricultural operators owning only home gardens (Table 5.2).<sup>236</sup>

**Table 5.2: Land Ownership Patterns, 2002**

| Category                          | Number           | %            | Area (acres)   | %            |
|-----------------------------------|------------------|--------------|----------------|--------------|
| Not owning land                   | 106,439          | 6.1          | 0              | 0.0          |
| Owning home garden only           | 382,300          | 21.9         | 298,335        | 9.6          |
| Owning other land only            | 700,361          | 40.1         | 1,402,879      | 45.0         |
| Owning home garden and other land | 559,241          | 32.0         | 1,416,088      | 45.4         |
| <b>Total</b>                      | <b>1,748,341</b> | <b>100.0</b> | <b>3117302</b> | <b>100.0</b> |

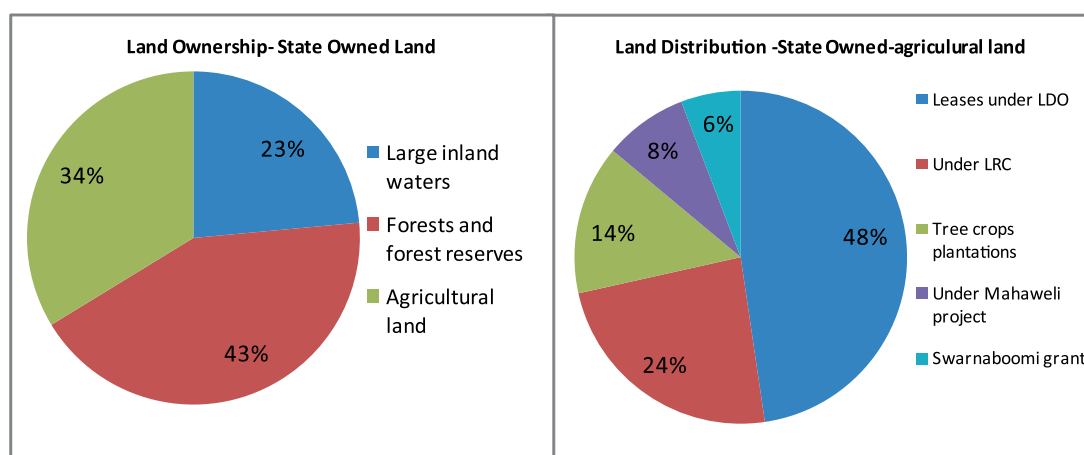
Source: Calculated based on Department of Census and Statistics of Sri Lanka 2002a.

Restrictive land ownership constrains agricultural productivity. The state owns 84 percent of land, of which 34 percent is set aside for agriculture. Out of that, 48 percent is leased to farmers under the Land Development Ordinance permits, which do not provide full ownership rights (Figure 5.4). The lack of secure property rights negatively influences investment, access to credit, transferability and long-term usage patterns. People who cannot sell or lease land lose a safety net and the flexibility to move out of farming.<sup>237</sup> An additional problem is that existing legislation discriminates against women in the area of property rights (Box 5.2).

services, access to markets, fertilizers, credit and so on.

Much of the extent in smallholdings is located in the North Western, North Central and Southern provinces. A major share of extent in smallholdings is solely used for crop cultivation (73%). A much smaller share of land is used for livestock and crops mixed agriculture activities (Figure 5.5)<sup>239</sup> Only a very low amount of land is used only for livestock (0.1% of land extent under smallholding agriculture), a large portion of which is in the Northern and Western Provinces.<sup>240</sup>

**Figure 5.4: State-Owned Land and the Redistribution of Agricultural Land**



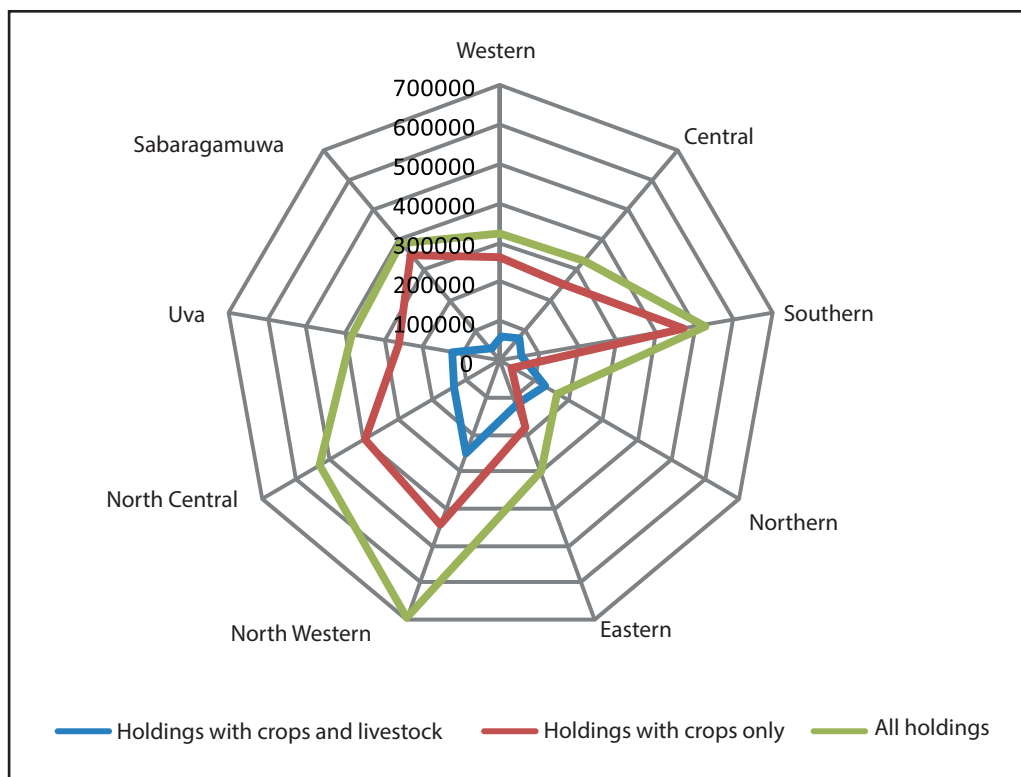
Source: Institute of Policy Studies of Sri Lanka 2004.

Note: The Mahaweli Ganga Development Programme is an integrated rural development programme undertaken based on water resources of Mahaweli and allied six river basins. Some land under the irrigation systems are vested with allottees with title deeds, and are termed Swarnaboomi grants. This allows under the Land Development Ordinance to develop the state land.

Over the years, a land titling debate led to the 2008 Registration of Title Act (RTA) No. 21. Implementation is difficult, as more than 39 operational laws and about 60 institutions are involved in land administration and management, a situation fostering confusion over powers and duties, and lack of coordination. No mechanism exists to resolve conflicts.<sup>238</sup> Even so, land tenure can be less important to agriculture than other inputs, such as extension

Cultivation is dominated by traditional crops that are less profitable than those with high-export value, such as palm oil, dragon fruits and horticultural crops.<sup>241</sup> Practiced on a wider scale and more intensively, diversification involving high-value crops could generate increased income and transform marginal operations into profitable ones.<sup>242</sup> However, this does not seem feasible on a large scale at present because of poor access to water and technology.

**Figure 5.5: Extent (Ac) of Agriculture Holdings According to the Type of Holding-Small holding Sector, 2002**



Note: Holdings of less than 20 acres (8.09 hectares) are considered smallholdings.

Source: Department of Census and Statistics of Sri Lanka 2002a.

Box 5.2:

### Issues of Land Ownership and Rights of Women in Sri Lanka

Sri Lanka's legal system includes indigenous personal laws (i.e. Tesawalamai, Kandyan and Muslim laws) and two other major legal systems (English and Roman Dutch Law). The indigenous laws apply to different communities based on region, ethnicity and religion. Gender discriminatory provisions are common to them, especially with respect to property rights.

Further, many existing laws, such as the Land Development Ordinance and the Land Grants Law, are overtly discriminatory. These statutes need to be amended to uphold women's

rights, including provisions for widows, or women who have been displaced from their original homes and separated from their husbands.

On top of the legal and regulatory issues that deprive women from owning land and property, women lack awareness of land and property rights, and mechanisms for enforcing them. Many are hesitant to exercise their rights because of social and cultural pressures.

Source: Pinto-Jayawardena and de Almeida Guneratne 2010.

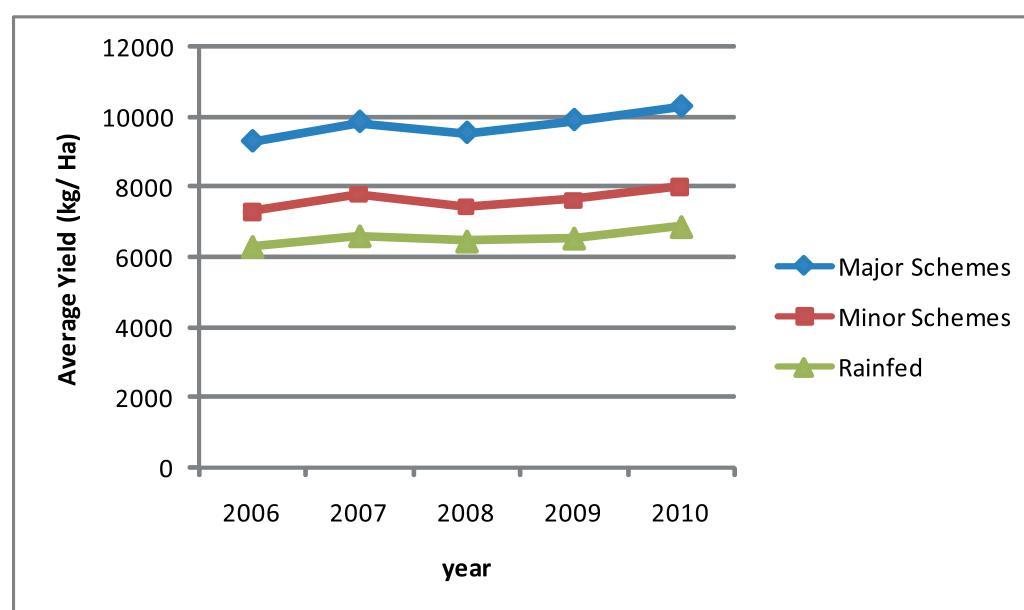
## Access to water

Poor irrigation seriously constrains land use and cropping intensities. The productivity of crops grown with irrigation is often substantially higher than under rainfed conditions.<sup>243</sup> The yield of rice grown under minor irrigation schemes<sup>244</sup> was less than 8,000 kilogrammes per hectare during 2006-2010, for example, compared to 10,000 kilogrammes for cultivation under major irrigation schemes, which is a 25 percent increase (Figure 5.6). Lack of irrigation restricts diversification, crop switching, and the cultivation of new high-yielding and more profitable crops. In general, it limits the cultivation of any given crop throughout the year.<sup>245</sup>

management, as the Ministry of Irrigation and Water Resources Management has recognized. A more practical policy needs to be adopted with improved coordination between land use and water management at large, being pursued.<sup>246</sup>

As with land, there are numerous policies, including more than 30 legislative acts, influencing water resources management. Many entities are involved, from national and provincial intuitions to grassroots groups to international organizations. Lack of understanding of the responsibilities of different actors and lack of clarity about the degrees of decentralization of different functions, have obstructed efficient management.<sup>247</sup>

Figure 5.6: Average Rice Yields Under Different Water Regimes, 2006-2010



Source: Calculations based on Department of Census and Statistics of Sri Lanka n.d.

The poor management of water resources is a major problem, resulting in unreliable supplies, particularly for farmers located furthest from the irrigation source. Water delivery policies are designed without much consultation with farmers about the optimal levels and frequency of water for different crops. This has constrained their ability to diversify from paddy to high-value crops, on top of which current water delivery systems are designed mainly for paddy cultivation. Much could be gained from more inclusive involvement of farmers in irrigation

There are, however, some positive signs. The 2006-2016 Development Framework has singled out the improvement of water management and irrigation efficiency for special attention. New private-public partnerships are planned, as is the rehabilitation of 1,000 minor irrigation tanks. If these objectives can be achieved, they will go a long way to improve crop diversification and cropping intensities.<sup>248</sup> Public expenditure allocated on irrigation has already increased from Rs. 7.3 billion in 2006 to Rs. 10.6 billion in 2010, with recent investment directed



towards constructing multipurpose reservoirs. 9 major and 18 medium irrigation schemes began after 2006, on top of the completion of work that started beforehand. This facilitates cultivation of 26,000 hectares, benefitting 30,000 families.<sup>249</sup>

### Accessibility to economic centers

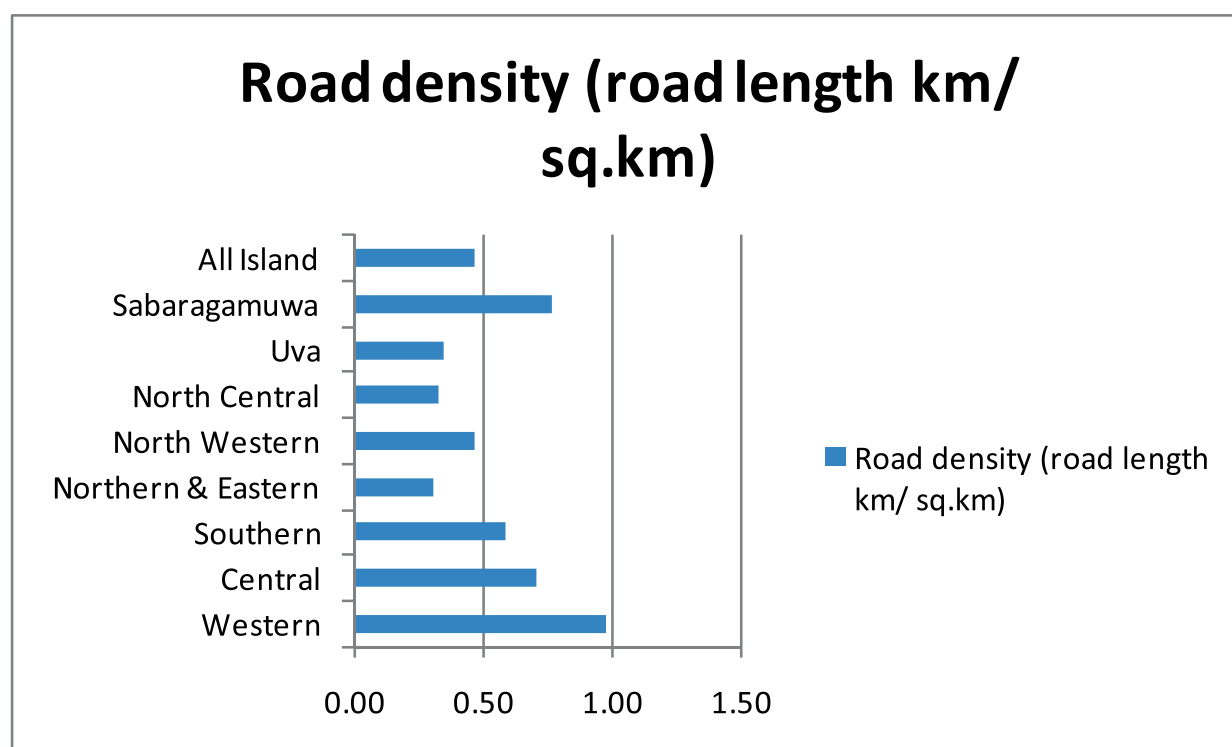
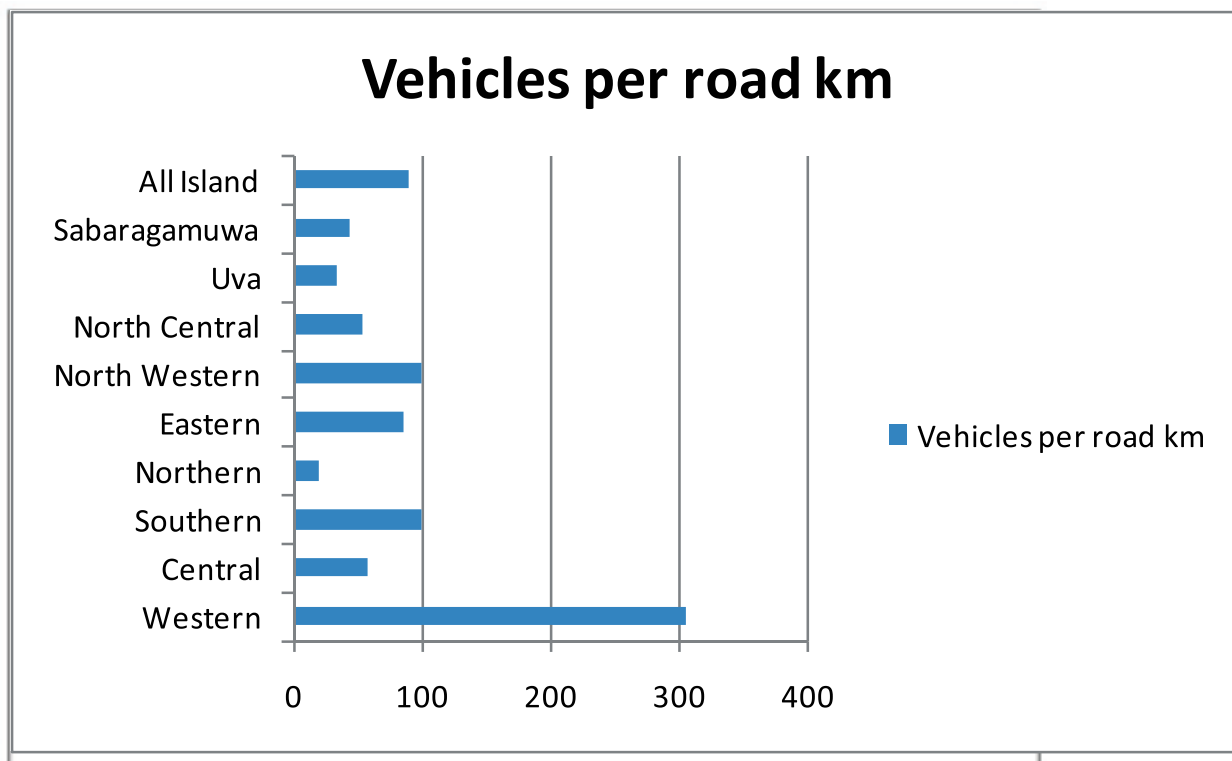
Good quality infrastructure determines a region's connectivity to economic centres. Infrastructure and connectivity are, in turn, two of the ingredients that boost an economy's competitiveness and its ability to generate employment.<sup>250</sup> The World Bank, which views poor infrastructure as a key constraint to businesses in both urban and rural areas of Sri Lanka, found that geographic isolation and long travel times to Colombo are correlated with high poverty outside of the capital.<sup>251</sup>

A well-functioning road network is important for both finished products and raw materials to reach markets. Overall, Sri Lanka's road infrastructure is considered

adequate in rural and urban areas. However, the road congestion -- in terms of number of vehicles per kilometer of road -- is somewhat high, at 90 vehicles per kilometer of road in year 2010.<sup>252</sup> This is considerably less than 232 and 165 vehicles per road kilometer in Singapore and Republic of Korea, respectively, for the year 2009. However, it is higher than in 5 and 8 vehicles per road kilometer in India and Pakistan respectively for the years of 2008 and 2009.<sup>253</sup>

For accessibility, the availability of roads is as important as their capacity, but for rural roads, where capacity is less of an issue, availability is more important. Road density measured as the length per geographical area is commonly used as an index of availability. Density is lowest for the North Western and Sabaragamuwa provinces, and highest for the Central and Western provinces (Figure 5.7). The roads of the Western Province are more congested, as it has the highest population per kilometer of road, and the highest number of vehicles per kilometre of road.

Figure 5.7: Road Density and Capacity, 2010



Source: Central Bank of Sri Lanka 2011

The length of national, provincial and local roads has improved marginally over the years.<sup>254</sup> Agricultural, local and gravel roads have particularly increased in more deprived regions such as Sabaragamuwa. Roads connecting the main towns have not changed much in terms of length, but investments have been made in improving their quality.

Investment in road infrastructure has increased significantly from Rs. 18.8 billion in 2005 to Rs. 107.8 billion in 2010. Out of the 2010 investment, 72 percent has been on improving, upgrading, rehabilitating and maintaining roads.<sup>255</sup> Further, several projects have been initiated to connect the main economic centres by expressways, absorbing about 23 percent of expenditures.<sup>256</sup> One new road is the recently opened Colombo-Galle highway, the first of its type in the country.

While Sri Lanka's road infrastructure is in relatively good condition, poor transport conditions in terms of road quality and the availability of transport facilities hold back rural enterprises. The World Bank identified this as the top hindrance they face. A survey found that more than 46 percent of respondents in rural areas said that transport was an obstacle to doing business. Road quality is poorest in the Northern Province followed by Uva Province.

The survey also reported that only 20 percent of urban manufacturers said that transport was a severe constraint. But traffic congestion and worker absenteeism stemming from the unavailability of transportation were identified as critical factors influencing productivity.<sup>257</sup> The examination of congestion in urban areas could consider impacts like these, along with possible solutions.

The time to access economic and administrative services varies across districts (Table A26). Those with a high concentration of estates and/or lagging development, experience longer distances and times. For a person in Nuwara Eliya, which has many estates, on average it takes about 14 minutes to reach a bus halt; the nearest would be about two kilometres away. The closest local authority is about 52 minutes away, the nearest local administrative authority about 70 minutes away, and the post office about

22 minutes away. A person in Colombo can reach a bus halt in about 8 minutes, and the other services are accessible in under 30 minutes. Longer times to access services in some areas may be due to poor quality roads and geography. The estates, for instance, are located in hilly terrain.

### Access to finance

Since capital is a major factor of production, businesses should be able to quickly and cheaply access it through an efficient financial system, and be able to use it in the most productive manner.

Formal financial services in Sri Lanka have high outreach. A 2008 study found that 82.5 percent of sample households have used formal financial institutions, while 47 percent have turned to loan services, mostly for livelihood activities. There are, however, clear disparities in the utilization of financial services. Only 75.2 percent of households in North Western Province have used them, along with 76.5 percent in Uva Province and 76.2 percent in Eastern Province. In North Central Province, 89.8 percent of households have used financial services.<sup>258</sup>

It takes the average Sri Lankan about 25 minutes to get to a financial facility, but access time is over 35 minutes for the districts of Moneragala, Badulla and Ampara. It is under 15 minutes for Colombo and Gampaha. For all other districts, access time is about 20-25 minutes (Table A26).

Financial service issues faced by enterprises vary across urban and rural areas, and by types of investment. A World Bank study found that both the cost of and access to finance are major constraints for rural enterprises, but only the cost of finance is an issue for urban ones. Over one-half of surveyed rural enterprises cited the constraints of current financial services on expanding or operating their business. Of this number, 60 percent identified high interest and 50 percent tedious loan procedures as severe problems.<sup>259</sup>

Despite the high outreach of formal financial institutions, the share of formal finance in total financing is low for

rural enterprises. Cash in hand and borrowing from family and friends provide the biggest share of funds for them.<sup>260</sup> Since financial institutions are extremely risk-averse, they can be reluctant to finance agricultural investments, which is one barrier to improving output. Credits for crops other than tea, rubber and paddy are negligible (Figure 5.8). This hinders innovation, diversification into high-value crops and adaptation of technologies to boost productivity.

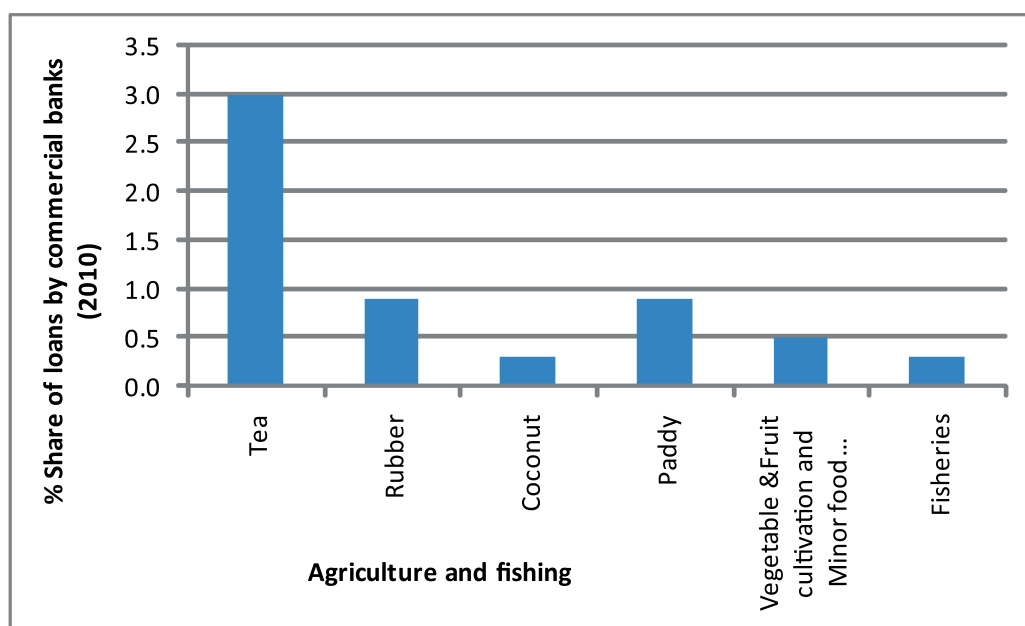
For small businesses, access to finance can be constrained by low financial literacy, including the lack of skills in developing feasible business plans and adhering to loan application procedures. There is a need to both build awareness, and simplify procedures and rules.<sup>261</sup>

To tackle some of these problems, the Central Bank of Sri Lanka, after consultation with a cross-section of stakeholders, drafted the Microfinance Institution Act, with a series of amendments now under review. The government has provided funding for microfinance through government institutions such as the National Development Trust Fund and the state banks.

### Access to information and communication

Information and communications technology infrastructure provides access to technology, knowledge and innovation; facilitates new management and

**Figure 5.8: Commercial Banks: Sectoral Distribution of Loans and Advances Granted to Agriculture and Fishing, 2010**



Source: Central Bank of Sri Lanka 2010

The supply of non-financial services, such as technical advice, through microfinance institutions is low. Where these services are provided, they are typically limited in range and quality.<sup>262</sup> Several ministries, departments and government acts control the operations of microfinance organizations, making the regulatory framework fragmented and confusing. This discourages investment in microfinance, as do restrictions on the mobilization of savings.

organizational systems; and opens doors to markets and global value chains.<sup>263</sup> Although telecommunication services have improved over the years, they are not yet adequate to support sustained, robust enterprise development.

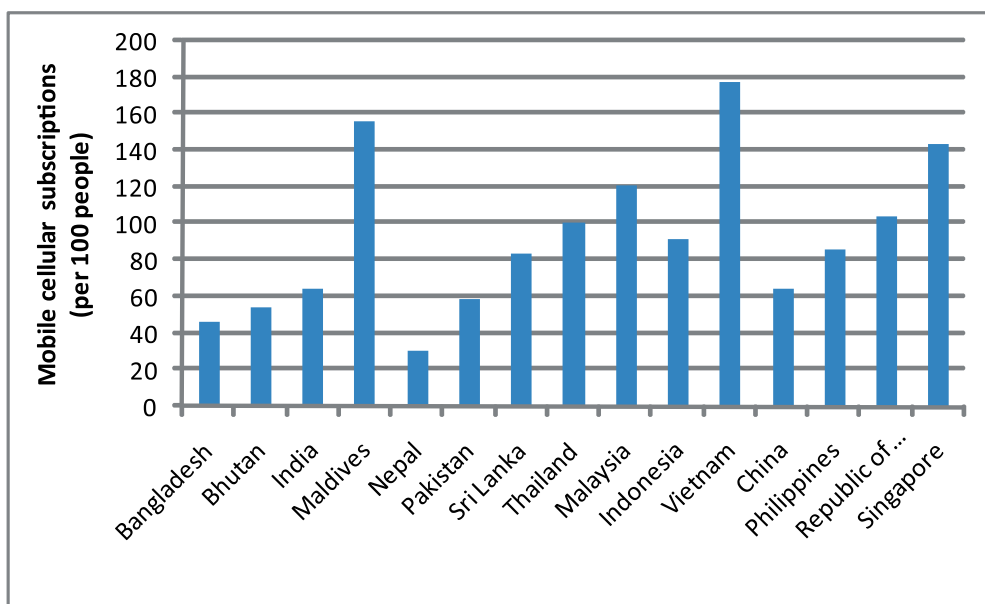
Mobile and wireless services have rapidly increased, to the point where the entire country is connected. Sri Lanka

performs better in terms of mobile subscriptions than other South Asian countries, as well as some other countries in the Asia-Pacific region (Figure 5.9)<sup>264</sup> As of 2008, there were 83 mobile subscriptions for every 1,000 persons in Sri Lanka, compared to 46 in Bangladesh, 64 in China and 64 in India. Sri Lanka still has far to go, however, to catch up with the Maldives at 156 and Vietnam at 177.

The relatively high density of mobile subscriptions is the result of telecommunications reforms that happened much earlier than in other countries in South Asia. These encouraged high private sector participation, which increased the number of service providers, both fixed

provinces had the highest percentage of households without access in 2009-2010. In the Eastern Province, for example, 36.5 percent of households were not connected by either a fixed line or a mobile phone service; the Northern Province, with 34.9 percent of households without any form of connectivity, follows closely behind. The Western Province is the most densely connected region: About 14 percent of households are not connected. Only the North Central Province, where the gap is 21.7 percent, comes close to this connectivity density (Figure 5.10). Still, connectivity is considerably better than in 2006, when more than 70 percent of households did not have telecommunications services.<sup>265</sup>

**Figure 5.9: Mobile Cellular Subscriptions by Country, 2008**



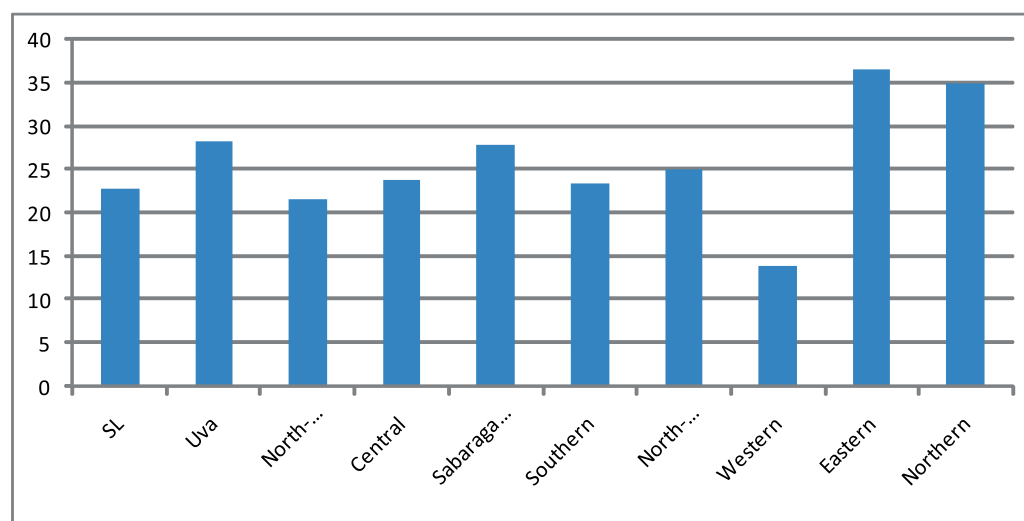
Source: The World Bank n.d..

line and mobile. Because mobile technology was cheaper, services expanded to rural areas, reducing gaps with urban areas.

Despite overall improvement, access to telecommunication services is not uniform across the country. The Northern, Eastern, Uva and Sabaragamuwa

Except for the Western Province, all other regions lack significant access to Internet/email services. A 2008 report by InfoDev emphasized this as a major constraint to human development in rural areas, preventing new opportunities such as cyber-extension services for agriculture.<sup>266</sup> It noted that the use of information and communications technology for rural livelihoods is almost non-existent.

**Figure 5.10: Number of Households without a Mobile or Fixed Line Phone by Province, 2009-2010**



Source: Department of Census and Statistics of Sri Lanka 2011d.

Low technology literacy,<sup>267</sup> language gaps and lack of awareness further constrain access to information and communications services (Box 5.3). The InfoDev study showed that, while Sri Lanka has an overall literacy rate exceeding 90 percent, technology literacy is only 31 percent in urban areas and 19 percent in rural ones.<sup>268</sup>

Language is a major barrier, especially in rural areas, as most information transmitted through information and communications technology is available only in English. Poor awareness about the availability of services also holds back usage.<sup>269</sup>

Box 5.3:

### Building Modern Information Infrastructure

Closing the information and communications technology gap between urban and rural areas and across provinces could contribute to better livelihood opportunities. The 'e-Sri Lanka' project, launched in November 2002, provides a roadmap for the development of services, with an emphasis on bridging the digital divide.

Through the Nenasala (Knowledge Centre) initiative, e-Sri Lanka has set up community information centres in villages and rural areas. These provide services such as access to the Internet, email, telephones, faxes, photocopying and computer training. Rural communities use them to obtain

information on farming and other livelihood opportunities. In total, there are 667 Nenasala centres throughout the country, including in the Northern and Eastern provinces.

The e-Sri Lanka programme faces several challenges. One is the low use of existing facilities, for reasons including language barriers. The Local Language Initiative is addressing this by developing local language unicode fonts and information. Institutional challenges include finding ways of reducing costs, and securing resources to expand the programme to other areas.

Sources: Mike 2007 and Nenasala ([www.nanasala.lk/#](http://www.nanasala.lk/#)).

## Technological advancements and transfer of technology

Acquiring and adapting technology to local conditions can produce transformational changes if the process is robust enough to push productivity forward and strengthen international competitiveness. This requires sustained investment, an appropriate business environment, and capacities for research and technology customization.

In Sri Lanka, gaps in technological advancements and technology transfer are particularly acute in agriculture, where investments in research and extension services have been inadequate, limiting opportunities to improve yields. Even in major irrigation areas, rice yields are lower than could be expected.<sup>270</sup> The outputs of agricultural food crops have been stagnating for over 20 years, and are comparatively low by developing country standards, except for rice. The investment in agricultural research that powered Sri Lanka's Green Revolution starting in the 1970s dropped in 1977.<sup>271</sup> Since 1981, expenditure on agricultural research and extension has been less than 0.05 percent of agricultural GDP.<sup>272</sup>

According to the World Bank, weak agricultural extension services pose a major challenge to productivity.<sup>273</sup> While knowledge of new technologies is an important factor influencing productivity,<sup>274</sup> extension services provide a bridge ensuring that this reaches farmers and is adapted appropriately.

Sri Lankans on average can reach an agrarian service centre in about 36 minutes. It takes between 43 and 48 minutes for people in the districts of Nuwara Eliya, Badulla, Ratnapura, Kegalle and Moneragala. In Jaffna, Matale and Batticaloa, services are accessible in 27 to 28 minutes (Table A26). Landless and marginal farmers have the least access to these services.<sup>275</sup>

Accessibility is, however, only one issue. A number of structural problems hinder the system, including the high number of organizations involved, which have different mandates and approaches.<sup>276</sup> The government extension service is the largest and of central importance to small-scale farmers. Some private sector companies provide advisory

services as well. After the devolution of the agricultural and livestock extension service from central to provincial ministries around 1995, there was little coordination among them. Links between research and extension services weakened, as the research component is the responsibility of the central Government, while provincial councils are more responsible for the services.<sup>277</sup> At the same time, the restructuring of provincial departments and the involvement of field offices in administrative work reduced interactions between extension workers and farmers.

Other factors affecting the adaptation of technology by farmers are illustrated by rice cultivation. Though the use of improved varieties is high, poor quality seeds result in low yields. A lack of capital, the non-availability of certified seeds in required quantities at the appropriate time, and lack of awareness of the importance of seed quality contribute to the problem. Additional barriers to innovation include socioeconomic conditions, high risks of crop failure through dependence on rain and small-scale irrigation systems, subsistence farming and non-availability of agricultural inputs.<sup>278</sup>

Work to beef up extension services is being complemented by experiments such as the cyber-extension service of the Department of Agriculture. It uses electronic media for disseminating information to extension agents and farmers, and encourages farmers to use interactive CDs, email and Internet facilities to access new knowledge. Farmers can communicate with the Department to obtain advice and assistance in solving farming problems. Plans call for establishing 220 cyber-extension units. While 49 have been set up so far, only a few have Internet connections. Use is low because of poor Internet connectivity, the limited technology skills of extension agents and farmers, and a lack of awareness about availability.

The Department has also been active in establishing a toll-free line for agricultural advice, and using television and community radio broadcasts to disseminate information to rural areas.<sup>279</sup> The Vidatha programme targets small and medium-sized farm enterprises. It seeks to identify community resources and needs, and bring these to the

attention of science and technology research institutions. It also helps to ensure the transfer of technology that meets community needs, including for the promotion of entrepreneurship and marketing.

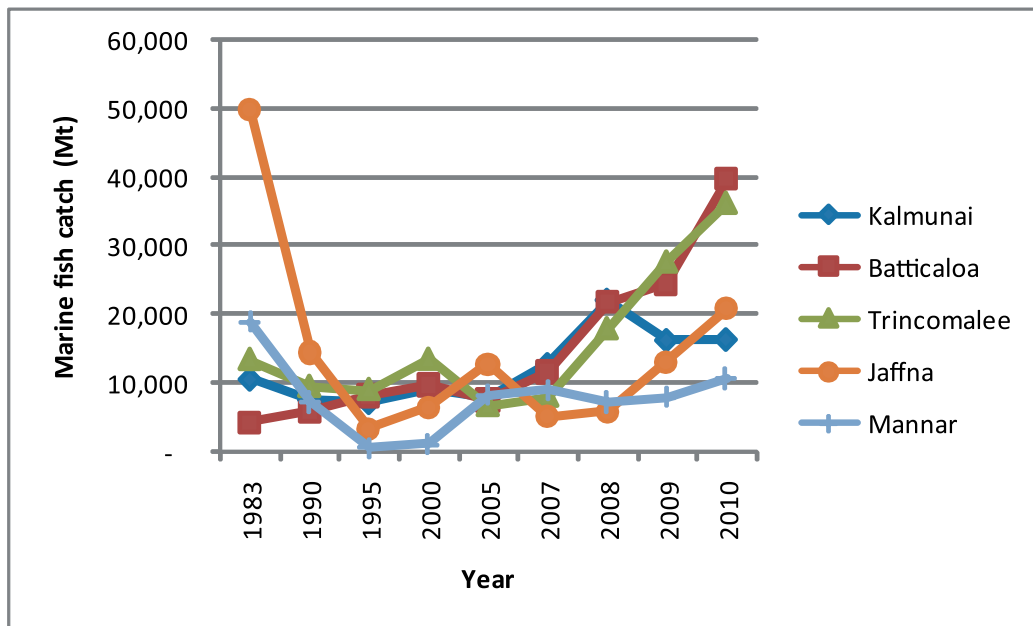
### Livelihood Patterns in Conflict-affected Regions

In general, as this report has demonstrated, the economies and livelihood prospects of the Uva, Northern and Eastern provinces lag behind those of the other provinces. This is not unexpected for the Northern and Eastern provinces, which are emerging from drawn-out conflict. Progress since

Recent studies have shown agriculture and fisheries are the main sources of livelihoods in the Northern and Eastern provinces, including the cultivation of paddy and highland crops. The end of the conflict has increased competition for natural resources, which has forced many households to abandon traditional occupations and become unskilled daily wage labourers in agriculture and fisheries. These occupations are now the main sources of income in the two provinces.<sup>280</sup>

Fish production in conflict-affected areas drastically declined during the conflict years, but is picking up again (Figure 5.11). After depressed output from 1983 to 2008,

**Figure 5.11: Marine Fish Production in the Northern and Eastern Provinces, 1983-2010**



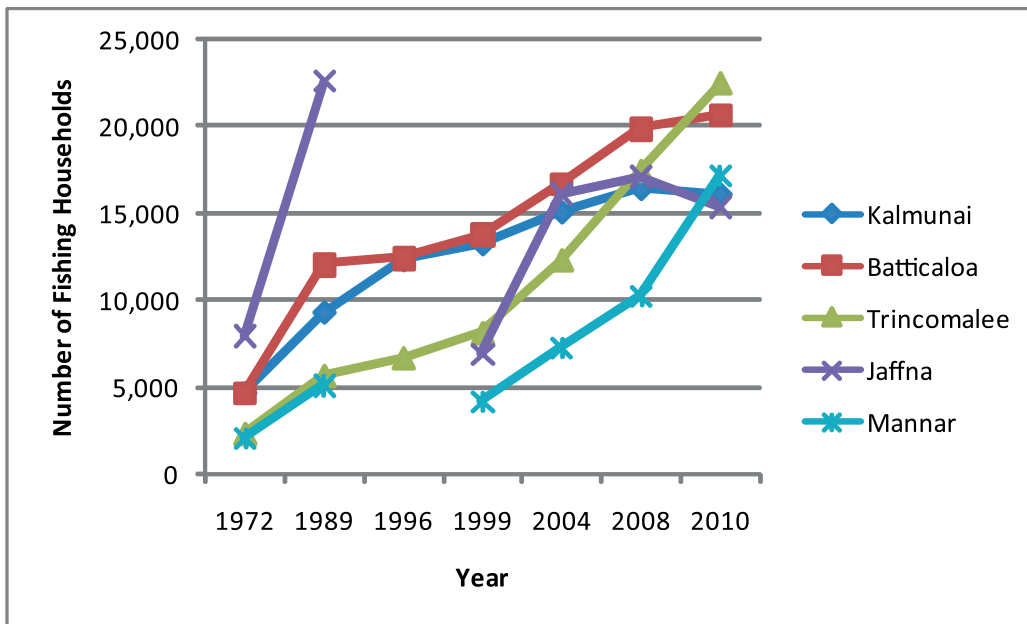
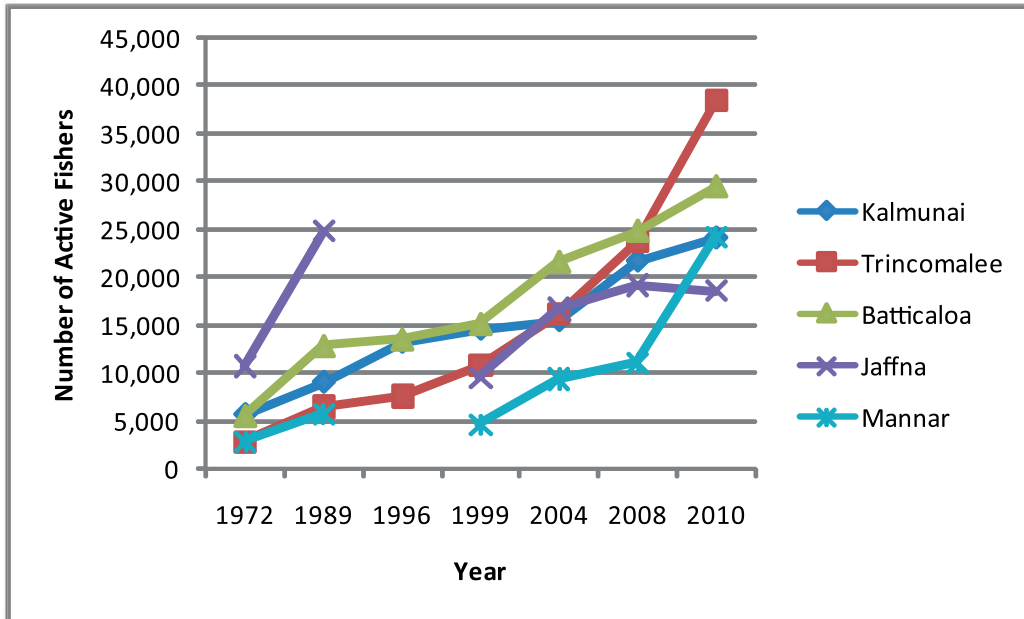
Source: Based on Ministry of Fisheries and Aquatic Resources Development 2010

the end of the conflict has been encouraging, but there are areas that need attention, recognizing that the journey is not a quick or easy one. Infrastructure, in particular, has to be repaired, rebuilt and extended. Governance, health and literacy issues, are among other priorities.

fish production rose in Kalmunai, Batticaloa, Trincomalee, Jaffna and Mannar. The rise from 2009 to 2010 was steep, about a 60 percent increase in Jaffna and Batticaloa. As fish production expanded, so did the number of households and fishers involved in the business (Figure 5.12).



**Figure 5.12: Number of Fishers and Fishing Households in the Northern and Eastern Provinces, 1972-2010**



Source: Based on Ministry of Fisheries and Aquatic Resources Development 2010.

Cultivation of paddy is another major economic activity in the Northern and Eastern provinces. One survey found that 54 percent of farmers cultivating crops were growing paddy, both rain fed and irrigated.<sup>281</sup> On the whole, crop diversification is low, with the highest level in Trincomalee. Farmers there grow vegetables, cereals, chillies and fruits, in addition to paddy. There is a moderate degree of crop diversification in Vavuniya District, while diversification is relatively low in Ampara and Batticaloa districts.<sup>282</sup>

Livelihoods outside agriculture and fisheries are limited, dominated overwhelmingly by microenterprises. The Government is another source of employment, while the industrial sector is diminutive, both as a source of employment and as a contributor to GDP, except in Trincomalee. In some districts, including Batticaloa, traditional cottage industries, such as pottery and weaving, are significant sources of income for women. Economic activities and households also depend heavily for income upon remittances from members working abroad.<sup>283</sup>

Several factors have hindered the growth of livelihood opportunities, including the lack of skills, technology, equipment, infrastructure (particularly irrigation), marketing know-how and market linkages. There are significant gaps in natural resource management. Many households do not have deeds for their land. In the Ampara District, a survey of the villages of Kanchikudichcharu, Thangabelautham and the 18th Colony of Damana found that about half the families did not have legally valid documents.<sup>284</sup> Though labour availability is not a major problem, skilled labour is in short supply, particularly in the Ampara District.<sup>285</sup>

Safe access to land is restricted in some places by mines planted during the conflict. By early 2011, 536 square kilometers of contaminated land has been identified in areas surveyed.<sup>286</sup> Surveys remain to be conducted in 6 Grama Niladari Divisions. In July 2010, the Cabinet approved the establishment of the National Mine Action Centre to coordinate and manage all mine-related activities. Given limited existing capacities for demining operations, the Government has allocated the highest priority to land needed for resettlements and livelihood activities near resettlement areas. According to the latest available data, between 1st January, 2009 and 31st December 2011, 555 square kilometers of land were released for resettlement through mine/Explosive Remnants of War (ERW)

clearance, in addition to the release of large stretches of land certified as safe through non-technical surveys.<sup>287</sup>

Another serious issue affecting agriculture is inadequate access to inputs and services. Obtaining seed paddy, for example, is a major problem in Batticaloa and Vavuniya districts. These constraints, coupled with water scarcity during the dry season, have been mainly responsible for low productivity. Water is not a huge problem for paddy cultivation in Batticaloa and Trincomalee, where it is done mostly under rain-fed conditions, and Ampara, where irrigated cultivation is prevalent. Agro-wells have emerged as important sources of water, with high usage in Trincomalee and Vavuniya districts.<sup>288</sup>

Extension services are poor except in Trincomalee, and the use of technology in agriculture is very low. One survey of farmers in Trincomalee District found that they are not aware of new technologies and remain heavily dependent on traditional farming methods.<sup>289</sup> Programmes need to be in place to raise awareness about available technology and other inputs for increased production.

Most households lack access to credit, for reasons such as the lack of facilities, lack of trust, restricted lending only to the members of microfinance institutions, limited collateral and the inability to provide guarantors for loans.<sup>290</sup> Banks have been reluctant to supply credit for rain-fed cultivation due to the risks associated with it. Credit for livestock-related livelihoods has been relatively scarce.<sup>291</sup>

Many of the problems with livelihoods in agriculture and fisheries have an additional impact by limiting movement to other livelihood options. The unavailability of infrastructure to add value to agricultural production (through, for example, rice processing), the lack of market linkages and integration, the underutilization of skills, and obstacles to accessing credit, all constrain movement out of agriculture into alternative livelihoods.

Large-scale investments by the Government and donors have not brought immediate benefits to local economies, as had been anticipated. This has been due in part to practices such as the use of contractors and labourers from outside localities, thus restricting opportunities for local people to gain new incomes and skills. Other options could be explored. Tourism, for example, has great potential, with the right infrastructure in place.<sup>292</sup>



As Sri Lanka works to sustain peace, accelerate growth and ensure inclusiveness in the post-conflict era, citizens need confidence in governance structures. Some people may still contend that better and inclusive governance is a cosmetic element in the process of growth, but this report argues that it is an intrinsic component of human development. Good governance strengthens employment creation through enterprise growth, better provision of government services and inclusive participation in governance processes.

The previous chapters drew attention to a number of human development challenges and the critical public policy choices to meet them. This chapter discusses elements of governance important to current development challenges, with a focus on an environment enabling inclusive growth. For more people to seize new economic opportunities, education and skills must be improved, productivity and efficiency boosted, and innovation and creativity spurred. These challenges are not merely about resources. They also underscore the centrality of the Government in the complex choices that influence private economic activity across the country, a key element for accelerating growth and sharing it more equitably.

One important caveat is that the lack of data on various governance dimensions severely limits any extended quantitative analysis. This constraint is especially binding when it comes to spatial disparities. With that in mind, the report considers the following dimensions: taxation and state capacity to bridge human development gaps, along with implications for governance and accountability; the creation of an enabling environment for business; stronger local governance and people's participation.

### **The State Capacity to Finance Development**

The Sri Lankan state continues to be the primary provider of social services, such as education and health. Funding depends heavily upon government finance through tax

revenues. Strengthening the financial capacity of the state, and thus its ability to provide these services, is vital.

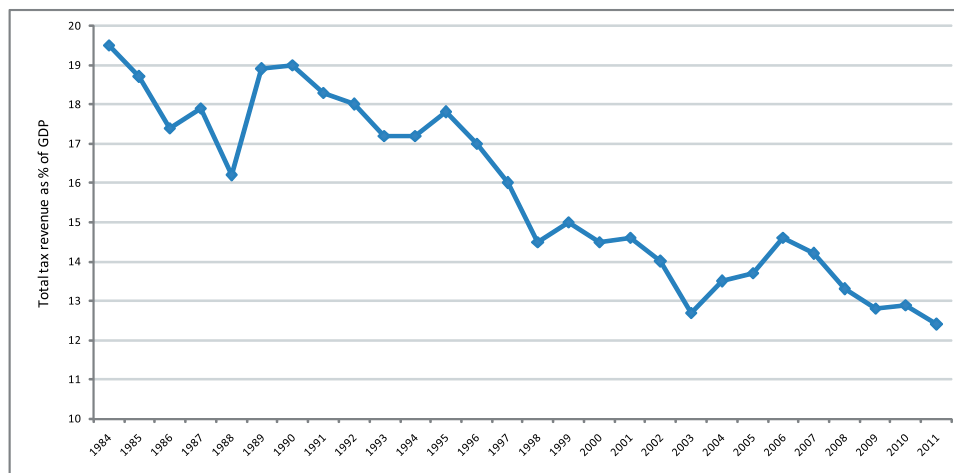
The public education system remains the predominant provider of general education, as discussed in Chapter 4. Strong public investment has enabled Sri Lanka to attain high levels of human development. Yet wide disparities exist in access to, and the quality of, education across the country, particularly at higher levels. And public investment in education has declined steadily over time, remaining low compared to similar countries.

In the health sector, similar issues prevail. As discussed in Chapter 3, investment in health, both public and private, is low. Out-of-pocket expenditure by citizens is high and rising, which has negative implications for equitable access to care. Meeting increasing and changing health demands requires greater state capacity.

To address education and health needs, improving tax revenue becomes ever more important, particularly as Sri Lanka moves towards upper middle-income country status and has less access to concessionary aid. However, it has not raised tax revenues in line with economic growth in recent decades. The fiscal system, on the other hand, has been changed by several ad hoc tax measures that have excessively complicated the tax system. It is uncertain whether these complexities are related to weak performance in raising revenues.

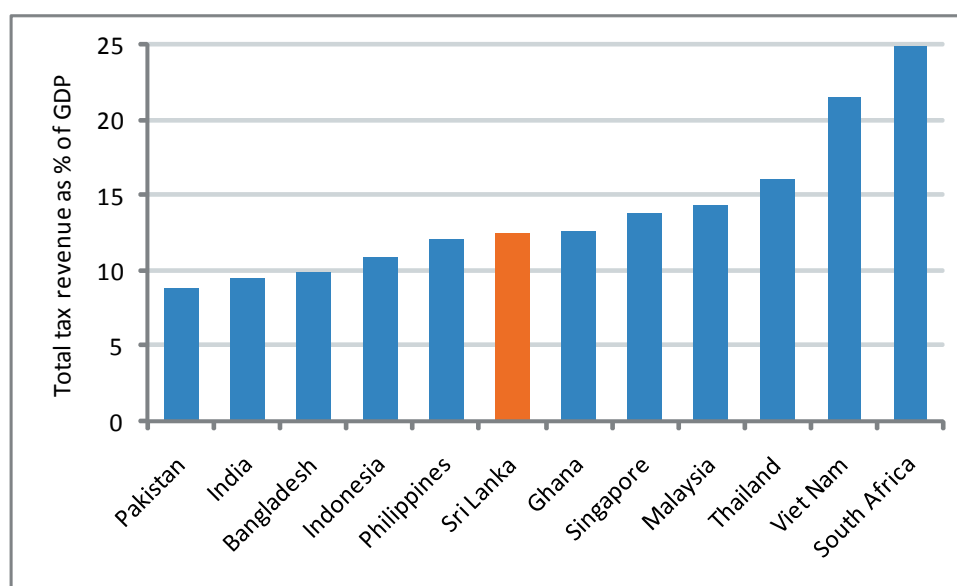
Tax revenue as a share of GDP dropped to around 15 percent during 2003-2008, compared to about 19 percent before 1995. The benchmark tax-GDP ratio for a low-income country is 18 percent, and is 25 percent for a middle-income country.<sup>293</sup> Sri Lanka's tax ratio was just 12.4 percent in 2011, having declined from a peak of 24 percent in 1987 (Figure 6.1). Its tax-GDP ratio compares poorly with those of Ghana, Malaysia, Singapore, South Africa, Thailand and Vietnam, although it is better than for South Asian neighbours such as Bangladesh, India and Pakistan, and marginally better than for Indonesia and the Philippines (Figure 6.2).

**Figure 6.1: Sri Lanka's Tax Revenue to GDP Ratio, 1977-2010**



Sources: Central Bank of Sri Lanka Annual Report (various issues) and Department of Inland Revenue 2010.

**Figure 6.2: Tax Revenue to GDP Ratio: Sri Lanka and Selected Countries, 2009-2011**



Source: International Monetary Fund 2011.

A report by the Presidential Commission on Taxation in 2009 identified all of these issues and provided comprehensive recommendations to address them in a phased manner.<sup>294</sup> Some relating to a reduction of income tax, with a view to stimulating private enterprise activity and encouraging greater compliance with tax regulations, were implemented via the 2011 Budget. Full implementation of the recommendations, however, particularly those on drastically streamlining border taxes and a complete reform of tax administration to make it more effective, efficient and tax payer-friendly, have not taken place due to competing stakeholder interests and political sensitivities.

For example, the Government may hesitate to undertake an overhaul of tax administration because workers in key revenue departments, such as Customs and Inland Revenue, are heavily unionized, and it has a general sensitivity to the sentiments of public sector workers. One bitter experience was in 2002, when the Government moved to streamline tax administration by merging all departments into one Revenue Authority. But resistance was too powerful to make the move a success. Nevertheless, an unprecedented reform measure, hitherto thought to be impossible by many in the private and public sectors, did in fact take place: It stripped away the income tax exemption that public sector employees enjoyed since the late 1970s.

## Taxation and accountability

Taxation is not merely an instrument to raise revenue; it also has important state-building dimensions, if properly and effectively used.<sup>295</sup> There are clear connections between how a government obtains its revenue and the quality of governance. Even though links between taxation and governance are complex, an emerging body of evidence<sup>296</sup> provides a convincing case for enhancing a state's reliance on taxation in order to improve governance and state-society relationships.

Some studies have demonstrated that governments relying more heavily on general taxation are more likely to have better governance structures than those raising their revenues mainly from aid or natural resources.<sup>297</sup> The former are more responsive to people's concerns, less bureaucratic, and more transparent and accountable (Table 6.1),<sup>298</sup> while the latter have little need to negotiate with or to be accountable to their citizens, or to build capacity to raise and administer taxes.<sup>299</sup>

**Table 6.1: State Dependence on Taxation: Stylized Governance Effects**

| Immediate effects   | Intermediate effects  | Direct governance outcomes   |
|---|---|--|
| <p><b>Effects on the state</b><br/>The state becomes focused on obtaining revenue by taxing citizens.</p>   | <ol style="list-style-type: none"> <li>1) The state is motivated to promote prosperity.</li> <li>2) The state is motivated to develop bureaucratic apparatuses and information sources to collect taxes effectively.</li> </ol>   | <p>→ Greater responsiveness</p> <p>→ Enhanced bureaucratic capability</p>                              |
| <p><b>Effects on citizens</b><br/>The experience of being taxed engages citizens politically.</p>   | <ol style="list-style-type: none"> <li>1) (Some) tax payers mobilize to resist tax demands and/or monitor the mode of taxation and the way the state uses tax revenue.</li> </ol>   | <p>→ Greater accountability</p> <p>→ Greater responsiveness, political and bureaucratic capability</p> |
| <p><b>Results of interaction</b><br/>States and citizens begin to bargain over revenues. Tax payers comply with tax demands in exchange for institutionalized influence over the level and form of taxation and uses of revenue (i.e., public policy).*</p> | <ol style="list-style-type: none"> <li>1) Taxes are more acceptable and predictable. The taxation process is more efficient.</li> <li>2) Better public policy results from debate and negotiation.</li> <li>3) Wider and more professional scrutiny of how public money is spent.</li> <li>4) The legislature is strengthened relative to the executive [assuming one exists].</li> </ol> | <p>→ Greater responsiveness and political capability</p> <p>→ Greater accountability</p>               |

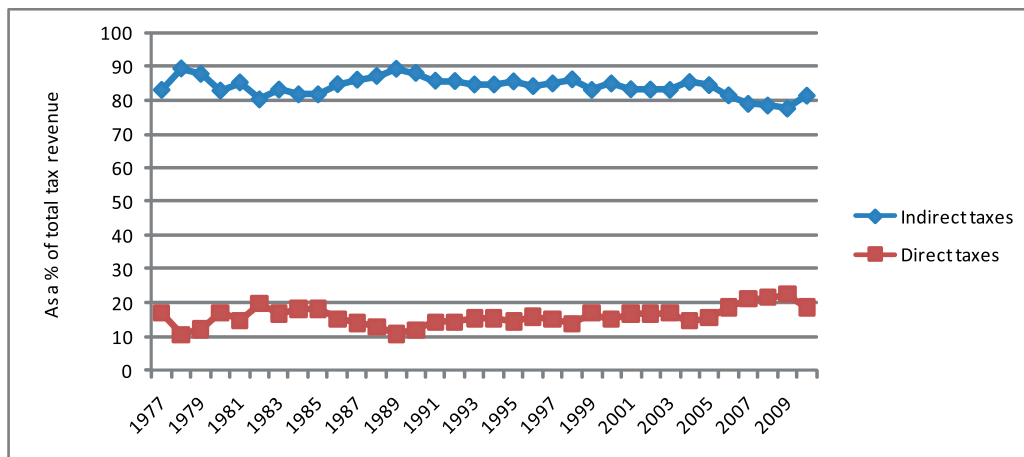
Note: \* Bargaining is especially likely if representative institutions (legislatures) already exist.

Source: Moore 2007a.

When taxation becomes more visible, such as through a shift from indirect trade and consumption taxes to more direct taxes on income, tax payers are more likely to mobilize politically, fostering healthy state-society relationships oriented around accountability and better governance.<sup>300</sup> In Sri Lanka, taxation remains heavily skewed towards

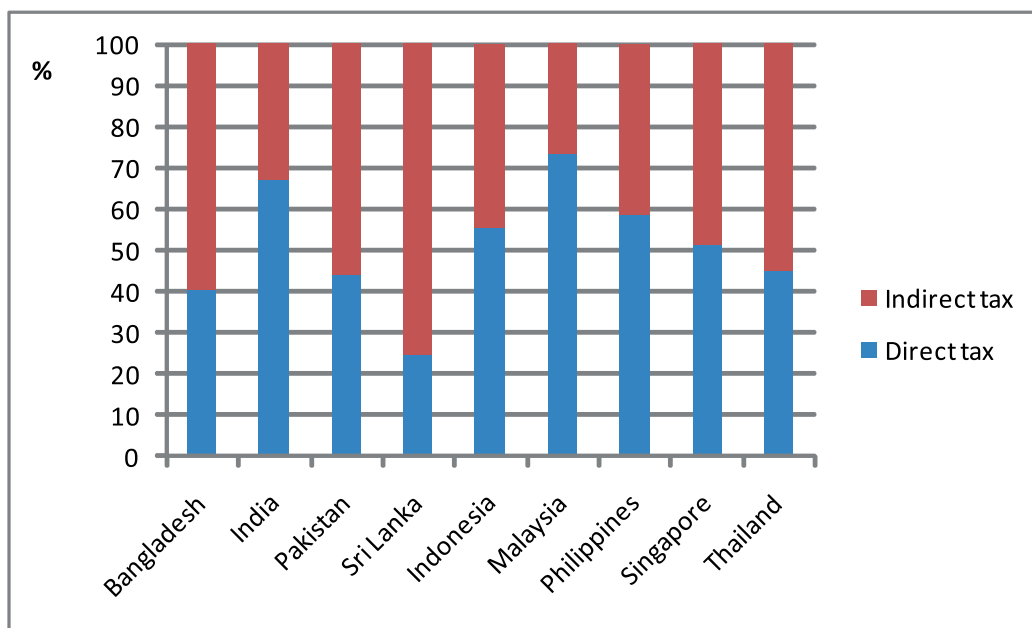
indirect taxes, however,<sup>301</sup> which generated nearly 81 percent of income between 1977 and 2010. Direct taxes contributed about 19 percent of total tax revenues (Figure 6.3). In contrast, governments of many similar countries rely much more on direct taxes (Figure 6.4).

**Figure 6.3: Indirect and Direct Taxes, 1977-2010**



Sources: Central Bank of Sri Lanka Annual Report (various issues) and Department of Inland Revenue 2010.

**Figure 6.4: Direct and Indirect Taxes as Percentage of Total Revenue: Sri Lanka and Selected Countries, 2010**

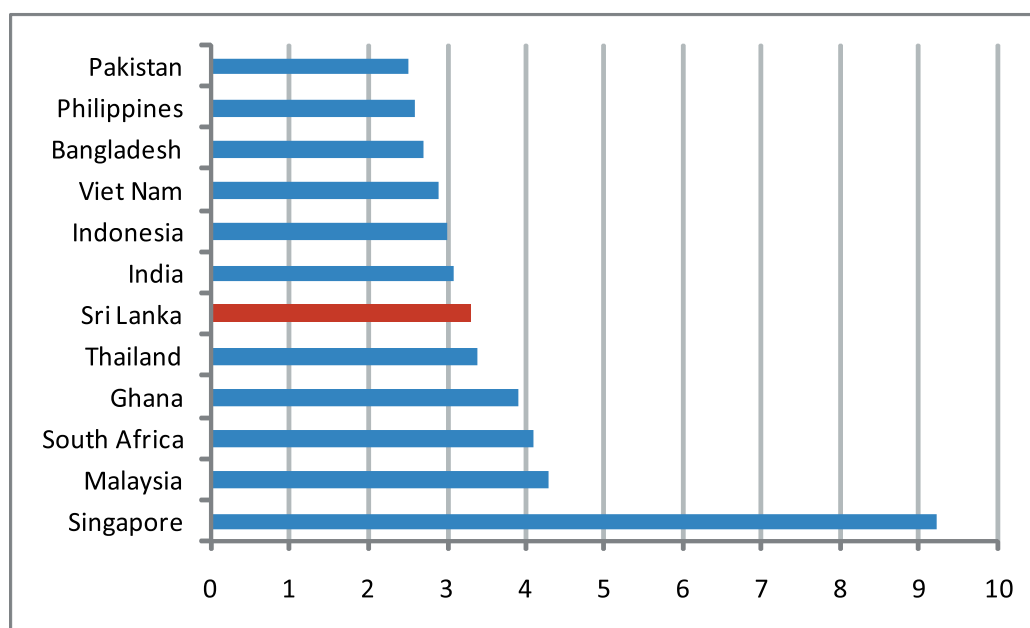


Source: The World Bank 2012d

Sri Lanka's predominantly centralized system of government means many governance structures are national and apply across geographical regions and population groups, with some variations. In the education system, for example, so-called national schools are administered directly by the centre, while all other schools are administered by provincial governments. Per student public expenditure on national schools was around Rs. 19,000 in 2007 compared to around Rs. 17,000 for a

According to Transparency International's Corruption Perceptions Index (CPI)<sup>303</sup>, Sri Lanka scores above several countries in South Asia, including Bangladesh, India and Pakistan. It scores above such South-East Asian countries as Indonesia, the Philippines and Vietnam (Figure 6.5), but it scores below Ghana, Malaysia, Singapore, South Africa and Thailand. Moreover, its score has marginally gone down in the last decade, while those of comparable countries have improved (See Table 6.2).<sup>304</sup>

**Figure 6.5: The CPI: Comparing Country Scores, 2011**



Source: Transparency International 2011

provincial school - a figure that falls in certain districts, such as to Rs. 12,500 in the Eastern Province (see Chapter 4).<sup>302</sup> Expanding the provincial share of general education spending would have favourable equity implications, as students who attend provincial schools are largely from rural locations. Those who attend national schools are typically from more affluent households.

### Perceptions of corruption

Reducing corruption is an important element of good governance and accountability for the use of resources.

According to another measure of corruption, the Control of Corruption Index (CCI)<sup>305</sup> produced by the World Bank, Sri Lanka performs better than Bangladesh, India, Indonesia and Vietnam, but lags significantly behind Ghana, Malaysia, the Philippines, Singapore and South Africa (Figure 6.6). Sri Lanka's values on the index have fallen from 47.8 in 2002 to 40.7 in 2010, a pattern which is of concern.



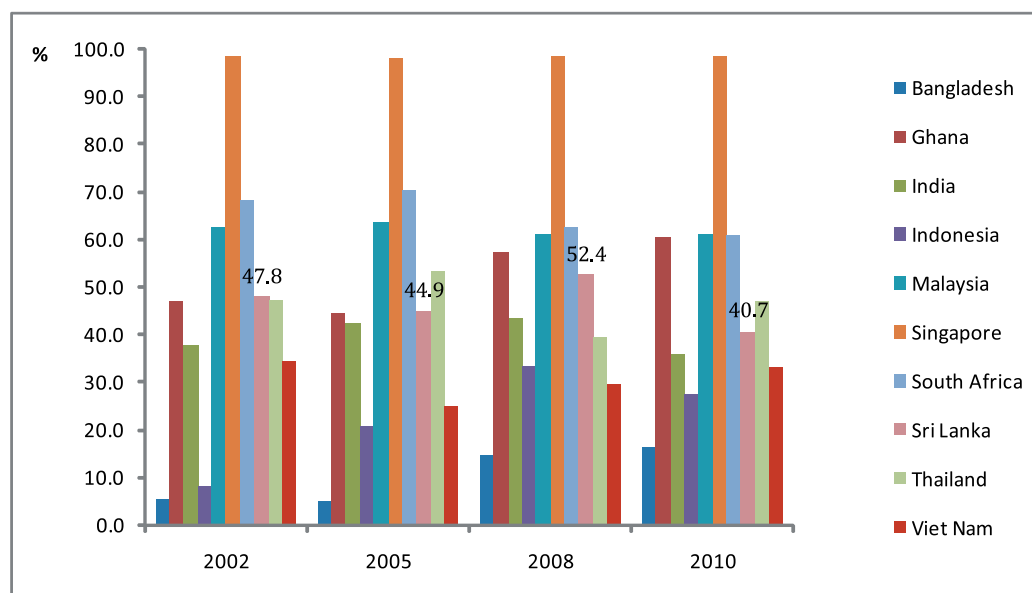
**Table 6.2: The CPI: Comparing Country Ranks, Selected Years**

| Country      | 2000  |      | 2002  |      | 2005  |      | 2010  |      | 2011  |      |
|--------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|              | Score | Rank | Score | Rank | Score | Rank | Score | Rank | Score | Rank |
| Sample size  |       | 90   |       | 102  |       | 158  |       | 178  |       | 183  |
| Singapore    | 9.1   | 6    | 9.3   | 5    | 9.4   | 5    | 9.3   | 1    | 9.2   | 5    |
| Malaysia     | 4.8   | 36   | 4.9   | 33   | 5.1   | 39   | 4.4   | 56   | 4.3   | 60   |
| South Africa | 5.0   | 34   | 4.8   | 36   | 4.5   | 46   | 4.5   | 54   | 4.1   | 64   |
| Ghana        | 3.5   | 52   | 3.9   | 50   | 3.5   | 65   | 4.1   | 62   | 3.9   | 69   |
| Thailand     | 3.2   | 60   | 3.2   | 64   | 3.8   | 59   | 3.5   | 78   | 3.4   | 80   |
| Sri Lanka    | -     | -    | 3.7   | 52   | 3.2   | 78   | 3.2   | 91   | 3.3   | 86   |
| India        | 2.8   | 69   | 2.7   | 71   | 2.9   | 88   | 3.3   | 87   | 3.1   | 95   |
| Indonesia    | 1.7   | 85   | 1.9   | 96   | 2.2   | 137  | 2.8   | 110  | 3.0   | 100  |
| Vietnam      | 2.5   | 76   | 2.4   | 85   | 2.6   | 107  | 2.7   | 116  | 2.9   | 112  |
| Bangladesh   | -     | -    | 1.2   | 102  | 1.7   | 158  | 2.4   | 134  | 2.7   | 120  |

Source: Transparency International 2011.

Note: A score relates to perceptions of the degree of corruption as seen by business people, risk analysts and the general public, and ranges between 10 (highly clean) and 0 (highly corrupt).

**Figure 6.6: The CCI: Comparing Percentile Ranks Across Countries, Selected Years**



Source: The World Bank 2010.

Note: The Worldwide Governance Indicators Project, of which control of corruption is one of six dimensions (captured by CCI), aggregated the governance indicators of 213 economies from 1996-2010, corresponds to the lowest rank (most corrupt), while 100 corresponds to the highest rank (least corrupt).

## An Environment for Business to Prosper

With the end of conflict, Sri Lanka can now focus on a more impressive growth trajectory. While public investment in infrastructure - roads, bridges, ports, airports, etc. - continues at a rapid pace, private sector investment will be an important determinant of the ambitious post-conflict scenario envisaged. For Sri Lanka to sustain growth at 8 percent in the medium- to long-term, the country will need to raise its annual rate of investment from the current

investment edged up by 4.6 percent in 2010 and another 1.4 percent in 2011, growing by 8.2 percent since the cessation of the conflict. While the share of public investment in total investment rose from 9.5 percent in 2002 to 20.9 percent in 2011, it has contracted by 23.1 percent since 2009 (Table 6.3).

**Table 6.3: Public and Private Investment as Proportions of Total Investment, 2002–2011**

| Year | Public investment, % | Private investment, % |
|------|----------------------|-----------------------|
| 2002 | 9.53                 | 90.47                 |
| 2003 | 10.49                | 89.51                 |
| 2004 | 10.83                | 89.17                 |
| 2005 | 16.46                | 83.54                 |
| 2006 | 14.49                | 85.51                 |
| 2007 | 19.28                | 80.72                 |
| 2008 | 23.55                | 76.45                 |
| 2009 | 26.91                | 73.09                 |
| 2010 | 22.3                 | 77.7                  |
| 2011 | 20.89                | 79.11                 |

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

level of approximately 26 percent of GDP to at least 35 percent.<sup>306</sup> With greater fiscal pressures, public investment alone will not be enough. Expanding private investment will depend on governance that motivates businesses to expand and create jobs.

From 2002 to 2009, the share of private investment in total investment contracted steadily, falling from 90.5 percent to 73.1 percent. Once peace was restored, private

The drop in public investment signifies the increasing vibrancy of the private sector and underscores fiscal constraints. Government officials are clear that the pre-conflict growth of public investment cannot be sustained. To continue the rate of overall investment as a share of GDP, the private sector will need to play a more active role. The Government envisages that private investment, which stood at just above Rs. 1,500 billion in 2011, needs to increase to Rs. 2,000 billion in the next couple of years.<sup>307</sup>

While the objective is laudable, it cannot be accomplished unless the growth rate of private investment picks up rapidly. This requires the Government, at the national and sub-national levels, to take immediate steps to accelerate private investment, including by fostering a business-friendly environment to stimulate investment from domestic and foreign sources.

### Gauging what's good for business

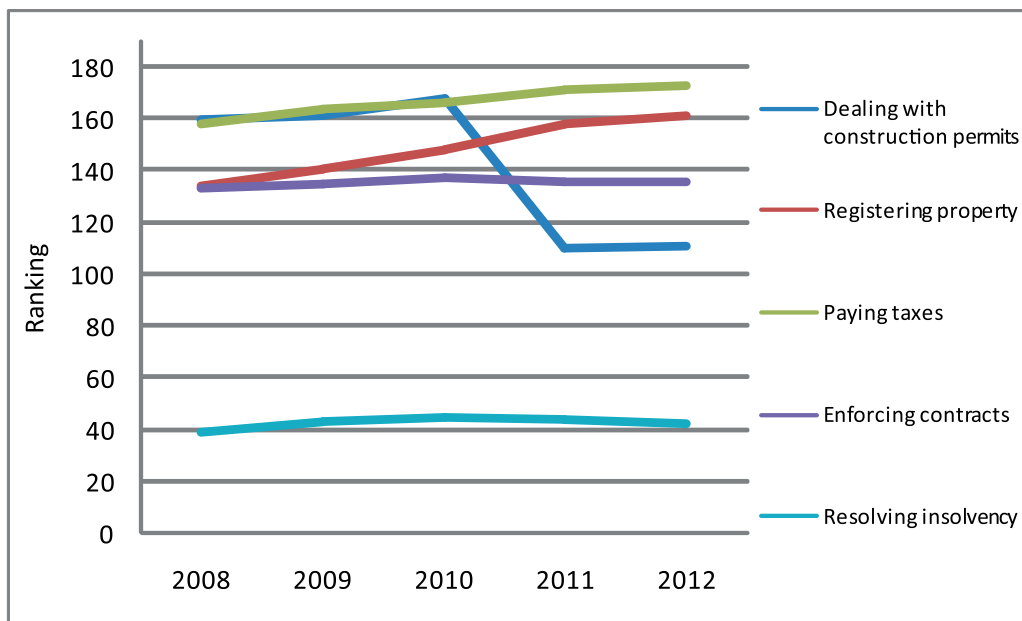
One indication of the business environment is access to productive employment, a key element of human development. Unemployment among the 15-19 and 20-24 age groups remains high across most provinces. The exceptions, to some extent, are the Western and North Western provinces. The two account for 62 percent of industries; 71 percent of people engaged in the industrial sector live and work in these two provinces. The greater availability of industrial jobs is mainly responsible for disparities in employment and incomes between them and other provinces.

Facilitating private enterprise in other regions could begin by extending focused support to small and medium enterprises, which are least equipped to navigate unfavourable business conditions. Government agencies, particularly those involved in regulation and the granting of licences, permits and approvals, can help or hinder private sector growth, and, in turn, the creation of employment opportunities.

The most widely used measure of the ease of doing business is the World Bank's Doing Business Index (DBI). It benchmarks countries globally on a number of factors, including governance, essentially offering a measure of regulation and red tape. The index for 2012 ranks Sri Lanka low on many of the indicators that determine how government rules and regulations impact enterprise growth. These include 'dealing with construction permits', 'registering property', 'paying taxes' and 'enforcing contracts'.

Sri Lanka has not been able to improve its rankings on many index indicators over the last five years, except 'dealing with construction permits'. Other rankings have either gone down or remained the same (Figure 6.7).

Figure 6.7: DBI Rankings: Sri Lanka's Recent Performance, 2008-2012



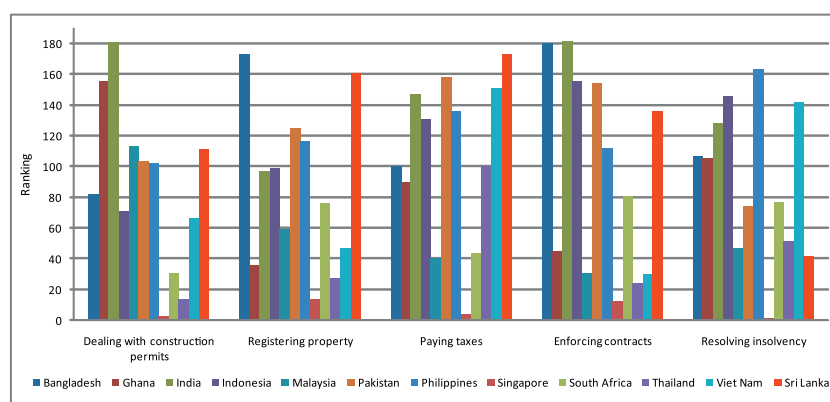
Note: Rankings are based on 183 countries in the 2012 edition of the DBI. Rankings closer to 1 indicate that it is easier for a local firm to start and operate a business.

Source: The World Bank and International Finance Corporation 2012.

Against some benchmark countries, Sri Lanka comes in lowest for many indicators, except for ‘closing a business’ (Figure 6.8). On ‘registering property’, ‘dealing with construction permits’, and ‘paying taxes’, Sri Lanka ranks as one of the lowest among the comparator countries. These low rankings stem in part from outdated regulations

on the DBI indicators to higher levels of corruption without a more thorough analysis at the micro level. There appears to be no clear link between changing performances on the corruption indices and the DBI (Table 6.4). As indices like the CCI and CPI assess corruption perceptions among diverse stakeholders, while

**Figure 6.8: DBI Rankings Across Selected Indicators: Sri Lanka vs. Other Countries, 2012**



Note: Rankings closer to 0 indicate higher performance.

Source: The World Bank and International Finance Corporation 2012.

and red tape that leads to bureaucratic delays in various government departments and agencies, and could open the door to corruption.

It is not easy to directly relate Sri Lanka’s low performance

the DBI only measures ease of doing business among members of the business community, it is not possible to draw any useful conclusions comparing the two. Still, Sri Lanka’s poor performance on several DBI pillars may be contributing to the perception of corruption.

**Table 6.4: Sri Lanka’s Performance on the CCI, CPI and DBI, 2007–2010**

|                              | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------|------|------|------|------|------|
| <b>CCI (percentile rank)</b> | 57.3 | 52.4 | 41.6 | 40.7 | na   |
| <b>CPI (rank)</b>            | 94   | 92   | 97   | 91   | 86   |
| <b>CPI (score)</b>           | 3.2  | 3.2  | 3.1  | 3.2  | 3.3  |
| <b>DBI (rank)</b>            | 89   | 103  | 97   | 102  | 98   |

Sources: Transparency International 2011, The World Bank 2010, and The World Bank and International Finance Corporation 2012.

Note: N.a. refers to not available. Some changes to ranks are influenced by sample size

There has been progress on some indicators over the years, as the Government committed to improving its position on the DBI, including by facilitating a task force functioning under the Central Bank of Sri Lanka. After conflict ceased, the Bank led an initiative to dissect the reasons for Sri Lanka's weak performance and identify bottlenecks that need to be removed. This effort, which brought together relevant regulatory authorities and line ministries to brainstorm, culminated in the publication of the 'Step by Step Guide to Doing Business in Sri Lanka' by the Central Bank. This is the first handbook of its kind; anecdotal evidence from foreign and local investors indicates that it is useful. Sri Lanka has since risen in the rankings from 102 in the 2010 report to 98 in the 2012 report (out of 183 countries). The Government aims to enter the list of the top 30 countries by 2014.<sup>308</sup>

These laudable efforts at the national level could be strengthened by similar ones at the sub-national level. Considerable empirical evidence affirms that the quality of the business environment is a factor in development disparities (Box 6.1). Assessing the DBI at the local level is however, challenging, because the kinds of disaggregated data required are not already collected, and because of the costs involved.

Nevertheless, at least one attempt at assessment has been made by The Asia Foundation, which produces the Economic Governance Index (EGI). It strives to evaluate the business environment through perception surveys of local stakeholders, specifically entrepreneurs, with 10 sub-

Box 6.1:

### Regional Development Imbalances and the Importance of the Business Environment

Initial endowment disparities, such as in locations, infrastructure, the availability of raw material or human resources, partly explain why certain areas of Sri Lanka have developed faster than others. Irrespective of these, however, the capacity of local authorities to create a business environment supporting private enterprise goes a long way towards explaining why some provinces do better than others.

A wide array of institutional barriers and constraints has in particular inhibited the ability of micro-, small and medium enterprises to grow and create jobs, even as they constitute

indices.<sup>309</sup> The EGI is largely based on perceptions, but it targets the local level rather than the entire country.

Done in 2007, the EGI ranked 48 municipal and urban council localities across eight of Sri Lanka's nine provinces. The survey covered 4,969 firms from 15 municipal and 33 urban councils. The results captured notions of the local business environment, including the performance of local authorities, across eight of the nine provinces (the Northern Province was excluded due to conflict). The EGI revealed how economic governance differs widely, with certain provinces ranking high on some sub-indices while scoring low on others. The Western Province, for example, scored the highest with respect to businesses obtaining registrations, permits and licences; it scores the lowest on confidence in legal institutions and conflict resolution. Uva Province scored highest in the latter category, but ranked the lowest in terms of tax administration, tax burdens and tax related services. On access to land and property rights, 55 percent of businesses in the North Western Province said it was easy to obtain property for commercial purposes compared to 34 percent in the Western Province.

Since the EGI was done, perceptions may have changed. But the key finding was that the performance of local authorities, as perceived by local communities, varies widely, including across different elements of governance. Contrary to expectations, local authorities in certain urban areas scored low. What needs greater clarity is whether or not there is a relationship between the financial strength of local authorities and the overall score of the EGI for each province.

the bulk of many local economies. Although the general legal environment is still largely shaped at the national level, and government decentralization and de-concentration are still ongoing in Sri Lanka, the role of local authorities in implementing laws and regulations proves to be decisive for private sector development.

Based on evidence from Cambodia and Vietnam, as well as Sri Lanka, improving the business environment at the local level appears to be a pragmatic and efficient way to provide local enterprises with increased opportunities to grow and expand.

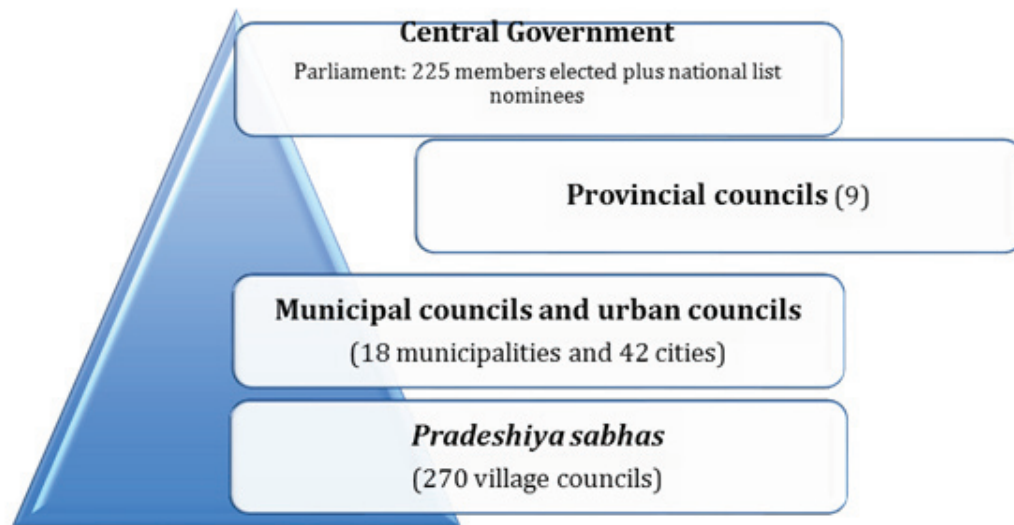
Source: Salze-Lozac'h 2008

## Strengthening Local Governance

There are four levels of government in Sri Lanka (Figure 6.9), with the central Government occupying the topmost layer. It includes the 225-member Parliament. The next layer comprises the 9 provincial councils, followed by 18 municipal councils and 42 urban councils, which administer large and small towns. The final layer is made up of 270 *pradeshiya sabhas*, which administer villages. Most of the discussion in this chapter concerns the devolution of powers from the central Government to the provincial councils.

Asia Foundation has demonstrated the introduction of innovative governance tools, for example, such as participatory budgeting, where community members are consulted on and help to set expenditure priorities. Citizen report cards, another option, are used to monitor satisfaction with the local authority, where feedback guides desired changes. These mechanisms can enhance transparency and accountability, which support a local environment for business.<sup>310</sup>

Figure 6.9: Structure of Government in Sri Lanka



Grindle has argued that the contributions of governance to a friendly business climate could be greater if reforms focus on the local rather than central level of government.<sup>310</sup> Reforms of local government institutions can be more finely attuned to serving local communities. One example is the strengthening of local tax revenues to enable local government institutions to provide better services - road maintenance, waste disposal, sanitation, street lighting, environmental improvement, regulatory/licensing, and so forth.

The enhanced fiscal position of local authorities can improve other areas of local governance via spin-off effects. A reform-oriented project in Sri Lanka supported by The

Much work remains to be done. Historically, the ability of local authorities to generate tax revenues has been weak. On average, provincial councils have been granted the power to raise only about 4 percent of total central government revenue, equivalent to approximately 0.8 percent of GDP. This stands in contrast to countries such as Malaysia and Thailand, where sub-national authorities raise above 15 percent, and Australia, India or the United States, at nearly 50 percent.

This narrow revenue space has occurred even though the 13th Amendment to the Constitution<sup>311</sup> allows provinces

to collect their own revenue through 21 revenue sources, encompassing various taxes, fees and fines. Provincial revenue currently accounts for only one-fifth of the provincial expenditure.

The picture presents a wide variation. For example, the Western Province collects 62 percent of total provincial revenue.<sup>312</sup> The Central, Southern and North Western provinces collect around 8 percent each, while North Central and Uva provinces collect around 3 percent each. Provincial revenue collection follows a similar pattern to provincial distribution of GDP (Table 6.5). Essentially, provinces that have not been able to grow their economies, particularly by expanding the local private sector, are stuck with a thinner local tax base.

Among provincial budget expenditures, 83 percent is spent on recurrent costs, compared to 54 percent in the United States, 52 percent in Australia and 20 percent in France. Salaries in Sri Lanka consume 79 percent of these costs. Only 17 percent of provincial budgets can be applied to capital development work.<sup>313</sup>

Even when the central Government allocates funds for a province, they may not be released in a timely manner because of liquidity constraints. This further undermines planning and development activities. Since the centre is obliged to cover recurrent expenditures under the Constitution, provinces could be given greater power to raise revenues for development. With the proper

**Table 6.5: Provincial Revenue Performance and Provincial GDP, 2010**

| Province      | Revenue (Rs. million) | Percentage of revenue (%) | GDP (Rs. million) | Percentage of revenue (%) | Per capita GDP (Rs.) |
|---------------|-----------------------|---------------------------|-------------------|---------------------------|----------------------|
| Western       | 22,740                | 62.3                      | 2,524,812         | 45.1                      | 430,488              |
| Central       | 2,986                 | 8.2                       | 558,172           | 10.0                      | 207,576              |
| Southern      | 2,924                 | 8.3                       | 599,960           | 10.7                      | 240,561              |
| North Western | 2,948                 | 8.0                       | 527,539           | 9.4                       | 225,521              |
| North Central | 1,170                 | 3.2                       | 266,141           | 4.8                       | 214,630              |
| Northern      | n/a                   | n/a                       | 191,526           | 3.4                       | 160,542              |
| Eastern       | 899                   | 2.4                       | 331,536           | 5.9                       | 212,387              |
| Uva           | 975                   | 2.6                       | 251,816           | 4.5                       | 189,906              |
| Sabaragamuwa  | 1,704                 | 4.6                       | 350,820           | 6.3                       | 180,556              |
| Total         | 36,506                |                           | 5,602,321         | 100                       | 271,259              |

*Note:* GDP at current market prices; n.a. indicates not available.

*Source:* Waidyasekera 2011.

The vertical imbalances in revenue collection are reflected in the 2008 total for the centre, at Rs. 655 billion, compared to a provincial total of Rs. 31.4 billion. Vertical imbalances are unavoidable in general, but in Sri Lanka they are particularly extreme. They constitute a fundamental reason why transfers from the centre to the provinces average 70 percent of provincial revenue, far higher than in countries such as India at 28.3 percent or France at 48.2 percent.

governance structures, this could enable provinces to create a more friendly business environment.

The ability of provinces to pursue their own development is constrained in other ways. The Reserved List, for example, debars provincial councils from seeking foreign aid for their development projects. In a recent policy reform, in the 2011 Budget announced in November 2010, taxes levied

at the local government level were further centralized, but accompanied by a revenue-sharing mechanism. The Provincial Business Turnover Tax levied by local authorities on all enterprises in their jurisdiction was removed, but one-third of revenue collected from the Nation Building Tax, the entirety of stamp duty collection and 70 percent of the motor vehicle registration fee were credited to the revenue account of the provincial councils.<sup>314</sup> It is too early to gauge the impact of this reformed tax regime, but it is unlikely to make the provinces fiscally stronger as, given limited economic activity, revenue collection of provinces outside the Western province is likely to be small.

In general, the devolution of powers from the center to the provinces continues, but it has been accompanied by the continued dependence of provincial governments upon the central Government for finance. Unfortunately, the centre's funding ability was constrained by the prolonged conflict and the corresponding need to beef up security expenditure. These pressures produced high central budget deficits. Liquidity shortages in turn have impeded the work of the provincial councils and further undermined public perception of them.<sup>315</sup>

A 2010 evaluation of the performance of devolved government in Sri Lanka noted: "Whereas local government should have deepened devolution, local authorities have got entrapped in increasingly centralized fiscal and administrative arrangements."<sup>316</sup> In an important sense, then, devolution has narrowed provincial fiscal space and the ability of provinces to create a business-friendly environment. The heavy dependence on the central government amounts to a containment of the private sector, which in turn constrains poverty reduction and human development.

The precarious fiscal position of the provinces has led to a debate about whether devolution of powers as per the 13th Amendment and the creation of provincial governments have worked effectively for Sri Lanka. There are questions about lack of coordination between central and provincial governments over the provision of public services; often functions are not clearly demarcated, which

leads to overlap and/or inconsistencies.<sup>317</sup> Several reports have noted significant shortfalls in the government structure and highlighted elements to strengthen for provincial authorities to perform well. The Institute of Policy Studies of Sri Lanka argues that the present system of fiscal decentralization is "beset with institutional and financial constraints...it is neither a purely administrative and decentralized system nor a fully devolved system of government."<sup>318</sup>

No significant change in the present structure of decentralized government is likely to take place soon. To make better use of the existing structure, Sri Lanka could at least undertake a legal, functional, fiscal and administrative review of local government. Such a study would identify weaknesses and strengths, what needs to be strengthened and why, and how to get local government to work effectively within the limits it faces. The study could also identify which services should be provided by devolved bodies and the centre, respectively. The Institute of Constitutional Studies pointed out: "...the Provincial Public Administration has matured enough to take up the task of regional development within the unitary polity of Sri Lanka utilizing powers devolved by the Constitution. The administrative systems of the Provinces have proved that given power, time, space and resources, they are able to deliver public services and undertake regional development improving local governance capabilities."<sup>319</sup>

## People's Participation

Often, states place less emphasis on engaging private stakeholders in governance, reform processes and public policy-making. It is more common for civil activists, the media and various interest groups to raise their voices. In general, democracy is deeper and richer if people and organizations from all quarters engage with each other and debate issues that affect them.

That said, the onus is not only on the government. In Sri Lanka, stakeholders, particularly those from the private sector, could find strategic ways to actively interact with



the public sector in policy reform processes, rather than merely voicing their concerns. Both the government and the private sector could work with each other for the benefit of the country as a whole. If the government alienates the private sector, or if the private sector is unwilling to participate except on its own terms, public policy-making becomes one-sided, and democracy is shortchanged.

The two are working together in Sri Lanka, though the pace is slow. The Asia Foundation has sponsored dialogues where public officials and private citizens, including small business people, traders' associations, citizens groups and other local stakeholders, work collaboratively to address regulatory issues that affect businesses at the local level. Aimed at building a 'culture of dialogue', the initiative is a model of participatory local governance that could help to accelerate reforms through grass-roots pressure.

Dialogues can also provide accurate diagnoses of problems affecting private investment and public service delivery. As such, they could be used as part of designing appropriate policy reforms tailored to local circumstances, and in promoting transparency by disseminating information and creating conditions for improved public scrutiny. Over the longer term, they might contribute to stimulating growth, increasing job creation and spreading the fruits of growth more equitably. But they would need to move into the mainstream of public policy-making to be fully effective.

Public-private dialogues are working especially well in conflict-affected areas, where social capital and state-citizen relations need much focus. One dialogue convened in Polonnaruwa in 2010 addressed issues constraining enterprise growth in the Eastern Province and made progress towards durable solutions. Participants from Batticaloa, for instance, agreed that while the tourism potential for their district is high, local actors had very little input in tourism development plans. Through discussions, private and public sector participants worked together to develop their own strategies, taking into account local constraints, concerns and opportunities. Since then, the group has formalized a Batticaloa Town Tourism Development Plan,

which is used by the Batticaloa Municipal Council in its development activities.

In contrast, the absence of genuine and continual stakeholder engagement with public policy-making can lead to a breakdown in state-citizen relations. A good example was the fallout surrounding the introduction of a new national pension scheme—the Employees' Pension Benefit Scheme—in May 2011. A spate of protests against it culminated in the death of a free trade zone worker and a severe public relations backlash for the Government. It was later learned that the bill creating the scheme was rushed through, without a robust and inclusive consultative process. The backlash was more on the way the scheme was developed, and on some key elements of the benefits, while the stakeholders in principle did not oppose the concept of the new pension scheme. The bill was withdrawn eventually, but the experience underscored the need for inclusive consultation.

Despite the withdrawal of bills under political pressure, the Government could do more to strengthen consultative policy-making mechanisms. This leaves room for easy opposition by interest groups, which can force quick backtracking by the Government - a vicious cycle for which a precedent has now been set. This stalemate could be broken through the introduction of genuine and inclusive consultations, with the Government demonstrating that it has learned from previous experiences.

While consultation is a hallmark of a thriving democracy, it needs to be genuine, rather than a mere formality to rubberstamp official positions. A major problem in Sri Lanka is the tendency for the private sector to toe the line of every political regime to minimize 'political risks'. This opportunism could be reduced through strategic incentives that allow the private sector to be less dependent and more competitive. Small and medium enterprises in particular need to participate in higher-level policy engagement, possibly using the private-public dialogue model to foster a bottom-up push for reform.

## Women's engagement

Currently, there are 13 women members of Parliament out of a total of 225; the portion is less than 6 percent, a figure that has remained unchanged from 2004 to 2010 (Table 6.6). This is not a recent trend, since women's representation in political institutions has been minimal in the 60 years since independence, despite a constitutional guarantee of equality, policy statements about commitments to equal representation, the ratification of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and sustained activism and advocacy by civil society organizations.<sup>320</sup>

Reasons for the low representation of women in politics<sup>321</sup> start at the personal level, where fewer women than men self-select themselves for a political career because of socio-cultural, economic and psychological barriers. In political parties, women are mostly ignored as candidates, and in elections, many voters prefer to vote for men.

Available evidence suggests that political parties are the single biggest barrier to women's greater participation in politics. The Women and Media Collective noted in 2011 that, "the main obstacle to women's equal political representation remains within Political Parties, since they do not nominate an equitable number of women to contest elections."<sup>322</sup> Of the 6,060 persons nominated for Parliament in 2004, only 375, or 6.2 percent, were women, close to the share in Parliament.

Recently, there has been an increase in the number and percentage of women nominated,<sup>323</sup> but this mainly results from greater competition for political support based on proportional representation. Because this may be a strategy to attract voters, and because nominations do not equal representation, women are likely to remain largely excluded from politics.

The major political parties have only shown limited commitment to enhancing their political representation,

despite heavy national advocacy and campaigning by various groups. For the 2010 parliamentary election, the United People's Freedom Alliance (UPFA) and the United National Front (UNF) each nominated 15 women out of a total of 262 nominations (5.7 percent). The smaller political party, the Democratic National Alliance (DNA), nominated women as only 3.4 percent of candidates. The share of women nominated in 2008-2009 was even smaller: 4.3 percent by the UPFA, 3.8 percent by the UNF and 3.3 percent by the JVP (Table 6.7).

Undeterred, the Women and Media Collective has actively lobbied political parties to increase nominations of women. It has sought to engage women in political campaigns and encourage voters to choose women candidates regardless of political party. Recent advocacy campaigns have called for the introduction of a quota for women in nomination lists, as well as the imposition of a 40 percent quota in Parliament. These demands remain unmet, however, while the motivation of political parties and the Government to move forward is not coming forth.

At the sub-national level, women's representation improved only marginally from 1966 to 2006: from 1.1 percent to 3 percent in the municipal councils, and from 1.9 percent to 3.4 percent in the urban councils. Among the *pradeshiya sabhas*, women occupied a mere 1.6 percent of positions.<sup>324</sup> From 2002 onwards, the representation of women at the provincial and local levels has decreased, even as it remained largely unchanged in Parliament.

The ethnic make-up is wholly in favor of one group. The Women and Media Collective notes that, "the majority of women currently represented in elected political institutions are women from the Sinhala Community; women from the minority Tamil and Muslim communities are further marginalized from these bodies. There is only one Tamil woman and no Muslim woman in the current Parliament."<sup>325</sup>

**Table 6.6: Women in Elected Political Office: Nomination and Representation**

| Elected political body | Year      | Representation of women |                 |            | Nominations for women |                 |                   |
|------------------------|-----------|-------------------------|-----------------|------------|-----------------------|-----------------|-------------------|
|                        |           | Total number            | Number of women | % of women | Total nominated       | Nominated women | % women nominated |
| Parliament             | 2004      | 225                     | 13              | 5.8        | 6,060                 | 375             | 6.2               |
|                        | 2010      | 225                     | 13              | 5.8        | 7,619                 | n.a.            | n.a.              |
| Provincial councils    | 2004      | 380                     | 19              | 5.0        | 4,863                 | 373             | 7.7               |
|                        | 2008-2009 | 417                     | 17              | 4.1        | 9,356                 | 711             | 7.5               |
| Local councils         | 2006      | 3,942                   | 74              | 1.8        | 25,911                | n.a.            | n.a.              |

Notes: N.a. indicates not available.

Source: Women and Media Collective 2011

**Table 6.7: Parliamentary Elections 2010 and Provincial Council Elections 2008-2009: Nominations of Women by Major Political Parties**

| Political party/alliance | 2010 parliamentary elections |                       |                            | 2008-2009 provincial council elections |                       |                  |
|--------------------------|------------------------------|-----------------------|----------------------------|--|-----------------------|------------------|
|                          | Total number of nominations  | Nominations for women | % of nominations for women | Total number of nominations            | Nominations for women | % of nominations |
| UPFA                     | 262                          | 15                    | 5.7                        | 417                                    | 18                    | 4.3              |
| UNF                      | 262                          | 15                    | 5.7                        | 417                                    | 16                    | 3.8              |
| JVP                      | -                            | -                     | -                          | 417                                    | 14                    | 3.3              |
| DNA                      |                              |                       |                            |  |                       |                  |
| including the JVP        | 262                          | 9                     | 3.4                        | -                                      | -                     | -                |

Source: Women and Media Collective 2011.

The exclusion of half the country's population from electoral politics and governance is a major constraint on democratic governance. Nor does it augur well for more equitable development outcomes. It is critical that the Government explore and address reasons for women's low political participation.

### Looking Forward

There is now an opportunity to correct the problems arising from Sri Lanka's prolonged conflict, but progress in the domain of governance has been slow. Among other causes, this is due to difficulties in agreeing on the way forward; the complexities of rebuilding trust among different

population groups; constraints on the re-development of governance infrastructure in conflict-affected areas; and the challenges of educating people, especially those who were unable to access public services, and making effective use of existing governance structures.

Ultimately, it is what happens in peoples' lives that matters. Unless more and better jobs are created, unless the fruits of growth are more evenly distributed, unless people are aware and involved in governing their lives, and unless all of these elements are attended to in a timely manner, it might be difficult to contain social discontent. In essence, the country faces the challenge of expanding good governance in the context of securing peace.





After nearly three decades of civil conflict, Sri Lanka is now on the road to long term peace and stability pursuing human development. But the costs of conflict have been high. It consumed thousands of lives, stirred distrust and hostility among ethnic groups and cost millions of dollars. Instead of being used for human progress, resources were diverted into military hardware and activities. Families were torn apart as people were displaced; education and livelihoods were interrupted. A considerable share of infrastructure in the Northern and Eastern provinces was damaged or demolished. Hundreds of square kilometres of land were mined.

Rebuilding after massive destruction is one problem Sri Lanka faces today, but not the only one. As demonstrated in this report, the country has achieved relatively high human development for a developing country, based on basic human development measures. But in some deprived areas, and in terms of more advanced measures of human development, disparities persist across the country. Those in the Northern and Eastern provinces are due essentially to prolonged conflict, while slow progress on the plantations stems from historical deprivations. But disparities also exist in rural areas and across provinces. Unless the structures and conditions that generate and perpetuate differences in access to services at basic and advanced levels are changed, and/or innovative solutions are found to reach all communities, achievements in human development may falter. Further, opportunities for productive and decent jobs need to expand, as otherwise social tensions may resurface.

Why do some multi-ethnic countries, such as Sri Lanka and Fiji in Asia-Pacific and Guyana in the Caribbean, erupt into violent conflict, while others remain peaceful for decades? Many theories suggest triggering factors rooted in material circumstances or human nature. Under the theory of relative deprivation, violent political mobilizations are more likely to occur where discontent is induced by grievances.<sup>326</sup> When social, economic and political disparities overlap with the way population

groups identify themselves, identities can be a powerful source of political mobilization.<sup>327</sup>

An alternative view theorizes that regardless of motive, when violent conflicts are militarily and financially feasible, they will occur.<sup>328</sup> The feasibility theory hypothesizes that three key economic characteristics drive susceptibility to violent conflict: the level, growth and structure of income. Countries with higher levels of income, higher growth rates of income, and those that are less dependent on primary resources for income are less likely to experience conflicts. The central implication, then, is that relative prosperity, widely distributed, is a key factor underlying peace. Grave and rising inequality, by contrast, could subvert it.

The theory of relative deprivation is especially relevant to multi-ethnic societies, such as Sri Lanka's, where disparities are prevalent. It underscores the need for inclusiveness, rather than marginalization, and for sharing the fruits of peace, progress and security more equitably. With this in mind, this report has identified 5 areas for action by relevant national entities and the private sector. Several actions are interrelated, since human progress often builds on multi-dimensional, holistic approaches. These must be supported by the requisite political will, resources, and governance structures and mechanisms. With peace coming forth after such a long and bitter struggle, Sri Lanka is well aware of the importance of getting to the root causes of problems, rather than treating symptoms.

### Establishing Priorities

For a middle-income country, Sri Lanka has done well, with the highest Human Development Index rank in South Asia. It has strategically exploited development opportunities and husbanded its resources well, despite formidable obstacles. These opportunities are now almost fully harnessed, and their returns are too small to justify large amounts of additional investment. The country is poised at the edge of a new stage of development, where bold, strategic and innovative thinking is required.

This is a considerable task, but it must be tackled. As this report has tried to demonstrate, Sri Lanka confronts numerous development challenges without the financial and human resources to deal with all of them at the same time. Any new development strategy will need to establish priorities, identify and exploit synergies, and ensure sustainability. This will not happen during the short-term, especially if the goal is human development, which by nature is a long-term commitment engaging all stakeholders. Sri Lanka has the potential to be a development leader in South Asia, but to realize that, it must make such a commitment.

With the end of civil conflict and an overwhelming victory in the last election, the Government has the political capital to do so. It is also necessary to convince different stakeholders of the need for change and to secure their buy in so that socio-political differences do not hold back well-conceived policy changes.

Major challenges include disparities across provinces, urban and rural areas and the estates, and persistent poverty, especially among deprived population groups. Key health issues encompass poor nutrition, along with the need to improve good quality and comprehensive health services in deprived locations, and reorganize the health system to respond to non-communicable and other emerging diseases. On the education front, access to basic education for the most deprived population groups needs to increase, while the whole country would benefit from the modernization and expansion of collegiate and tertiary level education, and vocational training. All levels of education require more and better teachers in English, Mathematics, Science and Technology.

Employment challenges include mismatches between the competencies of graduates and the demands of the labour market. High unemployment prevails among young people, women and the educated in general. Heavy dependence on agriculture for employment continues, especially outside the Western Province, even as agricultural productivity remains low. Across the country, people need more housing, a more adequate network of roads, better transportation systems, and increased access to electricity, water and information technology.

Many of these challenges should not be sequentially pursued, since there are overlaps, linkages and dynamic feedback effects. Poor education, poor health, malnutrition and poverty are problems that influence each other and need to be addressed at the same time. The traditional approach to health as simply the outcome of actions in the health sector, is not likely to be successful, for example. Health is influenced by policies and actions linked to issues from education to employment to migration. In establishing priorities, synergies have to be exploited, not simply noted and put aside.

Three issues require urgent consideration by relevant authorities. First, Sri Lanka has reached a stage where it is necessary to modernize, diversify and upgrade education and health services. Greater private participation is needed to move forward, given resource and technological limitations in the public sector. Exactly how to do this is something that should be studied and carefully debated. Already, unregulated private participation has underscored the need to ensure quality and standards of services, means for monitoring and fair access.

Second, the dire shortage of resources, rising demand and competing priorities point to the need to streamline and prioritize publicly provided health and education services, while encouraging private provision in other areas. These measures must be complemented by governance mechanisms to ensure monitoring and compliance. Care will need to be exercised so that administrative costs do not exceed benefits.

Third, special and perhaps preferential attention is required for conflict-affected areas, the estates and remote rural areas where poverty is high, malnutrition widespread and educational outcomes low. In-depth knowledge on the special challenges of extending public services to these areas needs to be acquired in order to integrate them into the mainstream of life and provide amenities similar to those enjoyed by the rest of Sri Lankans. This process could be understood as both a development priority, and a prerequisite for peace and security.

## Agenda for Action

### Develop health policies to reduce the vulnerability of the very poor

Of the three dimensions of the Human Development Index, Sri Lanka scores highest on health. For some basic indicators, however, such as infant nutrition and maternal mortality, there are sizeable disparities in outcomes. According to multidimensional poverty analysis, poor health is the biggest contributor to poverty.

At the national level, just over one in five children is underweight, and nearly one in six is stunted. In districts with large estate populations, such as Nuwara Eliya and Badulla, the picture worsens: almost one in three children is underweight and just above one in three is stunted. Women on the estates are underweight for their height, which predisposes them to illness. Stunting and wasting due to malnutrition are worst in some conflict-affected districts, such as Trincomalee and Batticaloa. Some rural districts, such as Moneragala and Hambantota, also have high levels.

While the infant mortality rate has declined from 19.8 per 1,000 live births in 1990 to 8.5 per 1,000 live births in 2007, there are considerable disparities across regions. It is particularly high on estates, as well as in Batticaloa, Colombo, Nuwara Eliya and Kandy, although the high rates in Colombo and Kandy could be due to errors in data collection.<sup>329</sup> Compared to the national average, maternal mortality is considerably higher in some conflict-affected districts, such as Killinochchi, Batticaloa and Ampara; in some districts with a high concentration of estate workers, such as Nuwara Eliya; and in some rural districts such as Moneragala.

The Ministry of Health and other relevant national entities need to target more health resources to deprived and conflict-affected areas for a number of reasons. First, health outcomes are influenced not only by health-related services, but also by a variety of factors such as environment, income, working conditions, safety, etc.. An integrated approach is required.

Second, especially in conflict-affected areas, medical

facilities have been destroyed, the quality of remaining services is low, and there are few adequately qualified and experienced personnel. Both physical and human health infrastructure require attention, and could be integrated more seamlessly into the national health system.

Third, more resources are needed to take on emerging health issues and upgrade health facilities throughout the country. A larger role for the private sector could bring in the much-needed resources. It already has a presence in the health sector, which helps to reduce congestion in public hospitals in urban centres and to provide specialized services. An expanded role would, however, require greater safeguards and closer monitoring.

At the same time, the public sector will need to continue to operate in key areas to provide preventive programmes, and ensure equitable access to quality health care for all. The management of health care under the public system could be streamlined and made more efficient to increase returns. Timely collection and analysis to inform policy makers on operations and outcomes across the sector could improve monitoring and service delivery.

### Design and implement policies to address emerging and non-communicable diseases

Lifestyle changes from rising incomes, cultural trends, technology and demography are altering the pattern of disease in Sri Lanka. Emerging health issues that require greater attention include communicable diseases such as dengue and leptospirosis; non-communicable diseases such as diabetes, hypertension and cardiovascular illnesses; mental health problems; and accidents and injuries. Non-communicable diseases have a higher prevalence rate in more affluent districts, such as Colombo, Gampaha and Kalutara, and in urban centers such as Jaffna and Kandy. The concern about them is that they may be life-long, debilitating illnesses that reduce productivity and burden families, even as they require increasing amounts of public resources. Unless measures are taken to contain them and the other emerging health concerns, it will be difficult to sustain achievements in human development.



The Ministry of Health in association with the Ministry of Finance and other relevant entities should develop a health strategy that identifies appropriate actions and resources to reduce health disparities and contain emerging diseases. Adequate measures to keep medical personnel in rural and conflict-affected areas could include incentives as well as a re-examination of the system of allocating personnel so they are better linked to the facilities they serve.

Health care in Sri Lanka is free, but limited in the breadth of coverage across different diseases, and quality of service. This explains why out-of-pocket expenditure is increasing. It re-emphasizes the need to prioritize and streamline public provision of health care, so that essential and emergency services are easily accessible to all population groups.

#### **Make education more inclusive and relevant to the demands of the labour market**

The Government is the principal supplier of education at all levels: primary, junior secondary, upper secondary, collegiate and tertiary. Most students have access up to the junior secondary cycle, but it falls off progressively with higher levels of education. Another challenge is the mismatch between the skills provided by the education system and those demanded by the labour market. Quality varies across districts and sectors, but is poorest on the estates, in conflict-affected areas and in remote locations.

While access to compulsory education is high, the country needs special measures to extend education to the most vulnerable groups (see Table 4.5 for details of net enrolment rates). These include children with disabilities, children who need special educational facilities, or children who come from broken families or very poor backgrounds. Efforts are being made to help such children through the non-formal education unit in the Ministry of Education. But initiatives like this need to be scaled up. Aside from more physical facilities, more trained teachers are required, vulnerable children need to be identified, and the overall drive for inclusion needs to be more targeted and sustained.

The Ministry of Education and Ministry of Higher Education could undertake a stocktaking exercise to identify problems that are nationwide and more localized. Issues that demand immediate action include changing school curricula to meet the demands of the labour market in a modern, competitive economy; an increase in the supply of teachers in Science, English, Mathematics and Information Technology; an expansion of the capacity and quality of tertiary educational facilities; and strengthened governance structures to ensure adaptability and flexibility, monitoring of programmes, the attainment of desired outcomes, and the identification of problems as they emerge. Programmes are in place to improve schools in conflict-affected areas and on estates, and the outcomes of these programmes are regularly monitored. Such initiatives are commendable and should be continued. They need to be closely monitored to ensure that desired results are obtained in a timely manner and national education goals are achieved.

The Ministry of Education could estimate the cost of the effort to upgrade education. This could reveal resource constraints that may necessitate wider private sector participation. While the private sector is already engaged in providing education at all levels, it must abide by national goals for education. A system of standards and regulations could be coupled with mechanisms to channel feedback to the Ministry of Education and Parliament, to monitor compliance and to correct anomalies. Giving schools more authority to raise funds, under stipulated conditions, could also bring more resources to education.

#### **Develop and implement targeted employment policies and foster opportunities for better livelihoods**

At less than 5 percent in 2011, Sri Lanka's overall unemployment rate is impressive. But job creation has lagged considerably behind robust economic growth, with the number of employed growing at only 1.5 percent per year on average from 2000 to 2010, compared to an average real GDP growth rate of just below 5 percent. Jobs that follow nationally established guidelines for conditions of employment and provision of social security are limited.

The proportion of employment in the informal sector has remained largely constant over the years.

While overall unemployment is relatively low, disparities, both in terms of employment growth and kinds of employment, exist across provinces and sectors. Unemployment is higher among youths, the educated and women. For youth, it was just under 20 percent in 2010 - a worryingly high rate, since this group could be easily mobilized to stir up unrest for political gain.

Part of the reason for unemployed youths and unemployed people with education is that schools have not equipped them with the kinds of skills demanded by the labour market. Another reason is the lack of job creation, especially jobs attractive to an educated workforce. To a large extent, unemployment and education are different sides of the same coin. One cannot be tackled successfully without the other.

In expanding demand and creating more and better jobs, especially outside the Western Province, improving access to markets, technology, infrastructure and finance can foster a climate for private investments and help create jobs. It will also be necessary to encourage entrepreneurship, so that individuals see starting a business as an alternative to finding employment. The Government could cultivate creativity and a culture of private investment by incorporating these elements in school curricula and providing incentives for starting business ventures. It could take the lead in improving the overall environment for doing business, which would give even small entrepreneurs a better chance to start and sustain their enterprises.

One-third of those employed work in agriculture, where productivity is low and stagnant; a high proportion of the workers are in the informal sector. Even though agriculture is dominated by small private entities, its problems require the assistance of the Government to raise productivity and move people into more remunerative livelihood opportunities.

Unambiguous land rights, adequate irrigation facilities, efficient financial markets, better management of resources such as irrigation water supplies, and increased investment

in research and extension services are among the measures that could boost productivity and investment in agriculture. Improved infrastructure to access economic centres, greater connectivity and dissemination of information through better access to and use of information technology, and open doors to finance would create more livelihood opportunities outside agriculture. There is especially strong justification to improve services in conflict-affected regions, given the breakdown of administrative systems and infrastructure. The Government is rightly engaged in making huge investments to restore livelihoods there, but the destruction of family units, land mines and competition for resources are among the factors complicating the task.

For Sri Lanka to continue making rapid human development, public and private investment in agriculture and non-agriculture will be essential. The Government could lead the way in investing in irrigation, research and extension services, roads and other public goods. Once these are in place, they could attract private investment. There is little dispute that adequate public infrastructure is an important determinant of private investment.

### **Strengthen governance mechanisms to broaden participation and utilize resources more effectively**

This report has underscored the need for increased public investments, especially in education, health, agriculture, science and technology, and in provinces besides the Western Province. Governance mechanisms in turn must be strengthened to monitor the use of resources.

Governance is the responsibility of the Government, but all stakeholders can, and should, play a role. The private sector, non-governmental organizations, farmers, women, student organizations, ordinary citizens and other groups need to mobilize to demand more adequate and responsive governance. Governance functions best when it is pushed simultaneously from above and below, from the centre and society at large.

With stagnating international resources at best, the Government needs to improve revenue collection

nationally and locally. The decline of total tax revenue as a share of GDP is a cause for alarm: it slipped from 19 percent prior to 1995 to 15 percent between 2003 and 2008, and was a mere 12.4 percent in 2011. Part of the reason for the slippage is the country's heavy reliance on indirect taxes, which account for over 80 percent of total tax revenue. This shifts the burden of taxation onto the poor.

The Government may wish to revisit the balance between direct and indirect taxation for several reasons: to spread the burden of taxation more evenly, to improve revenue collection, to achieve better governance and accountability, and to ensure that revenue is in line with growth. Empirical evidence suggests that governance mechanisms are likely to be more robust in countries where the government relies heavily upon general taxation for its revenues. At the same time, taxation should not distort the business environment and force relocation of enterprises.

A study by The Asia Foundation found that economic governance at the local level - essentially the business regulatory environment - varies across provinces, and that the quality of governance affects business performance. Consistently, small- and medium-sized enterprises, which constitute the backbone of the industrial sector across the country, face a range of problems, from poor access to finance, to difficulties in obtaining licences, permits and approvals. A heavy bureaucracy seems to hold back creativity, growth potential and employment prospects.

Even though some functions of government have been decentralized to the provinces, provincial governments are highly dependent upon the centre for finances and liquidity, thereby limiting their ability to attend to their local business environment. This hinders independent action. Additionally, coordination between the central and provincial governments is weak, and unclear demarcations of functions have created inefficiencies in public service delivery. There is thus a case for reform of the present structure, such as through better definitions of functions and authority. This issue is being addressed, but change needs to accelerate.

Sri Lanka has made great progress in achieving gender equity in health and education, along most indicators. But it can improve in terms of women's empowerment. From 2004 to 2010, less than 6 percent of the 255 members of Parliament were women; inclusion in governance mechanisms at the sub-national level is even worse. A primary reason for this gap is that political parties nominate considerably more men for positions in political institutions. The introduction and implementation of quotas for women, for parties and for parliament, would be a positive move. Since it is still not entirely clear why women are so poorly represented, it could also be necessary to understand underlying causes before solutions are proposed.

#### **Focus on conflict-affected areas, districts with large estate populations and poor rural areas**

This report demonstrates that the poorest, most deprived parts of the country are the conflict-affected Northern and Eastern provinces, provinces with large estate populations (Nuwara Eliya, Badulla and Ratnapura), and remote districts such as Moneragala. The estates have suffered from deep deprivations since the 19th Century; some of their experiences could inform reconstruction in the Northern and Eastern provinces. Poverty, and infant and maternal mortality have come down somewhat, but much remains to be done, and more quickly.

Increasing the flow of financial and human resources to deprived areas should be accompanied by improved monitoring and evaluation of resource use, and the achievement of targets. Reconstruction, rebuilding and improved well-being require the assistance of all stakeholders: central and provincial governments, the private sector, non-governmental organizations, various interest groups and beneficiaries. The fact that many problems are linked, calls for holistic, synergistic solutions that cut across disciplines and ministries, and avoid the proliferation of uncoordinated projects.

Box 7.1:

### Agenda for Action

- Development of health policies to reduce vulnerability of the poor.
- Design and implementation of policies to address emerging and non-communicable diseases.
- Making education more inclusive and relevant to the demand of the labour market.
- Development and implementation of targeted employment policies and fostering opportunities for better livelihoods.
- Strengthening of governance mechanisms to broaden participation and utilization of resources more effectively
- Focusing on conflict-affected areas, districts with large estate populations and poor rural areas.

## Notes

## Chapter 1

- 01 Stewart 2002.
- 02 Ibid.
- 03 Alkire 2010, p. 4.
- 04 Ibid.
- 05 Ibid.
- 06 Based on Table 2 of the Special Statistical Appendix of Central Bank of Sri Lanka 2011.
- 07 The estate sector encompasses people living on plantations. The majority are descendants of families brought from South India to work there from the middle of the 19th Century to the early 20th Century.
- 08 Indian Tamils are largely descendants of migrant workers brought to work on plantations. Sri Lankan Tamils have been living in the country over a longer period.
- 09 According to the 1981 Census, the last full census for the country, the population was 74 percent Sinhalese, 12.7 percent Sri Lankan Tamils, 5.6 percent Indian Tamils and 7 percent Muslim. Population distribution appears in Table A1 of the Statistical Annex to this report. Because of the conflict, the 2001 Census could not be completed in the districts of Jaffna, Mannar, Vavunia, Mullaitivu, Killinochchi, Batticaloa and Trincomalee. Only estimates are available for these districts
- 10 De Silva 1996.
- 11 Bastian 1993.
- 12 Dunham and Kelegama 1997.
- 13 Bastian 1993.
- 14 Ibid.
- 15 The last election was an exception, where the ruling party won a resounding victory following a decisive end to the conflict.
- 16 Since 2003, GDP calculation has been done by the Department of Census and Statistics, which took over from the Central Bank of Sri Lanka. As such, the data series before and after 2003 are not strictly comparable.
- 17 Arunatilake et al. 2001.
- 18 Ibid.
- 19 Central Bank of Sri Lanka 2010.
- 20 Based on data from the Central Bank of Sri Lanka, public investments in health and education have fluctuated below 2 percent and 3 percent of GDP, respectively, over the 2000 to 2009 period.
- 21 Central Bank of Sri Lanka. Various annual Reports
- 22 Department of Census and Statistics 2011d.
- 23 Central Bank of Sri Lanka 2010.
- 24 Government of Sri Lanka et al. 2011.
- 25 Family Health Bureau of Sri Lanka 2009 and Registrar General's Department data.
- 26 Department of Census and Statistics of Sri Lanka 2011e. This data may not be strictly comparable to Perera 2001 data due to definitional and measurement differences.
- 27 Based on calculations using Department of Census and Statistics 2010c.
- 28 Based on Vodopivec and Arunatilake 2011.
- 29 Department of Census and Statistics 2011f.
- 30 The estimate is not corrected for returnees.
- 31 According to Arunatilake et al. 2011, remittances have been the most stable and largest source of foreign capital since 1993. Remittances have also provided macro-stability during crises.
- 32 Arunatilake et al. 2011.
- 33 Defined as the average number of years of education received in a lifetime by people aged 25 years and older, and expected years of schooling for children of school-entrance age, taken as the total number of years of schooling a child of school-entrance age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life.
- 34 United Nations Development Programme 2011a.
- 35 Ibid.
- 36 United Nations Development Programme 2011a. For the concept, definition and method of computation of the IHDI, see the Technical Note at the end of this report.
- 37 Obtained from  $[(0.691 - 0.602) / 0.691] * 100 = 12.9$  percent.
- 38 For the concepts, definitions and method of computation of the GII, see the Technical Note at the end of this report.
- 39 The GII is based on Institute of Policy Studies computations using the latest information available, including the Household Income and Expenditure Survey 2009/10, which covers all three districts in the Eastern Province. Computations do not include the districts in the Northern Province due to the lack of data.
- 40 Gunewardena 2010.
- 41 Details on concepts, definitions and methods of computation of multidimensional poverty-related indices are discussed in the Technical Note for this report.
- 42 For a comprehensive discussion of the concept and measurement of multidimensional poverty, see United Nations Development Programme 2011a.
- 43 See Table A7.
- 44 Department of Census and Statistics of Sri Lanka 2011d.
- 45 Department of Census and Statistics of Sri Lanka n.d.a.
- 46 Department of Census and Statistics of Sri Lanka 2011d.
- 47 The Household Income and Expenditure Surveys 1990/91, 1995/96, 2006/07 and 2009/10 have been conducted covering a continuous period of 12 months in the two consecutive years indicated, while the 2002 survey covered only six months in 2002.
- 48 The poverty figures for 2006-2007 for districts in the Eastern Province are likely to be underestimates, as the Household Income and Expenditure Survey 2006/07 was conducted there soon after peace was restored and as a result, some remote areas were not covered.
- 49 Department of Census and Statistics of Sri Lanka 2011d.
- 50 United Nations Development Programme 2010.
- 51 The Household Income and Expenditure Surveys 1990/91 to 2009/10, conducted by the Department of Census and Statistics, clearly show that poverty has been declining, but income inequality has remained more or less unchanged. Only the latest survey (2009/10) shows a marginal reduction in inequality.

## Chapter 3

- 52 United Nations 2012.
- 53 The Commission on Macroeconomics and Health was established by the Director-General of the World Health Organization in 2000 to assess the place of health in economic development.

- 54 World Health Organization 2001.  
55 Ibid., p21.  
56 Organisation for Economic Co-Operation and Development and World Health Organization 2003.  
57 Gunesekara 2008.  
58 The World Bank 2006.  
59 Ibid.  
60 Jayawardena, forthcoming.  
61 Department of Census and Statistics of Sri Lanka 2009a.  
62 Ministry of Health Care and Nutrition 2010.  
63 Department of Census and Statistics of Sri Lanka 2009a.  
64 In the absence of more reliable information, this report uses infant mortality rates estimated by the Register General's Department, but the data quality from this source is questionable, especially in the Northern Province.  
65 Department of Census and Statistics of Sri Lanka 2009a.  
66 Ibid.  
67 Leptospirosis is an infectious disease caused by pathogenic bacteria called leptospire, which are maintained in nature in the kidneys of certain animals such as rodents, livestock, canines and wild mammals.  
68 Ministry of Health 2007.  
69 Ibid.  
70 Ministry of Health Care and Nutrition 2007.  
71 World Health Organization 2007.  
72 Engelgau et al. 2010.  
73 Olusoji, Smith and Robels 2007.  
74 Siva  
75 Ministry of Health 2007.  
76 Ibid.  
77 Ministry of Health Care and Nutrition 2009.  
78 Institute of Policy Studies of Sri Lanka 2011c.  
79 Ministry of Health 2007.  
80 Institute of Policy Studies of Sri Lanka 2011a.  
81 Ibid.  
82 Gulliford et al. 2002.  
83 Ibid.  
84 Ministry of Health 2007.  
85 Ministry of Indigenous Medicine n.d..  
86 Ministry of Health 2007.  
87 Ibid.  
88 World Health Organization 2012a.  
89 Madurawala 2010.  
90 Weerasinghe 2011.  
91 "Essential medicines are those that satisfy the priority health care needs of the population. They are selected with due regard to public health relevance, evidence on efficacy and safety, and comparative cost-effectiveness"(World Health Organization 2012b). As per the 16th Model List of essential medicines, prepared by the World Health Organization's expert committee in March 2009 and revised in January 2010, only 358 medicines are essential.  
92 Weerasinghe 2011.  
93 Weerasinghe 2011 and Fernandopulle 2011.  
94 Sum of general government expenditure on health and private expenditure on health.  
95 The sum of expenditures on health by prepaid plans and risk-pooling arrangements, firms' expenditure on health, non-profit institutions serving mainly households, and household out-of-pocket spending.  
96 The direct outlays of households, including gratuities and in-kind payments made to health practitioners and to suppliers of pharmaceuticals, therapeutic appliances, and other goods and services. This includes household direct payments to public and private providers of health care services, non-profit institutions, and non-reimbursable cost sharing, such as deductibles, co-payments and fees for services, according to the World Health Organization.  
97 World Health Organization 2011.  
98 An improved drinking water source is one that is protected from outside contamination.  
99 An improved sanitation facility is defined as one that removes human excreta from human contact.  
100 Regional Director of Health Services in Vavuniya 2009.  
101 Ibid.  
102 Based on a survey carried out by the Institute of Policy Studies of Sri Lanka as a baseline assessment for the 2011 project by Oxfam Great Briton named 'Socio-Economic Development for Conflict Affected Communities of North and East Sri Lanka', Institute of Policy Studies of Sri Lanka 2011c.  
103 The Demographic Transition Model is used to explain the shift from high to low birth and death rates. The switching results from the economic development of a country as it moves from a pre-industrial to an industrial economy.  
104 Department of Census and Statistics of Sri Lanka 2011e.  
105 Ibid.  
106 De Silva 2007.  
107 The World Bank 2008b.  
108 World Health Organization and The World Bank 2011.  
109 Ibid.  
110 Department of Census and Statistics of Sri Lanka. 2011f.  
111 Economic and Social Commission for Asia and the Pacific 2009, p. 62.  
112 World Health Organization and The World Bank 2011.  
113 Asian Development Bank 2005.  
114 Ibid.  
115 Of soldiers and civilians affected by bombings and other war-related destruction of economic and social infrastructure.  
116 Bustreo et al. 2005.  
117 Based on a survey carried out by the Institute of Policy Studies of Sri Lanka as a baseline assessment for the 2011 project by Oxfam Great Briton named 'Socio-Economic Development for Conflict Affected Communities of North and East Sri Lanka', Institute of Policy Studies of Sri Lanka 2011c.  
118 Medical Research Institute 2009.  
119 Department of Census and Statistics of Sri Lanka 2011e.  
120 Ministry of Health Care and Nutrition 2007.  
121 Institute of Policy Studies of Sri Lanka 2010.  
122 Nagai et al. 2007.

## Chapter 4

- 123 United Nations Educational, Scientific and Cultural Organization 2005.  
124 Programme for International Student Assessment (PISA), 2009  
125 Organisation for Economic Co-operation for Development 2010 and United Nations Development Programme 2010.  
126 The World Bank 2011a.  
127 United Nations Development Programme 2003.  
128 Defined as solving problems for which there are no rule-based solutions.  
129 Interacting with humans to acquire information, to explain it, or persuade others of its implications for action.  
130 The World Bank Education Statistics, accessed on 13 May 2011.  
131 Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010.  
132 Department of National Planning 2010.  
133 Central Bank of Sri Lanka 2009.  
134 National Education Commission 2003.  
135 Regulations for compulsory education for the 5-14 age group were implemented by Parliament in 1997 and came into force in January 1998.  
136 Ministry of Education 2004.  
137 Ibid.

- 138 Private sector investment in schools for children aged 6-14 years is prevented by legislation passed in the early 1960s. Thus, the majority of state-assisted privately managed schools were taken over by the Government (National Education Commission 2003).
- 139 The World Bank 2011a.
- 140 Degrees of institutes have been recognized under Section 25A of the Universities Act No. 16 of 1978.
- 141 Universities and higher educational institutes listed in authentic sources of information are recognized at the moment. These sources are: Commonwealth Universities Yearbook published by The Association of Commonwealth Universities and International Handbook of Universities published by the International Association of Universities.
- 142 National Education Commission 2009.
- 143 Ministry of Mass Media and Information 2011.
- 144 Registered with the Tertiary and Vocational Education Commission, as per Section 14 of the Tertiary and Vocational Education Act No. 20 of 1990.
- 145 The available information on public expenditure on education is not strictly comparable across countries, which may use different definitions for measurement. For example, in Sri Lanka, expenditure by the central Ministry of Education is largely considered as public expenditure on education. Therefore, expenditure on Kotelawala Defence University and the Vocational Education University, for example, does not come under the public education budget.
- 146 Coalition for Educational Development 2008.
- 147 Ibid.
- 148 National schools located in all provinces come under the management of the Ministry of Education.
- 149 The World Bank 2011a.
- 150 Ibid.
- 151 Ministry of Human Resource Development 2002.
- 152 Athurupana 2009.
- 153 Net enrolment rates measure enrolment of the official age group for a given level of education expressed as a percentage of the corresponding population.
- 154 Estimated from Department of Census and Statistics of Sri Lanka 2010c.
- 155 Jayaweera and Gunawardena 2007.
- 156 As of 2010, there were only 7,212 secondary schools (having classes from years 1-9, 1-11, 1-13 and 7-13), according to Central Bank of Sri Lanka 2011.
- 157 United Nations Education, Scientific and Cultural Organisation 2008.
- 158 The World Bank 2011a.
- 159 According to a survey carried out by the Northern and Eastern provincial ministries of education, there were 94,000 school-going children out of school (Ministry of Education 2004).
- 160 Department of Census and Statistics of Sri Lanka 2011h.
- 161 The World Bank 2011b.
- 162 Based on other country experiences, the Government has decided that investment in education using a sector-wide approach to programming would be the most appropriate method to address system-wide needs (Ministry of Education 2007).
- 163 The World Bank 2011a.
- 164 Ibid.
- 165 Ibid.
- 166 This data is available only at the provincial level.
- 167 National Education Research and Evaluation Centre 2009.
- 168 Tested abilities in each subject are as follows: first language—vocabulary, comprehension, syntax, writing and appreciation; mathematics—knowledge and skills, communication, connections, reasoning and problem solving; and science and technology—knowledge, comprehension, application, analysis and synthesis (National Education Research and Evaluation Centre 2008).
- 169 Distinction (A) 75-100; very good pass, (B) 65-74.99; credit pass, (C) 50-64.99; ordinary pass, (D) 35-49.99; and failure (F) 0.00-34.99.
- 170 Department of Census and Statistics of Sri Lanka 2011g.
- 171 Abeyratne 2011.
- 172 The World Bank 2012a.
- 173 This indicator includes several variables that measure the extent to which agents have confidence in and abide by the rules of society. These include perceptions of the incidence of both violent and non-violent crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts.
- 174 National Education Commission 2009.
- 175 Organization for Economic Co-operation and Development 2010.
- 176 Engineering plus science, as there is no separate discipline for mathematics.
- 177 National Education Commission 2009.
- 178 Asian Development Bank 2007.
- 179 Central Bank of Sri Lanka 2011.
- 180 Ministry of Education 2005.
- 181 Department of National Planning 2010.
- 182 Ministry of Education 2010a.
- 183 A drive was launched in 2005 to strengthen and expand information and communications technology education from primary to higher levels.
- 184 Estimated using Ministry of Education 2010b.
- 185 Department of National Planning 2010.
- 186 Ibid.
- 187 National Education Commission 2009.
- 188 University Grants Commission of Sri Lanka 2012b.
- 189 Ministry of Mass Media and Information 2011.
- 190 Department of Census and Statistics of Sri Lanka 2011g.
- 191 Department of Census and Statistics of Sri Lanka 2010a.
- 192 Tan and Chandrasiri 2004.
- 193 Estimated from Department of Census and Statistics of Sri Lanka 2009e.
- 194 Asian Development Bank 2007.
- 195 National Education Commission 2009.
- 196 The National Vocational Qualifications system was introduced in 2005 by the Tertiary and Vocational Education Commission, in association with the Skills Development Project funded by the Asian Development Bank.
- 197 Tertiary and Vocational Education Commission 2010b.
- 198 Ibid.

## Chapter 5

- 199 Statistics in this section exclude the Northern Province and are taken from Department of Census and Statistics of Sri Lanka 2010a.
- 200 The labour force participation rates for males and females were 75% and 34.4 %, respectively.
- 201 2000 data are for the population aged 10-plus. The unemployment rate was 4.9 percent for both the populations aged 10-plus and 15-plus in 2010.
- 202 Gunatilake and Vodopivec 2010, and Rama 1999.
- 203 Tertiary and Vocational Education Commission 2010a.
- 204 Hettige and Salih 2010.
- 205 Rama 1999.
- 206 Gunewardena 2010.
- 207 Department of Census and Statistics of Sri Lanka 2010a.
- 208 Ibid.
- 209 Department of Census and Statistics of Sri Lanka 2006.
- 210 Gunatilaka and Vodopivec 2010.
- 211 Central Bank of Sri Lanka 2010.
- 212 The inflow of remittances in 2010 was estimated at US \$4.1 billion, an



amount equivalent to 8 percent of GDP. Remittances have been an important source of external finance, helping to balance the trade deficit. They have also helped to increase national savings (Arunatilake, Jayawardena and Weerakoon 2011).

213 Estimated based on Department of Census and Statistics of Sri Lanka 2010c.

214 Ukwatta 2010.

215 Information on the informal sector is available only since 2006. But the proportion of own account workers and unpaid family workers, who are mostly in the informal sector, has remained around 40 percent since 1990 (Department of Census and Statistics of Sri Lanka 2010a).

216 International Labour Organization 2011.

217 Vodopivec 2004.

218 Someone is considered to be among the working poor if that person is working and living in a poor household. Estimated based on Department of Census and Statistics of Sri Lanka 2010c.

219 Ibid.

220 Data for this analysis were taken from the Department of Census and Statistics of Sri Lanka 2010a. The analysis excludes the Northern and Eastern provinces, as data were not available during the conflict.

221 Central Bank of Sri Lanka 2010.

222 International Food Policy Research Institute (IFPRI). 2011.

223 Samaratunga and Marawila 2009.

224 Ministry of Finance and Planning 2011.

225 Institute of Policy Studies of Sri Lanka, Department of Census and Statistics of Sri Lanka and the Samurddhi Division 2008.

226 Ibid.

227 Ibid.

228 Ministry of Finance and Planning 2011.

229 Out of the poor households in the country, 45 percent are in the agricultural sector (Department of Census and Statistics of Sri Lanka 2009f.)

230 Mapa et al. 2002.

231 The legislation referred to is the Inheritance Law, which identifies a specific successor of land, under the Land Development Ordinance (Institute of Policy Studies of Sri Lanka 2004).

232 All other holdings not falling into the category of estates were defined as smallholdings. These are below 20 acres (Department of Census and Statistics of Sri Lanka 2002a).

233 Holdings of less than or equal to 40 perches (0.10 hectares) of agricultural

land are mainly used for home consumption (ibid.).

234 Institute of Policy Studies of Sri Lanka 2004.

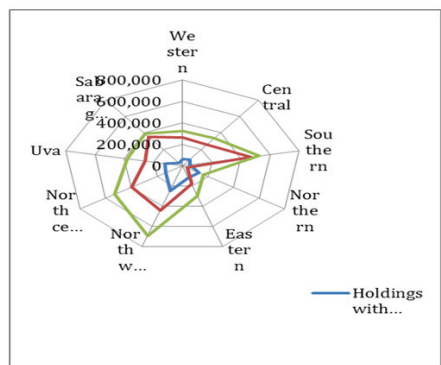
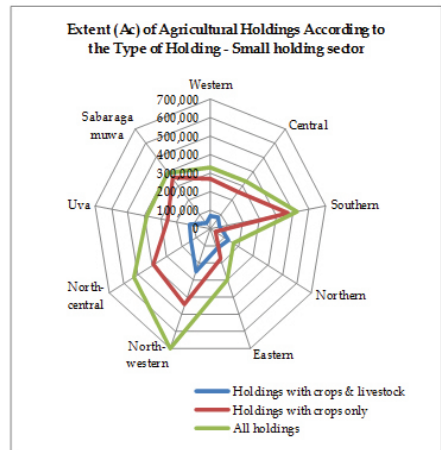
235 A home garden was defined as a piece of land that has a dwelling house and some form of cultivation, and has a total area of up to 20 perches. If the land is more than 20 perches, has a dwelling house and has some form of cultivation largely for home consumption, it was still considered a home garden. (Department of Census and Statistics 2002a)

236 Department of Census and Statistics of Sri Lanka 2002a.

237 Ibid.

238 The World Bank 2008c.

239 Ibid.



240 Department of Census and Statistics of Sri Lanka 2002a.

241 Institute of Policy Studies of Sri Lanka 2008.

242 Jayawardena and Weerasena 2000.

243 By 2007, about 29 percent of the rice in Sri Lanka was cultivated under rainfed conditions (Ministry of Irrigation and Water Resource Management of Sri Lanka 2010).

244 Minor irrigation systems are usually associated with a village, and are managed by the local government and

maintained by local communities.

245 Ministry of Irrigation and Water Resource Management 2010.

246 Ibid.

247 Ibid.

248 Ibid.

249 Ministry of Finance and Planning 2011.

250 Yumkella et al. 2011.

251 The study uses the accessibility index to measure geographic isolation. The index is a measure of potential market integration (based on road networks and the location of major cities). According to the index, the Western Province has good access to business opportunities (The World Bank 2005).

252 Calculations based on Central Bank of Sri Lanka 2011.

253 The World Bank. n.d.

254 Central Bank of Sri Lanka 2011.

255 Ministry of Finance and Planning 2011.

256 Ibid.

257 The World Bank 2005.

258 German Technical Cooperation 2008.

259 The World Bank 2005.

260 Ibid.

261 Institute of Policy Studies of Sri Lanka 2011b.

262 Tilakaratna, Wickramasinghe and Kumara 2005, and Tilakaratna, Galappattige and Perera 2009.

263 Yumkella et al. 2011.

264 Based on The World Bank n.d.

265 Based on analysis of Department of Census and Statistics of Sri Lanka 2011d.

266 Cyber-extension is an initiative whereby farmers can use interactive CDs, email and Internet facilities to access information, and communicate and obtain advice and assistance in solving their farming problems (InfoDev 2008).

267 Information technology literacy is the knowledge and ability to use computers and related technology efficiently. The Department of Census and Statistics defines a person as computer literate if he/she could do something on his/her own using a computer (Department of Census and Statistics of Sri Lanka 2009b).

268 Ibid.

269 InfoDev 2008.

270 Causes of rice yield gaps are related to biophysical factors, cultural practices, socioeconomic conditions, institutional and policy thrusts, or levels of technology transfer and linkages (Food and Agriculture Organization 2004).

271 The introduction of high-yielding varieties of seeds, and the increased use of fertilizers and irrigation are known collectively as the Green Revolution.

- 272 Institute of Policy Studies of Sri Lanka 2011 b.
- 273 The World Bank 2007.
- 274 Amarasiri, Nagarajah and Perera 1995.
- 275 The World Bank 2003.
- 276 Wadduwage 2006.
- 277 The World Bank 2003.
- 278 Amarasiri, Nagarajah and Perera 1995.
- 279 InfoDev 2008.
- 280 United Nations Development Programme 2011b and Institute of Policy Studies of Sri Lanka 2011c. The latter study surveyed 2,000 households from all eastern districts, and Vavuniya and Mannar in the Northern Province.
- 281 Institute of Policy Studies of Sri Lanka 2011c.
- 282 Ibid.
- 283 United Nations Development Programme 2011b.
- 284 Ibid.
- 285 Institute of Policy Studies of Sri Lanka 2011c.
- 286 Government of Sri Lanka, United Nations and Partners 2011.
- 287 Government of Sri Lanka, United Nations and Partners 2012.
- 288 Institute of Policy Studies of Sri Lanka 2011c.
- 289 Ibid.
- 290 United Nations Development Programme 2011b.
- 291 United Nations Development Programme 2011b, and Institute of Policy Studies of Sri Lanka 2011c.
- 292 United Nations Development Programme 2011b.

## Chapter 6

- 293 Gallagher 2005.
- 294 Government of Sri Lanka 2009.
- 295 Brautigam et al. 2008.
- 296 Reviewed extensively in Organisation for Economic Co-operation and Development 2008.
- 297 Ibid.
- 298 See, for example, Prichard 2009 and Ross 2004.
- 299 Moore 2004a and 2004b.
- 300 Moore 2007b.
- 301 Indirect taxes in Sri Lanka include the value-added tax (previously the goods and services tax), the nation-building tax, customs duties and other border taxes such as port and airport levies, the regional development levy and the social responsibility levy; some were abolished in the 2011 Budget.
- 302 World Bank 2011a.
- 303 The composite CPI draws upon surveys

- of business people and assessments done by country analysts. It ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. Values range from 0 to 10, with a lower value indicating high perception of corruption, and a higher value low perception.
- 304 Although Sri Lanka's CPI rank has also worsened, this could partly be due to the increase in the sample size.
- 305 The CCI measures the extent to which public power is exercised for private gain. This includes both petty and grand forms of corruption, as well as 'capture' of the state by elites and private actors. The index is based on surveys of business leaders, public opinion and assessments by country analysts. Values range from minus (-) 2.5 to 2.5, with higher values indicating higher control of corruption; conversely, lower values indicate higher corruption.
- 306 This is based on a simple incremental capital-output ratio calculation. Sri Lanka's ratio has been historically at a level of about 5, which means that in order to attain a 1 percent growth in GDP, the country needs to invest at least 5 percent of GDP. Accordingly, if the targeted growth rate is 8 percent, and given recent improvements in capital productivity that have reduced the ratio to around 4.5 percent, the required level of investment is 36 percent of GDP.
- 307 Lanka Business Online <http://www.lankabusinessonline.com/fullstory.php?nid=1189483550>.
- 308 Lanka Business Online 2011.
- 309 Registration, permits and licenses; land access and property rights; transparency and participation; regulatory environment, compliance and cost; infrastructure and business services; tax administration, burden and services; legal institutions and conflict resolution; government attitude towards business; informal charges, favouritism and discrimination; and crime and security.
- 310 Grindle 2007.
- 311 Following the Indo- Lanka Accord, the 13th Amendment to the Constitution was signed in 1987. It introduced a system of devolved government through the establishment of provincial councils
- 312 Waidyasekera 2011.
- 313 Ibid.
- 314 Ministry of Finance and Planning 2010.
- 315 Based on unstructured interviews with stakeholders at local government level, including representatives from regional chambers of commerce and traders'

- associations across five provinces.
- 316 Institute of Constitutional Studies 2010.
- 317 These issues have been extensively discussed in Institute of Policy Studies of Sri Lanka 2006 and 2008.
- 318 Institute of Policy Studies of Sri Lanka 2008, p. 164.
- 319 Institute of Constitutional Studies 2010.
- 320 Kodikara 2009.
- 321 Ibid.
- 322 Women and Media Collective 2011, p. 20.
- 223 Kodikara 2009.
- 224 Ibid.
- 325 Women and Media Collective 2011, p. 21.

## Chapter 7

- 326 Langer 2005.
- 327 Stewart 2002.
- 328 Collier, Hoeffler and Rohner 2009.
- 329 Sometimes information records the place of death rather than the residence of the deceased. As Colombo and Kandy both have large hospitals, many critically ill are brought there for treatment.

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## Statistical Tables

**Table A1: Distribution of the Population by District and Ethnicity, 2001**

|                      | Total population      | Sinhalese         | Sri Lankan Tamil | Indian Tamil   | Sri Lankan Moor  | Burgher       | Malay         | Other         |
|----------------------|-----------------------|-------------------|------------------|----------------|------------------|---------------|---------------|---------------|
| <b>Sri Lanka*</b>    | <b>No. 18,797,257</b> | <b>14,011,734</b> | <b>2,233,624</b> | <b>859,052</b> | <b>1,561,910</b> | <b>38,388</b> | <b>55,352</b> | <b>37,197</b> |
|                      | %                     | <b>100.0</b>      | <b>74.5</b>      | <b>11.9</b>    | <b>4.6</b>       | <b>8.3</b>    | <b>0.2</b>    | <b>0.3</b>    |
|                      | %                     | 100.0             | 100.0            | 100.0          | 100.0            | 100.0         | 100.0         | 100.0         |
| <b>Western</b>       | %                     | <b>28.6</b>       | <b>32.3</b>      | <b>14.6</b>    | <b>7.1</b>       | <b>24.0</b>   | <b>72.0</b>   | <b>65.7</b>   |
| Colombo              | %                     | 12.0              | 12.3             | 11.1           | 2.9              | 13.0          | 40.9          | 37.8          |
| Gampaha              | %                     | 11.0              | 13.4             | 2.9            | 0.9              | 5.0           | 28.9          | 26.2          |
| Kalutara             | %                     | 5.7               | 6.6              | 0.6            | 3.4              | 6.0           | 2.2           | 1.8           |
| <b>Central</b>       | %                     | <b>12.9</b>       | <b>11.3</b>      | <b>5.5</b>     | <b>56.2</b>      | <b>14.3</b>   | <b>8.2</b>    | <b>7.7</b>    |
| Kandy                | %                     | 6.8               | 6.8              | 2.3            | 12.1             | 10.8          | 5.5           | 7.0           |
| Matale               | %                     | 2.3               | 2.5              | 1.1            | 2.7              | 2.5           | 1.0           | 1.5           |
| Nuwara Eliya         | %                     | 3.7               | 2.0              | 2.1            | 41.4             | 1.1           | 1.6           | 2.3           |
| <b>Southern</b>      | %                     | <b>12.1</b>       | <b>15.4</b>      | <b>0.8</b>     | <b>3.1</b>       | <b>4.0</b>    | <b>1.2</b>    | <b>13.6</b>   |
| Galle                | %                     | 5.3               | 6.7              | 0.5            | 1.1              | 2.2           | 0.5           | 0.8           |
| Matara               | %                     | 4.1               | 5.1              | 0.2            | 1.9              | 1.4           | 0.5           | 0.4           |
| Hambantota           | %                     | 2.8               | 3.6              | 0.1            | 0.0              | 0.4           | 0.2           | 13.1          |
| <b>Northern*</b>     | %                     | <b>5.5</b>        | <b>0.4</b>       | <b>43.7</b>    | <b>0.3</b>       | <b>0.8</b>    | <b>0.1</b>    | <b>0.2</b>    |
| Jaffna*              | %                     |                   |                  |                |                  |               |               |               |
| Mannar*              | %                     |                   |                  |                |                  |               |               |               |
| Mullaitivu*          | %                     |                   |                  |                |                  |               |               |               |
| Kilinochchi*         | %                     |                   |                  |                |                  |               |               |               |
| <b>Eastern*</b>      | %                     | <b>7.6</b>        | <b>2.3</b>       | <b>28.4</b>    | <b>0.2</b>       | <b>29.1</b>   | <b>11.0</b>   | <b>1.4</b>    |
| Batticaloa*          | %                     | 2.6               | 0.0              | 16.2           | 0.1              | 7.3           | 7.0           | 0.3           |
| Ampara               | %                     | 3.2               | 1.7              | 4.9            | 0.1              | 15.7          | 3.1           | 1.3           |
| Tricomalee*          | %                     | 1.8               | 0.6              | 7.3            | 0.1              | 6.1           | 0.9           | 1.0           |
| <b>North Western</b> | %                     | <b>11.5</b>       | <b>13.3</b>      | <b>2.9</b>     | <b>0.6</b>       | <b>14.6</b>   | <b>3.5</b>    | <b>6.1</b>    |
| Kurunegala           | %                     | 7.8               | 9.6              | 0.8            | 0.3              | 6.1           | 1.6           | 3.0           |
| Puttalam             | %                     | 3.8               | 3.7              | 2.2            | 0.3              | 8.5           | 1.9           | 3.2           |
| <b>North Central</b> | %                     | <b>5.9</b>        | <b>7.1</b>       | <b>0.5</b>     | <b>0.1</b>       | <b>5.7</b>    | <b>0.6</b>    | <b>4.9</b>    |
| Anuradhapura         | %                     | 4.0               | 4.8              | 0.2            | 0.1              | 4.0           | 0.5           | 4.5           |
| Polonnaruwa          | %                     | 1.9               | 2.3              | 0.3            | 0.0              | 1.7           | 0.2           | 0.5           |
| <b>Uva</b>           | %                     | <b>6.3</b>        | <b>6.7</b>       | <b>1.6</b>     | <b>17.6</b>      | <b>3.0</b>    | <b>1.8</b>    | <b>3.5</b>    |
| Badulla              | %                     | 4.1               | 4.0              | 1.3            | 16.7             | 2.5           | 1.5           | 2.6           |
| Moneragala           | %                     | 2.1               | 2.7              | 0.3            | 0.9              | 0.5           | 0.3           | 1.0           |
| <b>Sabaragamuwa</b>  | %                     | <b>9.6</b>        | <b>11.1</b>      | <b>2.0</b>     | <b>14.8</b>      | <b>4.6</b>    | <b>1.4</b>    | <b>5.0</b>    |
| Ratnapura            | %                     | 5.4               | 6.3              | 1.3            | 9.6              | 1.3           | 0.9           | 2.6           |
| Kegalle              | %                     | 4.2               | 4.8              | 0.7            | 5.1              | 3.2           | 0.5           | 2.3           |

Notes: \* indicates estimates. District information is not available for the Northern Province.

Source: Department of Census and Statistics of Sri Lanka n.d.a..

**Table A2: Human Development Index and Dimensions by District**

| Province             | District/sector | HDI rank | HDI   | Income index | Education index | Health index |
|----------------------|-----------------|----------|-------|--------------|-----------------|--------------|
|                      | Sri Lanka       | -        | 0.692 | 0.552        | 0.694           | 0.866        |
|                      |                 |          |       |              |                 |              |
| <b>Sector</b>        | Urban           | n.a.     | n.a.  | n.a.         | n.a.            | n.a.         |
|                      | Rural           | n.a.     | n.a.  | n.a.         | n.a.            | n.a.         |
|                      | Estate          | n.a.     | n.a.  | n.a.         | n.a.            | n.a.         |
|                      |                 |          |       |              |                 |              |
| <b>Western</b>       | Colombo         | 3        | 0.710 | 0.620        | 0.754           | 0.767        |
|                      | Gampaha         | 1        | 0.752 | 0.628        | 0.742           | 0.914        |
|                      | Kalutara        | 2        | 0.733 | 0.597        | 0.716           | 0.922        |
| <b>Central</b>       | Kandy           | 12       | 0.670 | 0.513        | 0.701           | 0.836        |
|                      | Matale          | 10       | 0.673 | 0.506        | 0.683           | 0.884        |
|                      | Nuwara Eliya    | 20       | 0.635 | 0.502        | 0.593           | 0.862        |
| <b>Southern</b>      | Galle           | 6        | 0.688 | 0.524        | 0.700           | 0.889        |
|                      | Matara          | 5        | 0.699 | 0.526        | 0.697           | 0.930        |
|                      | Hambantota      | 4        | 0.709 | 0.538        | 0.681           | 0.973        |
| <b>Northern</b>      | Jaffna          |          |       |              |                 |              |
|                      | Killinochchi    |          |       |              |                 |              |
|                      | Mannar          |          | 0.625 | 0.471        | 0.677           | 0.766        |
|                      | Vavuniya        |          |       |              |                 |              |
|                      | Mullativu       |          |       |              |                 |              |
| <b>Eastern</b>       | Batticaloa      | 19       | 0.637 | 0.516        | 0.610           | 0.822        |
|                      | Ampara          | 15       | 0.666 | 0.520        | 0.655           | 0.868        |
|                      | Trincomalee     | 17       | 0.656 | 0.507        | 0.664           | 0.839        |
| <b>North Western</b> | Kurunegala      | 6        | 0.688 | 0.534        | 0.700           | 0.873        |
|                      | Puttalam        | 14       | 0.667 | 0.547        | 0.617           | 0.882        |
| <b>North Central</b> | Anuradhapura    | 13       | 0.669 | 0.518        | 0.688           | 0.838        |
|                      | Polonnaruwa     | 9        | 0.677 | 0.525        | 0.675           | 0.876        |
| <b>Uva</b>           | Badulla         | 18       | 0.650 | 0.507        | 0.636           | 0.852        |
|                      | Monaragala      | 11       | 0.671 | 0.497        | 0.642           | 0.944        |
| <b>Sabaragamuwa</b>  | Ratnapura       | 16       | 0.661 | 0.492        | 0.650           | 0.902        |
|                      | Kegalle         | 6        | 0.688 | 0.498        | 0.711           | 0.919        |

Note: N.a. indicates not available.

Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010 and Central Bank of Sri Lanka 2011.

**Table A3: Human Development Losses Due to Inequality**

| Province             | District/sector | HDI rank | HDI value | IHDI rank | IHDI value | % HDI loss due to inequality | GII rank | GII value |
|----------------------|-----------------|----------|-----------|-----------|------------|------------------------------|----------|-----------|
|                      | Sri Lanka       |          | 0.692     | n.a.      | 0.602      | 13.1                         | n.a.     | 0.565     |
| <b>Sector</b>        | Urban           | n.a.     | n.a.      | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
|                      | Rural           | n.a.     | n.a.      | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
|                      | Estate          | n.a.     | n.a.      | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
| <b>Western</b>       | Colombo         | 3        | 0.710     | 3         | 0.626      | 11.8                         | 6        | 0.555     |
|                      | Gampaha         | 1        | 0.752     | 1         | 0.667      | 11.3                         | 3        | 0.515     |
|                      | Kalutara        | 2        | 0.733     | 2         | 0.642      | 12.4                         | 17       | 0.754     |
| <b>Central</b>       | Kandy           | 12       | 0.670     | 16        | 0.574      | 14.3                         | 12       | 0.731     |
|                      | Matale          | 10       | 0.673     | 15        | 0.580      | 13.9                         | 11       | 0.725     |
|                      | Nuwara Eliya    | 20       | 0.635     | 20        | 0.551      | 13.3                         | 17       | 0.754     |
| <b>Southern</b>      | Galle           | 6        | 0.688     | 8         | 0.597      | 13.3                         | 10       | 0.713     |
|                      | Matara          | 5        | 0.699     | 6         | 0.601      | 14.0                         | 14       | 0.742     |
|                      | Hambantota      | 4        | 0.709     | 4         | 0.619      | 12.7                         | 1        | 0.474     |
| <b>Northern</b>      | Jaffna          |          |           | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
|                      | Killinochchi    |          |           | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
|                      | Mannar          |          | 0.625     | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
|                      | Vavuniya        |          |           | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
|                      | Mullativu       |          |           | n.a.      | n.a.       | n.a.                         | n.a.     | n.a.      |
| <b>Eastern</b>       | Batticaloa      | 19       | 0.637     | 18        | 0.556      | 12.8                         | 20       | 0.807     |
|                      | Ampara          | 15       | 0.666     | 13        | 0.583      | 12.2                         | 7        | 0.635     |
|                      | Trincomalee     | 17       | 0.656     | 11        | 0.592      | 9.8                          | 13       | 0.738     |
| <b>North Western</b> | Kurunegala      | 6        | 0.688     | 5         | 0.602      | 12.6                         | 16       | 0.753     |
|                      | Puttalam        | 14       | 0.667     | 14        | 0.581      | 12.9                         | 19       | 0.783     |
| <b>North Central</b> | Anuradhapura    | 13       | 0.669     | 10        | 0.593      | 11.4                         | 2        | 0.493     |
|                      | Polonnaruwa     | 9        | 0.677     | 8         | 0.596      | 11.9                         | 9        | 0.710     |
| <b>Uva</b>           | Badulla         | 18       | 0.650     | 19        | 0.554      | 14.7                         | 15       | 0.743     |
|                      | Monaragala      | 11       | 0.671     | 11        | 0.592      | 11.8                         | 5        | 0.531     |
| <b>Sabaragamuwa</b>  | Ratnapura       | 16       | 0.661     | 16        | 0.574      | 13.2                         | 4        | 0.519     |
|                      | Kegalle         | 6        | 0.688     | 6         | 0.601      | 12.6                         | 8        | 0.700     |

Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a, 2009e and 2010c; Department of Elections of Sri Lanka 2011; Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010; and Central Bank of Sri Lanka 2011.

**Table A4: Income Poverty, Multidimensional Poverty Index and Related Indicators, 2006-2007**

| Province             | District/sector | Income poverty headcount, % | Share of income poor, % | Multidimensionally poor headcount, % | Share of multidimensionally poor, % | Intensity of multidimensional poverty | MPI    |
|----------------------|-----------------|-----------------------------|-------------------------|--------------------------------------|-------------------------------------|---------------------------------------|--------|
|                      | Sri Lanka       | 15.2                        | 100                     | 7.0                                  | 100.0                               | 0.3966                                | 0.0278 |
| <b>Sector</b>        | Urban           | 6.7                         | 8.8                     | 2.3                                  | 4.2                                 | 0.3844                                | 0.0087 |
|                      | Rural           | 15.7                        | 84.7                    | 6.9                                  | 80.8                                | 0.3941                                | 0.0273 |
|                      | Estate          | 32.0                        | 6.4                     | 21.1                                 | 15.0                                | 0.4080                                | 0.0860 |
| <b>Western</b>       | Colombo         | 5.4                         | 4.8                     | 1.7                                  | 2.9                                 | 0.3695                                | 0.0062 |
|                      | Gampaha         | 8.7                         | 5.2                     | 1.8                                  | 3.2                                 | 0.3930                                | 0.0071 |
|                      | Kalutara        | 13.0                        | 4.0                     | 4.4                                  | 3.6                                 | 0.4156                                | 0.0181 |
| <b>Central</b>       | Kandy           | 17.0                        | 7.9                     | 6.0                                  | 6.0                                 | 0.3908                                | 0.0233 |
|                      | Matale          | 18.9                        | 3.1                     | 12.6                                 | 3.6                                 | 0.4075                                | 0.0513 |
|                      | Nuwara Eliya    | 33.8                        | 3.2                     | 15.7                                 | 7.6                                 | 0.4015                                | 0.0629 |
| <b>Southern</b>      | Galle           | 13.7                        | 6.2                     | 7.2                                  | 6.0                                 | 0.4032                                | 0.0289 |
|                      | Matara          | 14.7                        | 5.2                     | 7.1                                  | 4.2                                 | 0.3982                                | 0.0283 |
|                      | Hambantota      | 12.7                        | 2.2                     | 6.9                                  | 3.0                                 | 0.4017                                | 0.0275 |
| <b>Northern</b>      | Jaffna          | n.a.                        | 4.9                     | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
|                      | Killinochchi    | n.a.                        | n.a.                    | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
|                      | Mannar          | n.a.                        | n.a.                    | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
|                      | Vavuniya        | n.a.                        | 0.2                     | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
|                      | Mulativu        | n.a.                        | n.a.                    | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
| <b>Eastern</b>       | Batticaloa      | 10.7                        | 6.0                     | 11.2                                 | 4.3                                 | 0.4180                                | 0.0468 |
|                      | Ampara          | 10.9                        | 4.0                     | 9.5                                  | 4.3                                 | 0.4028                                | 0.0383 |
|                      | Tricomalee      | n.a.                        | 2.2                     | 12.1                                 | 3.0                                 | 0.3992                                | 0.0481 |
| <b>North Western</b> | Karunegala      | 15.4                        | 10.2                    | 7.6                                  | 9.4                                 | 0.3858                                | 0.0293 |
|                      | Puttalam        | 13.1                        | 4.8                     | 6.4                                  | 3.7                                 | 0.3898                                | 0.0247 |
| <b>North Central</b> | Anuradhapura    | 14.9                        | 2.6                     | 9.4                                  | 5.4                                 | 0.3874                                | 0.0363 |
|                      | Polonnaruwa     | 12.7                        | 1.3                     | 10.1                                 | 3.0                                 | 0.3949                                | 0.0398 |
| <b>Uva</b>           | Badulla         | 23.7                        | 6.3                     | 11.9                                 | 7.5                                 | 0.4042                                | 0.0482 |
|                      | Monaragala      | 33.2                        | 3.8                     | 17.4                                 | 6.5                                 | 0.3938                                | 0.0683 |
| <b>Sabaragamuwa</b>  | Ratnapura       | 26.6                        | 6.6                     | 10.0                                 | 8.5                                 | 0.3988                                | 0.0401 |
|                      | Kegalle         | 21.1                        | 5.1                     | 6.7                                  | 4.2                                 | 0.3766                                | 0.0250 |

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a and 2007b.

**Table A5: Income Poverty, Multidimensional Poverty Index and Related Indicators, 2009-2010**

| Province             | District/sector | Income poverty headcount, % | Share of income poor, % | Multidimensionally poor headcount, % | Share of multidimensionally poor, % | Intensity of multidimensional poverty | MPI    |
|----------------------|-----------------|-----------------------------|-------------------------|--------------------------------------|-------------------------------------|---------------------------------------|--------|
|                      | Sri Lanka       | 8.9                         | 100                     | 4.7                                  | 100.0                               | 0.3887                                | 0.0183 |
| <b>Sector</b>        | Urban           | 5.3                         | 8.8                     | 3.7                                  | 11.6                                | 0.3832                                | 0.0141 |
|                      | Rural           | 9.4                         | 84.7                    | 4.5                                  | 76.2                                | 0.3869                                | 0.0173 |
|                      | Estate          | 11.4                        | 6.4                     | 11.4                                 | 12.2                                | 0.4054                                | 0.0460 |
| <b>Western</b>       | Colombo         | 3.6                         | 4.8                     | 2.7                                  | 6.7                                 | 0.3914                                | 0.0105 |
|                      | Gampaha         | 3.9                         | 5.2                     | 2.6                                  | 6.5                                 | 0.3908                                | 0.0101 |
|                      | Kalutara        | 6.0                         | 4.0                     | 2.8                                  | 3.5                                 | 0.3794                                | 0.0107 |
| <b>Central</b>       | Kandy           | 10.3                        | 7.9                     | 5.9                                  | 8.1                                 | 0.3903                                | 0.0231 |
|                      | Matale          | 11.5                        | 3.1                     | 5.7                                  | 2.9                                 | 0.3929                                | 0.0223 |
|                      | Nuwara Eliya    | 7.6                         | 3.2                     | 5.3                                  | 4.3                                 | 0.4008                                | 0.0214 |
| <b>Southern</b>      | Galle           | 10.3                        | 6.2                     | 3.7                                  | 4.2                                 | 0.3803                                | 0.0140 |
|                      | Matara          | 11.2                        | 5.2                     | 3.8                                  | 3.3                                 | 0.3510                                | 0.0134 |
|                      | Hambantota      | 6.9                         | 2.2                     | 3.3                                  | 2.1                                 | 0.3693                                | 0.0123 |
| <b>Northern</b>      | Jaffna          | 16.1                        | 4.9                     | 11.5                                 | 6.6                                 | 0.3909                                | 0.0451 |
|                      | Killinochchi    | n.a.                        | n.a.                    | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
|                      | Mannar          | n.a.                        | n.a.                    | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
|                      | Vavuniya        | 2.3                         | 0.2                     | 3.9                                  | 0.3                                 | 0.3978                                | 0.0058 |
|                      | Mullativu       | n.a.                        | n.a.                    | n.a.                                 | n.a.                                | n.a.                                  | n.a.   |
| <b>Eastern</b>       | Batticaloa      | 20.3                        | 6.0                     | 11.3                                 | 6.4                                 | 0.3972                                | 0.0450 |
|                      | Ampara          | 11.3                        | 4.0                     | 3.6                                  | 2.3                                 | 0.3692                                | 0.0132 |
|                      | Trincomalee     | 11.7                        | 2.2                     | 5.2                                  | 1.9                                 | 0.4380                                | 0.0227 |
| <b>North Western</b> | Kurunegala      | 11.7                        | 10.2                    | 5.9                                  | 9.8                                 | 0.3867                                | 0.0228 |
|                      | Puttalam        | 10.5                        | 4.8                     | 8.2                                  | 7.1                                 | 0.3982                                | 0.0326 |
| <b>North Central</b> | Anuradhapura    | 5.7                         | 2.6                     | 3.5                                  | 3.1                                 | 0.3634                                | 0.0129 |
|                      | Polonnaruwa     | 5.8                         | 1.3                     | 4.2                                  | 1.8                                 | 0.3607                                | 0.0152 |
| <b>Uva</b>           | Badulla         | 13.3                        | 6.3                     | 6.5                                  | 5.8                                 | 0.3798                                | 0.0245 |
|                      | Monaragala      | 14.5                        | 3.8                     | 4.5                                  | 2.2                                 | 0.3849                                | 0.0173 |
| <b>Sabaragamuwa</b>  | Ratnapura       | 10.5                        | 6.6                     | 6.3                                  | 7.5                                 | 0.4127                                | 0.0260 |
|                      | Kegalle         | 10.8                        | 5.1                     | 3.7                                  | 3.2                                 | 0.3798                                | 0.0139 |

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2010c.

**Table A6: Income Poverty and Measures of Income Inequality, 2009-2010**

| Province             | District/sector | Income poverty headcount, %, 2009-2010 | Share of poor households, %, Household Income and Expenditure Survey (HIES) 2009/10 | Poverty gap index, HIES 2009/10 | Squared poverty gap index, HIES 2009/10 | Gini coefficient (per capita expenditure), HIES 2009/10 | Share of household income |            |             |
|----------------------|-----------------|--|---|---------------------------------|---|---|---------------------------|------------|-------------|
|                      |                 |  |   |                                 |   |   | Poorest 20%               | Middle 60% | Richest 20% |
|                      | Sri Lanka       | 8.9                                    | 100   | 1.7                             | 0.5                                     | 0.38  | 4.5                       | 41.4       | 54.1        |
| <b>Sector</b>        | Urban           | 5.3                                    | 8.8   | 1.2                             | 0.4                                     | 0.41  | 4.7                       | 42.1       | 53.3        |
|                      | Rural           | 9.4                                    | 84.7  | 1.8                             | 0.5                                     | 0.37  | 4.5                       | 41.7       | 53.8        |
|                      | Estate          | 11.4                                   | 6.4   | 2.1                             | 0.6                                     | 0.30  | 5.9                       | 44.7       | 49.4        |
| <b>Western</b>       | Colombo         | 3.6                                    | 4.8   | 0.7                             | 0.2                                     | 0.46  | 5.4                       | 43.3       | 51.4        |
|                      | Gampaha         | 3.9                                    | 5.2   | 0.7                             | 0.2                                     | 0.34  | 4.7                       | 38.9       | 56.4        |
|                      | Kalutara        | 6.0                                    | 4.0   | 1.3                             | 0.4                                     | 0.37  | 5.6                       | 47.2       | 47.2        |
| <b>Central</b>       | Kandy           | 10.3                                   | 7.9   | 2.2                             | 0.7                                     | 0.39  | 3.9                       | 58.0       | 53.4        |
|                      | Matale          | 11.4                                   | 3.1   | 2.0                             | 0.5                                     | 0.35  | 4.2                       | 40.8       | 55.0        |
|                      | Nuwara Eliya    | 7.6                                    | 3.2   | 1.0                             | 0.2                                     | 0.34  | 5.8                       | 42.9       | 51.3        |
| <b>Southern</b>      | Galle           | 10.3                                   | 6.2   | 2.1                             | 0.7                                     | 0.34  | 5.7                       | 44.9       | 49.4        |
|                      | Matara          | 11.2                                   | 5.2   | 1.7                             | 0.5                                     | 0.38  | 5.8                       | 47.2       | 47.0        |
|                      | Hambantota      | 6.9                                    | 2.2   | 1.3                             | 0.3                                     | 0.27  | 5.5                       | 47.2       | 47.2        |
| <b>Northern</b>      | Jaffna          | 16.1                                   | 4.9   | 2.6                             | 0.8                                     | 0.24  | 6.2                       | 49.7       | 44.1        |
|                      | Killinochchi    | n.a.                                   | n.a.  | n.a.                            | n.a.                                    | n.a.  | n.a.                      | n.a.       | n.a.        |
|                      | Mannar          | n.a.                                   | n.a.  | n.a.                            | n.a.                                    | n.a.  | n.a.                      | n.a.       | n.a.        |
|                      | Vavuniya        | 2.3                                    | 0.2   | 0.3                             | 0.1                                     | 0.29  | 4.2                       | 46.5       | 49.4        |
|                      | Mullativu       | n.a.                                   | n.a.  | n.a.                            | n.a.                                    | n.a.  | n.a.                      | n.a.       | n.a.        |
| <b>Eastern</b>       | Batticaloa      | 20.3                                   | 6.0   | 5.1                             | 1.9                                     | 0.20  | 4.7                       | 46.7       | 48.6        |
|                      | Ampara          | 11.8                                   | 4.0   | 2.3                             | 0.7                                     | 0.22  | 4.8                       | 47.9       | 47.2        |
|                      | Trincomalee     | 11.7                                   | 2.2   | 1.8                             | 0.5                                     |   | 5.3                       | 50.1       | 44.5        |
| <b>North Western</b> | Kurunegala      | 11.7                                   | 10.2  | 2.6                             | 0.9                                     | 0.36  | 3.7                       | 35.8       | 60.6        |
|                      | Puttalam        | 10.5                                   | 4.8   | 2.0                             | 0.6                                     | 0.36  | 4.6                       | 40.8       | 54.5        |
| <b>North Central</b> | Anuradhapura    | 5.7                                    | 2.6   | 1.0                             | 0.3                                     | 0.42  | 5.6                       | 43.0       | 51.4        |
|                      | Polonnaruwa     | 5.8                                    | 1.3   | 1.0                             | 0.3                                     | 0.32  | 5.4                       | 47.0       | 47.7        |
| <b>Uva</b>           | Badulla         | 13.3                                   | 6.3   | 2.2                             | 0.6                                     | 0.35  | 4.5                       | 41.0       | 54.5        |
|                      | Monaragala      | 14.5                                   | 3.8   | 2.8                             | 0.8                                     | 0.23  | 5.8                       | 49.6       | 44.6        |
| <b>Sabaragamuwa</b>  | Ratnapura       | 10.4                                   | 6.6   | 2.4                             | 0.9                                     | 0.31  | 3.5                       | 34.2       | 62.2        |
|                      | Kegalle         | 10.8                                   | 5.1   | 1.7                             | 0.5                                     | 0.27  | 5.1                       | 45.4       | 49.4        |

Source: Department of Census and Statistics of Sri Lanka 2011d.

**Table A7: Components of the Gender Inequality index**

| District/sector | Women's reproductive health                |   | Parliamentary representation |        | At least lower secondary education, age 25 years and over, % |        | Labour force participation rate, 15-64 years old, % |        |
|-----------------|--|---|------------------------------|--------|--|--------|---|--------|
|                 | Maternal mortality per 100,000 live births | Adolescent fertility per 1,000 women aged 15-19 | Male                         | Female | Male   | Female | Male  | Female |
| Sri Lanka       | 39.3                                       | 26.6  | 94.2                         | 5.8    | 56.6   | 57.9   | 79.8  | 39.7   |
| Urban           | n.a.                                       | n.a.  | n.a.                         | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   |
| Rural           | n.a.                                       | n.a.  | n.a.                         | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   |
| Estate          | n.a.                                       | n.a.  | n.a.                         | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   |
| Colombo         | 38.4                                       | 17.9  | 94.7                         | 5.3    | 71.2   | 67.8   | 78.8  | 35.7   |
| Gampaha         | 35.3                                       | 18.0  | 88.9                         | 11.1   | 68.2   | 68.0   | 79.1  | 32.9   |
| Kalutara        | 30.9                                       | 33.9  | 99.9                         | 0.1    | 63.8   | 61.6   | 75.8  | 36.2   |
| Kandy           | 23.9                                       | 24.5  | 99.9                         | 0.1    | 57.8   | 58.9   | 74.8  | 34.7   |
| Matale          | 33.1                                       | 18.6  | 99.9                         | 0.1    | 53.1   | 59.0   | 85.2  | 42.7   |
| Nuwara Eliya    | 80.4                                       | 21.7  | 99.9                         | 0.1    | 37.4   | 37.9   | 80.2  | 54.7   |
| Galle           | 20.7                                       | 23.2  | 99.9                         | 0.1    | 55.5   | 60.3   | 76.4  | 40.1   |
| Matara          | 36.7                                       | 26.1  | 99.9                         | 0.1    | 54.5   | 60.8   | 81.0  | 40.6   |
| Hambantota      | 50.0                                       | 11.5  | 85.7                         | 14.3   | 54.3   | 55.4   | 84.4  | 44.2   |
| Jaffna          | 37.9                                       | n.a.  | 88.9                         | 11.1   | 44.0   | 51.0   | n.a.  | n.a.   |
| Killinochchi    | 102.8                                      | n.a.  | 99.9                         | 0.1    | n.a.   | n.a.   | n.a.  | n.a.   |
| Mannar          | 46.2                                       | n.a.  | 99.9                         | 0.1    | n.a.   | n.a.   | n.a.  | n.a.   |
| Vavuniya        | 39.3                                       | n.a.  | 99.9                         | 0.1    | 47.6   | 44.7   | n.a.  | n.a.   |
| Mullativu       | 70.8                                       | n.a.  | 99.9                         | 0.1    | n.a.   | n.a.   | n.a.  | n.a.   |
| Batticaloa      | 77.4                                       | 34.4  | 99.9                         | 0.1    | 41.0   | 39.2   | 80.5  | 24.4   |
| Ampara          | 72.8                                       | 42.5  | 85.7                         | 14.3   | 47.9   | 40.1   | 78.4  | 22.8   |
| Trincomalee     | 11.9                                       | 43.2  | 99.9                         | 0.1    | 49.5   | 42.6   | 79.5  | 33.3   |
| Kurunegala      | 33.5                                       | 40.1  | 99.9                         | 0.1    | 53.2   | 60.9   | 81.4  | 41.9   |
| Puttalam        | 51.6                                       | 37.4  | 99.9                         | 0.1    | 45.4   | 40.7   | 82.3  | 35.2   |
| Anuradhapura    | 29.7                                       | 26.7  | 88.9                         | 11.1   | 56.1   | 59.0   | 83.5  | 52.8   |
| Polonnaruwa     | 14.7                                       | 26.5  | 99.9                         | 0.1    | 54.8   | 58.2   | 83.3  | 40.8   |
| Badulla         | 42.9                                       | 30.2  | 99.9                         | 0.1    | 46.8   | 48.6   | 82.6  | 54.7   |
| Monaragala      | 70.5                                       | 31.9  | 80                           | 20     | 44.2   | 51.2   | 85.4  | 51.1   |
| Ratnapura       | 51.6                                       | 34.0  | 80                           | 20     | 48.6   | 53.8   | 81.4  | 47.8   |
| Kegalle         | 35.7                                       | 9.9   | 99.9                         | 0.1    | 58.8   | 62.2   | 78.5  | 42.1   |

Sources: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a, 2009e and 2010c; Department of Elections of Sri Lanka 2011; and Institute of Policy Studies of Sri Lanka and United Nations Development Programme 2010.



**Table A8: Demography, Land and Households**

| Province             | District/sector | Land extent, square kilometres | Population ('000), 2010 |        |        | Households, 2009-2010    |                            |                | Population growth rate, 2009-2010 | Population density (persons per square kilometer) |
|----------------------|-----------------|--------------------------------|-------------------------|--------|--------|--------------------------|----------------------------|----------------|-----------------------------------|---|
|                      |                 |                                | Total                   | Male   | Female | Total households ('000s) | Female-headed households % | Household size |                                   |   |
|                      | Sri Lanka       | 62,705                         | 20,653                  | 10,249 | 10,404 | 5,079                    | 23.2                       | 4              | 0.94                              | 329   |
| <b>Sector</b>        | Urban           | n.a.                           | n.a.                    | n.a.   | n.a.   | 711                      | 27.2                       | 4.3            | n.a.                              | n.a.  |
|                      | Rural           | n.a.                           | n.a.                    | n.a.   | n.a.   | 4,123                    | 22.4                       | 4              | n.a.                              | n.a.  |
|                      | Estate          | n.a.                           | n.a.                    | n.a.   | n.a.   | 246                      | 24.9                       | 4.2            | n.a.                              | n.a.  |
| <b>Western</b>       | Colombo         | 676                            | 2,553                   | 1,306  | 1,247  | 575                      | 24.2                       | 4.2            | 1.3                               | 3777  |
|                      | Gampaha         | 1,341                          | 2,177                   | 1,063  | 1,114  | 601                      | 22.4                       | 4              | 0.6                               | 1623  |
|                      | Kalutara        | 1,576                          | 1,135                   | 561    | 574    | 293                      | 21.8                       | 4.1            | 0.6                               | 720   |
| <b>Central</b>       | Kandy           | 19,117                         | 1,431                   | 698    | 733    | 348                      | 28                         | 4              | 1.1                               | 746   |
|                      | Matale          | 1,952                          | 497                     | 248    | 249    | 128                      | 25.8                       | 3.8            | 1.4                               | 255   |
|                      | Nuwara Eliya    | 1,706                          | 761                     | 379    | 382    | 190                      | 25.2                       | 4.1            | 0.8                               | 446   |
| <b>Southern</b>      | Galle           | 1,617                          | 1,084                   | 527    | 557    | 277                      | 26.1                       | 4              | 0.9                               | 670   |
|                      | Matara          | 1,270                          | 839                     | 407    | 432    | 203                      | 25.4                       | 4.1            | 1.0                               | 661   |
|                      | Hambantota      | 2,496                          | 571                     | 285    | 286    | 144                      | 22.4                       | 4.1            | 1.1                               | 229   |
| <b>Northern</b>      | Jaffna          | 929                            | 611                     | 290    | 321    | 128                      | 22.3                       | 4.3            | 0.7                               | 658   |
|                      | Killinochchi    | 1,205                          | 156                     | 79     | 77     | n.a.                     | n.a.                       | n.a.           | 1.3                               | 129   |
|                      | Mannar          | 1,880                          | 104                     | 54     | 50     | n.a.                     | n.a.                       | n.a.           | 1.0                               | 55  |
|                      | Vavuniya        | 1,861                          | 174                     | 85     | 89     | 39.0                     | 16.4                       | 4.4            | 3.0                               | 93  |
|                      | Mullativu       | 2,415                          | 148                     | 72     | 76     | n.a.                     | n.a.                       | n.a.           | -3.9                              | 61  |
| <b>Eastern</b>       | Batticaloa      | 2,610                          | 543                     | 262    | 281    | 133                      | 26.1                       | 4.1            | 1.1                               | 208   |
|                      | Ampara          | 4,222                          | 644                     | 316    | 328    | 143                      | 23.1                       | 4.3            | 1.6                               | 153   |
|                      | Trincomalee     | 2,529                          | 374                     | 186    | 188    | 79                       | 20.8                       | 4.4            | 1.6                               | 148   |
| <b>North Western</b> | Kurunegala      | 4,624                          | 1,563                   | 774    | 789    | 424                      | 21.4                       | 3.7            | 0.8                               | 338   |
|                      | Puttalam        | 2,882                          | 779                     | 387    | 392    | 212                      | 21.2                       | 3.9            | 1.2                               | 270   |
| <b>North Central</b> | Anuradhapura    | 6,664                          | 830                     | 423    | 407    | 216                      | 23                         | 3.8            | 1.2                               | 125   |
|                      | Polonnaruwa     | 3,077                          | 410                     | 214    | 196    | 107                      | 27                         | 3.9            | 1.2                               | 133   |
| <b>Uva</b>           | Badulla         | 2,827                          | 886                     | 440    | 446    | 220                      | 22.9                       | 3.9            | 1.4                               | 313   |
|                      | Monaragala      | 5,508                          | 440                     | 225    | 215    | 120                      | 16.5                       | 4              | 1.1                               | 80  |
| <b>Sabaragamuwa</b>  | Ratnapura       | 3,236                          | 1,125                   | 568    | 557    | 286                      | 20.3                       | 4              | 1.1                               | 348   |
|                      | Kegalle         | 1,685                          | 818                     | 400    | 418    | 215                      | 21.7                       | 3.9            | 0.6                               | 485   |

Source: Department of Census and Statistics of Sri Lanka 2010b, 2011b and 2011d; and Central Bank of Sri Lanka 2011.

**Table A9: Crude Death Rate, Life Expectancy, and Disabled and Elderly Populations**

| Province      | District/sector | Crude death rate per 1,000 persons | Life expectancy at birth, 2002 |      |        | % of elderly population (aged 60 and above) | Number of people per 10,000 with any disability | Number of people per 10,000 with mental disability |
|---------------|-----------------|------------------------------------|--------------------------------|------|--------|---|---|--|
|               |                 |                                    | Total                          | Male | Female |   |   |  |
|               | Sri Lanka       | 6.2                                | 73                             | 68.8 | 77.2   | 12.3  | 162.9   | 40.9   |
| Sector        | Urban           | n.a.                               | n.a.                           | n.a. | n.a.   | 12.8  | n.a.  | n.a.   |
|               | Rural           | n.a.                               | n.a.                           | n.a. | n.a.   | 12.3  | n.a.  | n.a.   |
|               | Estate          | n.a.                               | n.a.                           | n.a. | n.a.   | 10.5  | n.a.  | n.a.   |
| Western       | Colombo         | 8.3                                | 66.9                           | 61.9 | 71.9   | 14.9  | 122.8   | 39.1   |
|               | Gampaha         | 5.3                                | 75.95                          | 71.5 | 80.4   | 13.3  | 138.8   | 35.4   |
|               | Kalutara        | 6                                  | 76.45                          | 72.7 | 80.2   | 15.3  | 173.7   | 45.3   |
| Central       | Kandy           | 7.8                                | 71.15                          | 67.3 | 75     | 13.6  | 152.1   | 40.7   |
|               | Matale          | 5.4                                | 74.1                           | 70.7 | 77.5   | 12.8  | 168.8   | 39   |
|               | Nuwara Eliya    | 5                                  | 72.75                          | 70.8 | 74.7   | 10.3  | 149.5   | 27.4   |
| Southern      | Galle           | 6.9                                | 74.45                          | 70.5 | 78.4   | 15.4  | 180.4   | 50.3   |
|               | Matara          | 5.6                                | 76.95                          | 73.5 | 80.4   | 14.9  | 200.4   | 57.5   |
|               | Hambantota      | 4.6                                | 79.6                           | 76.9 | 82.3   | 11  | 242.4   | 64.5   |
| Northern      | Jaffna          | 6.2                                | n.a.                           | n.a. | n.a.   | 11.5  | n.a.  | n.a.   |
|               | Killinochchi    | 3.2                                | n.a.                           | n.a. | n.a.   | n.a.  | n.a.  | n.a.   |
|               | Mannar          | 3.1                                | n.a.                           | n.a. | n.a.   | n.a.  | n.a.  | n.a.   |
|               | Vavuniya        | 6.8                                | n.a.                           | n.a. | n.a.   | 9.2   | n.a.  | n.a.   |
|               | Mullativu       | 59*                                | n.a.                           | n.a. | n.a.   | n.a.  | n.a.  | n.a.   |
| Eastern       | Batticaloa      | 4.2                                | 70.3                           | 66.8 | 73.8   | 6.3   | n.a.  | n.a.   |
|               | Ampara          | 4.3                                | 73.1                           | 70.3 | 75.9   | 8.1   | 143.6   | 28.3   |
|               | Trincomalee     | 3.6                                | 71.35                          | 68.5 | 74.2   | 5.8   | n.a.  | n.a.   |
| North Western | Kurunegala      | 6.2                                | 73.45                          | 68.9 | 78     | 12.2  | 179.3   | 42.2   |
|               | Puttalam        | 4.7                                | 74                             | 69.1 | 78.9   | 9.7   | 163.9   | 35.7   |
| North Central | Anuradhapura    | 5.5                                | 71.3                           | 66.5 | 76.1   | 8.1   | 198.7   | 40.1   |
|               | Polonnaruwa     | 4.5                                | 73.6                           | 69.6 | 77.6   | 9.1   | 167.3   | 36.2   |
| Uva           | Badulla         | 5.3                                | 72.15                          | 68.9 | 75.4   | 10.7  | 163.5   | 34.8   |
|               | Monaragala      | 3.7                                | 77.85                          | 75.2 | 80.5   | 8.5   | 172.7   | 39.8   |
| Sabaragamuwa  | Ratnapura       | 4.4                                | 75.2                           | 72   | 78.4   | 11.2  | 169.9   | 41.9   |
|               | Kegalle         | 5.6                                | 76.25                          | 72.5 | 80     | 14.9  | 172.8   | 44.8   |

Notes: \*Due to the abnormal situation in the Northern Province, deaths were registered in Mullaitivu District in 2010.

Sources: Central Bank of Sri Lanka 2011, Department of Census and Statistics of Sri Lanka 2011f, and Gunasekara 2008.

**Table A10: Infant Mortality, Under-Five Mortality, Institutional Deliveries, Births Attended by Skilled Health Providers and Maternal Mortality Rate**

| Province             | District/ sector | Infant mortality rate per 1,000 live births, 2007, Registrar General's Department | Under-five mortality rate, 2003, Registrar General's Department | Institutional deliveries, %, Demographic and Health Survey (DHS) 2006/07 | Births attended by skilled health personnel, %, DHS 2006/07 | Maternal mortality rate, 2006, Family Health Bureau of Sri Lanka |
|----------------------|------------------|---|---|--|---|--|
|                      | Sri Lanka        | 8.5   | 13.5  | 98.2   | 98.6  | 39.3   |
|                      |                  |   |   |  |   |  |
| <b>Sector</b>        | Urban            | 10.7  | 16.2  | 98.6   | 99.2  | n.a.   |
|                      | Rural            | 3.7   | 7.8   | 98.2   | 98.7  | n.a.   |
|                      | Estate           | 16.9  | 19.9  | 97.2   | 96.5  | n.a.   |
|                      |                  |   |   |  |   |  |
| <b>Western</b>       | Colombo          | 14.1  | 17.8  | 99.0   | 99.1  | 38.4   |
|                      | Gampaha          | 2.7   | 7.1   | 98.5   | 99.4  | 35.3   |
|                      | Kalutara         | 3.3   | 5.0   | 99.3   | 99.6  | 30.9   |
| <b>Central</b>       | Kandy            | 11.1  | 17.1  | 98.9   | 99.3  | 23.9   |
|                      | Matale           | 7.2   | 12.1  | 99.8   | 98.3  | 33.1   |
|                      | Nuwara Eliya     | 14.8  | 18.0  | 96.6   | 95.8  | 80.4   |
| <b>Southern</b>      | Galle            | 9.9   | 12.7  | 99.4   | 99.5  | 20.7   |
|                      | Matara           | 9.4   | 10.4  | 96.6   | 98.7  | 36.9   |
|                      | Hambantota       | 4.3   | 8.9   | 99.0   | 99.0  | 50.0   |
| <b>Northern</b>      | Jaffna           | 3.0   | 8.9   | n.a.   | n.a.  | 37.9   |
|                      | Killinochchi     | 0.9   | 3.3   | n.a.   | n.a.  | 102.8  |
|                      | Mannar           | 3.5   | 3.3   | n.a.   | n.a.  | 46.2   |
|                      | Vavuniya         | 8.6   | 10.1  | n.a.   | n.a.  | 39.3   |
|                      | Mullativu        | n.a.  | 5.1   | n.a.   | n.a.  | n.a.   |
| <b>Eastern</b>       | Batticaloa       | 25.1  | 25.2  | 97.1   | 98.4  | 77.4   |
|                      | Ampara           | 4.5   | 9.4   | 96.0   | 96.8  | 72.8   |
|                      | Trincomalee      | 2.5   | 7.7   | 94.4   | 96.5  | 11.9   |
| <b>North Western</b> | Kurunegala       | 9.7   | 15.6  | 97.9   | 97.7  | 33.5   |
|                      | Puttalam         | 7.0   | 9.1   | 97.0   | 99.3  | 51.6   |
| <b>North Central</b> | Anuradhapura     | 10.3  | 20.1  | 98.1   | 98.1  | 29.7   |
|                      | Polonnaruwa      | 4.6   | 29.3  | 99.5   | 99.5  | 14.7   |
| <b>Uva</b>           | Badulla          | 6.2   | 11.3  | 97.0   | 96.0  | 42.9   |
|                      | Monaragala       | 3.6   | 3.8   | 98.3   | 99.2  | 70.5   |
| <b>Sabaragamuwa</b>  | Ratnapura        | 5.7   | 14.4  | 99.0   | 99.3  | 51.6   |
|                      | Kegalle          | 5.7   | 8.7   | 99.6   | 99.4  | 35.7   |

Sources: Department of Census and Statistics of Sri Lanka 2011e, Family Health Bureau of Sri Lanka 2009 and Registrar General's Department data.

**Table A11: Child Nutrition, Basic Vaccinations for Children under Five Years and Prevalence of Anaemia in Children 6-59 Months Old, 2006-2007**

| Province      | District/sector | Stunted<br>(height for age) | Nutritional status of children under five<br>(World Health Organization Child<br>Growth Standards), 2006-2007 |                                    |   | Children under<br>two years<br>with all basic<br>vaccinations,<br>% | Mild | Prevalence of Anaemia<br>(children 6-59 months) |        |             |
|---------------|-----------------|-----------------------------|---|------------------------------------|---|---|------|---|--------|-------------|
|               |                 |                             | Wasted<br>(weight for<br>height)  | Underweight<br>(weight for<br>age) | Low birth<br>weight<br>children (less<br>than 2.5<br>kilogrammes),% |   |      | Moderate  | Severe | Any anaemia |
|               | Sri Lanka       | 17.3                        | 14.7  | 21.1                               | 16.6  | 97.0  | 21.5 | 10.8  | 0.3    | 32.6        |
| Sector        | Urban           | 13.8                        | 14.7  | 16.5                               | 12.8  | 96.3  | 20.7 | 10.7  | 0.6    | 32.0        |
|               | Rural           | 16.2                        | 14.8  | 21.2                               | 16.4  | 97.4  | 22.1 | 10.8  | 0.2    | 33.2        |
|               | Estate          | 40.2                        | 13.5  | 30.1                               | 31.0  | 92.4  | 16.4 | 11.6  | 0.2    | 28.1        |
| Western       | Colombo         | 8.4                         | 13.2  | 14.1                               | 10.5  | 95.0  | 24.4 | 6.6   | 0.4    | 31.4        |
|               | Gampaha         | 10.0                        | 10.9  | 11.6                               | 12.6  | 98.5  | 26.0 | 16.5  | 0.4    | 42.8        |
|               | Kalutara        | 15.9                        | 12.1  | 16.9                               | 13.7  | 98.2  | 18.8 | 6.0   | 0.0    | 24.8        |
| Central       | Kandy           | 18.1                        | 15.7  | 25.3                               | 18.5  | 98.3  | 18.3 | 9.1   | 0.0    | 27.4        |
|               | Matale          | 19.2                        | 11.8  | 23.2                               | 22.1  | 95.7  | 24.4 | 10.9  | 0.0    | 35.3        |
|               | Nuwara Eliya    | 40.8                        | 10.5  | 25.3                               | 33.8  | 95.2  | 13.7 | 12.7  | 0.0    | 26.5        |
| Southern      | Galle           | 16.0                        | 14.3  | 23.2                               | 21.2  | 93.8  | 26.0 | 8.5   | 0.0    | 34.5        |
|               | Matara          | 14.8                        | 17.4  | 23.3                               | 20.2  | 100.0   | 20.6 | 11.8  | 0.0    | 32.4        |
|               | Hambantota      | 18.8                        | 20.9  | 23.8                               | 17.6  | 97.7  | 22.8 | 14.2  | 0.5    | 37.5        |
| Northern      | Jaffna          | n.a.                        | n.a.  | n.a.                               | n.a.  | n.a.  | n.a. | n.a.  | n.a.   | n.a.        |
|               | Killinochchi    | n.a.                        | n.a.  | n.a.                               | n.a.  | n.a.  | n.a. | n.a.  | n.a.   | n.a.        |
|               | Mannar          | n.a.                        | n.a.  | n.a.                               | n.a.  | n.a.  | n.a. | n.a.  | n.a.   | n.a.        |
|               | Vavuniya        | n.a.                        | n.a.  | n.a.                               | n.a.  | n.a.  | n.a. | n.a.  | n.a.   | n.a.        |
|               | Mullativu       | n.a.                        | n.a.  | n.a.                               | n.a.  | n.a.  | n.a. | n.a.  | n.a.   | n.a.        |
| Eastern       | Batticaloa      | 24.4                        | 19.4  | 27.5                               | 16.4  | 94.1  | 27.1 | 17.6  | 0.9    | 45.6        |
|               | Ampara          | 14.1                        | 19.3  | 22.0                               | 12.1  | 96.0  | 27.7 | 23.0  | 0.0    | 50.7        |
|               | Trincomalee     | 30.5                        | 28.1  | 27.8                               | 19.9  | 97.7  | 13.3 | 15.2  | 0.0    | 28.5        |
| North Western | Kurunegala      | 18.6                        | 13.3  | 20.6                               | 16.0  | 98.2  | 22.8 | 5.4   | 0.9    | 29.1        |
|               | Puttalam        | 14.0                        | 11.7  | 19.2                               | 10.7  | 94.0  | 22.0 | 5.4   | 0.0    | 27.4        |
| North Central | Anuradhapura    | 15.3                        | 14.6  | 25.0                               | 17.5  | 100.0   | 21.0 | 10.0  | 0.0    | 31.0        |
|               | Polonnaruwa     | 16.0                        | 17.9  | 25.6                               | 14.7  | 100.0   | 7.8  | 7.4   | 0.0    | 15.2        |
| Uva           | Badulla         | 33.1                        | 17.5  | 32.8                               | 21.9  | 96.0  | 18.5 | 8.8   | 0.0    | 27.3        |
|               | Monaragala      | 21.7                        | 19.8  | 26.6                               | 18.2  | 96.1  | 27.3 | 8.5   | 0.6    | 36.3        |
| Sabaragamuwa  | Ratnapura       | 19.3                        | 12.3  | 23.9                               | 19.3  | 95.1  | 20.3 | 12.4  | 2.0    | 34.7        |
|               | Kegalle         | 17.5                        | 15.6  | 23.3                               | 21.7  | 99.1  | 14.8 | 4.4   | 0.0    | 19.2        |

Source: Department of Census and Statistics of Sri Lanka 2011e.

**Table A12: Maternal Nutrition, Total Fertility Rates and Teenage Pregnancies**

| Province             | District/ sector | Maternal malnutrition among women aged 15-49, %, 2006-2007 | Total fertility rate, 2006-2007 | Teenage pregnancy (15-19 years), 2006-2007 |                           |                                |
|----------------------|------------------|--|---------------------------------|--|---------------------------|--------------------------------|
|                      |                  |  |                                 | Have had a live birth                      | Pregnant with first child | % who have begun child bearing |
|                      | Sri Lanka        | 16.2   | 2.3                             | 4.3  | 2.1                       | 6.4                            |
|                      |                  |  |                                 |  |                           |                                |
| <b>Sector</b>        | Urban            | 9.7  | 2.2                             | 4.6  | 1.7                       | 6.4                            |
|                      | Rural            | 16.3   | 2.3                             | 4.1  | 2.1                       | 6.2                            |
|                      | Estate           | 33.3   | 2.5                             | 7.0  | 2.6                       | 9.6                            |
|                      |                  |  |                                 |  |                           |                                |
| <b>Western</b>       | Colombo          | 9.6  | 2.2                             | 3.1  | 1.7                       | 4.8                            |
|                      | Gampaha          | 10.9   | 2.2                             | 2.7  | 1.6                       | 4.3                            |
|                      | Kalutara         | 16.8   | 2.2                             | 8.8  | 1.2                       | 10.0                           |
| <b>Central</b>       | Kandy            | 14.4   | 2.4                             | 2.1  | 2.0                       | 4.1                            |
|                      | Matale           | 22.9   | -                               | 3.9  | 1.7                       | 5.5                            |
|                      | Nuwara Eliya     | 20.1   | 2.6                             | 2.0  | 5.2                       | 7.1                            |
| <b>Southern</b>      | Galle            | 18.5   | 2.1                             | 1.8  | 0.9                       | 2.7                            |
|                      | Matara           | 18   | 2.4                             | 3.6  | 5.8                       | 9.5                            |
|                      | Hambantota       | 19.6   | 2.3                             | 5.4  | 5.3                       | 10.8                           |
| <b>Northern</b>      | Jaffna           | n.a.   | n.a.                            | n.a.                                       | n.a.                      | n.a.                           |
|                      | Killinochchi     | n.a.   | n.a.                            | n.a.                                       | n.a.                      | n.a.                           |
|                      | Mannar           | n.a.   | n.a.                            | n.a.                                       | n.a.                      | n.a.                           |
|                      | Vavuniya         | n.a.   | n.a.                            | n.a.                                       | n.a.                      | n.a.                           |
|                      | Mullativu        | n.a.   | n.a.                            | n.a.                                       | n.a.                      | n.a.                           |
| <b>Eastern</b>       | Batticaloa       | 11.6   | 2.8                             | 4.4  | 2.4                       | 6.8                            |
|                      | Ampara           | 15.1   | 2.9                             | 12.3                                       | 3.5                       | 15.8                           |
|                      | Trincomalee      | 20.1   | 2.9                             | 10.5                                       | 3.9                       | 14.3                           |
| <b>North Western</b> | Kurunegala       | 18.6   | 2.5                             | 6.7  | 1.2                       | 7.9                            |
|                      | Puttalam         | 12.8   | 2.0                             | 6.5  | 2.7                       | 9.2                            |
| <b>North Central</b> | Anuradhapura     | 16.8   | 2.3                             | 1.6  | 3.4                       | 5.0                            |
|                      | Polonnaruwa      | 19.4   | 2.5                             | 7.9  | 0.0                       | 7.9                            |
| <b>Uva</b>           | Badulla          | 18.6   | 2.4                             | 3.8  | 1.1                       | 4.9                            |
|                      | Monaragala       | 25.5   | 2.5                             | 7.3  | 3.1                       | 10.4                           |
| <b>Sabaragamuwa</b>  | Ratnapura        | 20.4   | 2.4                             | 3.9  | 1.3                       | 5.2                            |
|                      | Kegalle          | 18.2   | 2.5                             | n.a.                                       | n.a.                      | n.a.                           |

Source: Department of Census and Statistics of Sri Lanka 2011e.

**Table A13: Health Infrastructure**

| Province             | District/sector | Medical officers, 2007  |                                     | Hospital beds, 2007 |                         | Nurses, 2007 |                           | Number of government medical institutions |
|----------------------|-----------------|-------------------------|-------------------------------------|---------------------|-------------------------|--------------|---------------------------|---|
|                      |                 | Total medical officers* | Medical officers per 100,000 people | Total beds          | Beds per 1,000 people** | Total nurses | Nurses per 100,000 people |   |
|                      | Sri Lanka       | 11,023                  | 55.1                                | 68,694              | 3.4                     | 31,466       | 157.3                     | 615                                       |
|                      |                 |                         |                                     |                     |                         |              |                           |   |
| <b>Sector</b>        | Urban           | n.a.                    | n.a.                                | n.a.                | n.a.                    | n.a.         | n.a.                      | n.a.                                      |
|                      | Rural           | n.a.                    | n.a.                                | n.a.                | n.a.                    | n.a.         | n.a.                      | n.a.                                      |
|                      | Estate          | n.a.                    | n.a.                                | n.a.                | n.a.                    | n.a.         | n.a.                      | n.a.                                      |
|                      |                 |                         |                                     |                     |                         |              |                           |   |
| <b>Western</b>       | Colombo         | 2,581                   | 105.1                               | 12,126              | 4.9                     | 7,693        | 313.2                     | 27  |
|                      | Gampaha         | 1,197                   | 55.9                                | 6,078               | 2.8                     | 2,736        | 127.9                     | 24  |
|                      | Kalutara        | 570                     | 51.3                                | 2,773               | 2.5                     | 1,118        | 100.6                     | 23  |
| <b>Central</b>       | Kandy           | 1,120                   | 81.2                                | 6,686               | 4.8                     | 3,558        | 257.8                     | 56  |
|                      | Matale          | 258                     | 54.1                                | 1,661               | 3.5                     | 438          | 91.8                      | 25  |
|                      | Nuwara Eliya    | 213                     | 28.7                                | 1,803               | 2.4                     | 300          | 40.4                      | 28  |
| <b>Southern</b>      | Galle           | 595                     | 56.6                                | 3,314               | 3.2                     | 2,300        | 218.6                     | 31  |
|                      | Matara          | 305                     | 37.5                                | 2,286               | 2.8                     | 744          | 91.5                      | 19  |
|                      | Hambantota      | 292                     | 52.9                                | 1,624               | 2.9                     | 578          | 104.7                     | 23  |
| <b>Northern</b>      | Jaffna          | 220                     | 36.7                                | 2,455               | 4.1                     | 572          | 95.5                      | 28  |
|                      | Killinochchi    | 17                      | 11.6                                | 378                 | 2.6                     | 29           | 19.9                      | 9   |
|                      | Mannar          | 49                      | 48.5                                | 472                 | 4.7                     | 50           | 49.5                      | 8   |
|                      | Vavuniya        | 79                      | 47.6                                | 463                 | 2.8                     | 88           | 53.0                      | 8   |
|                      | Mullativu       | 15                      | 10.2                                | 481                 | 3.3                     | 17           | 11.6                      | 6   |
| <b>Eastern</b>       | Batticaloa      | 94                      | 18.0                                | 1,484               | 2.8                     | 792          | 151.4                     | 18  |
|                      | Ampara          | 377                     | 61.3                                | 2,429               | 3.9                     | 686          | 111.5                     | 30  |
|                      | Trincomalee     | 198                     | 55.8                                | 1,185               | 3.3                     | 238          | 67.0                      | 18  |
| <b>North Western</b> | Kurunegala      | 666                     | 43.7                                | 4,814               | 3.2                     | 3,577        | 234.7                     | 47  |
|                      | Puttalam        | 293                     | 39.0                                | 1,489               | 2.0                     | 465          | 61.8                      | 22  |
| <b>North Central</b> | Anuradhapura    | 342                     | 42.7                                | 3,198               | 4.0                     | 1,284        | 160.3                     | 39  |
|                      | Polonnaruwa     | 96                      | 24.3                                | 1,291               | 3.3                     | 80           | 20.3                      | 11  |
| <b>Uva</b>           | Badulla         | 463                     | 54.5                                | 3,390               | 4.0                     | 1,510        | 177.6                     | 35  |
|                      | Monaragala      | 195                     | 45.9                                | 1,376               | 3.2                     | 309          | 72.7                      | 19  |
| <b>Sabaragamuwa</b>  | Ratnapura       | 426                     | 39.2                                | 3,193               | 2.9                     | 1,533        | 141.2                     | 34  |
|                      | Kegalle         | 362                     | 45.1                                | 2,245               | 2.8                     | 771          | 96.1                      | 27  |

Notes: \* all medical officers in curative, administrative and preventive services including specialists and interns; \*\* all beds in government medical institutions excluding examination and labour room beds, and cribs and bassinets, etc. used for healthy newborns.

Sources: Ministry of Health 2007.

**Table A14: Health Awareness**

| Province      | District/sector | Percentage of households with at least one, 2006-2007 |                            | Dengue, 2007    |                 | Awareness of HIV and AIDS among ever-married women aged 15-49, %, 2006-2007 |                            | Have comprehensive knowledge of HIV and AIDS** |
|---------------|-----------------|---|----------------------------|-----------------|-----------------|---|----------------------------|--|
|               |                 | Any mosquito net                                      | Ever-treated mosquito net* | Suspected cases | Confirmed cases | Deaths  | Have heard of HIV and AIDS |  |
|               | Sri Lanka       | 63.8  | 5.7                        | 3250            | 2417            | 24  | 91.8                       | 22.4   |
| Sector        | Urban           | 55.1  | 2.5                        | n.a.            | n.a.            | n.a.  | 94.4                       | 22.5   |
|               | Rural           | 67.8  | 6.5                        | n.a.            | n.a.            | n.a.  | 93.9                       | 23.4   |
|               | Estate          | 15.8  | 0.8                        | n.a.            | n.a.            | n.a.  | 47.7                       | 3.5  |
| Western       | Colombo         | 57.6  | 0.6                        | 1198            | 565             | 10  | 97.4                       | 31.4   |
|               | Gampaha         | 75.5  | 0.8                        | 618             | 305             | 1   | 97.8                       | 29.4   |
|               | Kalutara        | 57.1  | 0.5                        | 267             | 309             | 0   | 91.8                       | 38.3   |
| Central       | Kandy           | 50  | 0.7                        | 35              | 92              | 1   | 88.6                       | 13.6   |
|               | Matale          | 56.7  | 1.9                        | 24              | 30              | 0   | 91.3                       | 16   |
|               | Nuwara Eliya    | 22.8  | 0.2                        | 5               | 10              | 0   | 64                         | 8.5  |
| Southern      | Galle           | 69.5  | 2                          | 40              | 25              | 0   | 93.6                       | 33.4   |
|               | Matara          | 65.6  | 1.1                        | 64              | 31              | 0   | 94.4                       | 20.4   |
|               | Hambantota      | 76.7  | 15.5                       | 47              | 61              | 0   | 93.5                       | 25.1   |
| Northern      | Jaffna          | n.a.  | n.a.                       | 192             | 55              | 1   | n.a.                       | n.a.   |
|               | Killinochchi    | n.a.  | n.a.                       | 0               | 0               | 0   | n.a.                       | n.a.   |
|               | Mannar          | n.a.  | n.a.                       | 0               | 4               | 0   | n.a.                       | n.a.   |
|               | Vavuniya        | n.a.  | n.a.                       | 9               | 0               | 1   | n.a.                       | n.a.   |
|               | Mullativu       | n.a.  | n.a.                       | 0               | 0               | 0   | n.a.                       | n.a.   |
| Eastern       | Batticaloa      | 22.7  | 6                          | 21              | 50              | 0   | 88.6                       | 0  |
|               | Ampara          | 61.9  | 21.7                       | 2               | 1               | 0   | 85.9                       | 6  |
|               | Trincomalee     | 59.6  | 16.7                       | 27              | 52              | 2   | 83.4                       | 20.5   |
| North Western | Kurunegala      | 83.6  | 15.3                       | 72              | 227             | 1   | 98.1                       | 23.3   |
|               | Puttalam        | 76.2  | 6.5                        | 106             | 101             | 1   | 89.1                       | 17.8   |
| North Central | Anuradhapura    | 93.6  | 20.6                       | 263             | 33              | 1   | 92.7                       | 23.2   |
|               | Polonnaruwa     | 93.2  | 24.8                       | 40              | 25              | 0   | 96                         | 20   |
| Uva           | Badulla         | 42  | 2.4                        | 26              | 13              | 2   | 83.3                       | 10.5   |
|               | Monaragala      | 63.2  | 15.4                       | 15              | 34              | 0   | 87.6                       | 24.2   |
| Sabaragamuwa  | Ratnapura       | 54.2  | 0.3                        | 39              | 162             | 1   | 87.6                       | 16.3   |
|               | Kegalle         | 57.9  | 1.2                        | 83              | 232             | 2   | 93.5                       | 20.2   |

Notes: \* an ever-treated net is a pretreated net or a non-pretreated net that has subsequently been treated with insecticide at any time; \*\* comprehensive knowledge means knowing that consistent use of condoms during sexual intercourse and having just one uninfected faithful partner can reduce the chance of getting the HIV virus, knowing that a healthy-looking person can have the HIV virus, and rejecting the two most common local misconceptions about HIV transmission or prevention.

Sources: Department of Census and Statistics of Sri Lanka 2011e and Ministry of Health 2007.

**Table A15: Literacy Rate and Educational Attainments**

| Province             | District/sector | Adult literacy rate, %, 2009 |      |        | Computer literacy among people aged 5-69, % 2009 | Educational attainment, % of total population, 2009-2010 |              |               |                |                |
|----------------------|-----------------|------------------------------|------|--------|--|--|--------------|---------------|----------------|----------------|
|                      |                 | Total                        | Male | Female |  | No schooling   | Upto grade 5 | Upto grade 10 | Passed O-Level | Passed A-Level |
|                      | Sri Lanka       | 91.4                         | 92.8 | 90     | 20.3   | 4.2  | 25.1         | 44.6          | 14.7           | 11.2           |
| <b>Sector</b>        | Urban           | 94.6                         | 95.6 | 93.63  | 31.1   | 2.5  | 21.6         | 42.1          | 17.5           | 16.2           |
|                      | Rural           | 91.8                         | 92.9 | 90.7   | 19.3   | 4  | 24.6         | 45.5          | 14.9           | 10.8           |
|                      | Estate          | 74.3                         | 83.1 | 66.39  | 8.4  | 13.1   | 43           | 37.7          | 3.8            | 2.3            |
| <b>Western</b>       | Colombo         | 96.3                         | 97   | 95.8   | n.a.   | 2.4  | 19.1         | 41            | 19.3           | 18.1           |
|                      | Gampaha         | 95                           | 95.5 | 94.5   | n.a.   | 2.5  | 18.2         | 44.6          | 20.3           | 14.2           |
|                      | Kalutara        | 93.4                         | 94.1 | 92.8   | n.a.   | 3.3  | 19.9         | 46            | 18.1           | 12.5           |
| <b>Central</b>       | Kandy           | 91.7                         | 93.9 | 89.9   | n.a.   | 5.3  | 24.3         | 42            | 14.7           | 13.5           |
|                      | Matale          | 90.5                         | 92.3 | 89     | n.a.   | 4.7  | 28.1         | 42.4          | 13             | 11.7           |
|                      | Nuwara Eliya    | 80.9                         | 87.3 | 74.9   | n.a.   | 8.8  | 35.1         | 44.6          | 6.9            | 4.6            |
| <b>Southern</b>      | Galle           | 94                           | 94.5 | 93.7   | n.a.   | 4.8  | 23.7         | 45.3          | 15.2           | 10.8           |
|                      | Matara          | 89.8                         | 91   | 88.7   | n.a.   | 5.5  | 26.1         | 39.8          | 16             | 12.4           |
|                      | Hambantota      | 87.9                         | 88.9 | 87.1   | n.a.   | 4.4  | 28.3         | 39.2          | 15.9           | 11.7           |
| <b>Northern</b>      | Jaffna          | n.a.                         | n.a. | n.a.   | n.a.   | 0.9  | 28.7         | 52.9          | 10.1           | 7.2            |
|                      | Kilinochchi     | n.a.                         | n.a. | n.a.   | n.a.   | n.a.   | n.a.         | n.a.          | n.a.           | n.a.           |
|                      | Mannar          | n.a.                         | n.a. | n.a.   | n.a.   | n.a.   | n.a.         | n.a.          | n.a.           | n.a.           |
|                      | Vavuniya        | n.a.                         | n.a. | n.a.   | n.a.   | 2.9  | 29.4         | 49.2          | 11.7           | 6.5            |
|                      | Mullativu       | n.a.                         | n.a. | n.a.   | n.a.   | n.a.   | n.a.         | n.a.          | n.a.           | n.a.           |
| <b>Eastern</b>       | Batticaloa      | 84.4                         | 86.2 | 82.8   | n.a.   | 4.7  | 39           | 37.9          | 10.5           | 7.7            |
|                      | Ampara          | 91.1                         | 94.1 | 88.4   | n.a.   | 5.3  | 32.3         | 41.9          | 11.7           | 8.8            |
|                      | Trincomalee     | 89.9                         | 92.5 | 87.5   | n.a.   | 1.8  | 34           | 45.2          | 14.4           | 4.3            |
| <b>North Western</b> | Kurunegala      | 92                           | 92.7 | 91.4   | n.a.   | 3.4  | 24.6         | 45.2          | 16.3           | 10.5           |
|                      | Puttalam        | 90.1                         | 91.1 | 89.3   | n.a.   | 5.3  | 31.2         | 48.6          | 7.7            | 7.2            |
| <b>North Central</b> | Anuradhapura    | 91.1                         | 93.4 | 89.1   | n.a.   | 2.6  | 24.7         | 52.4          | 13.9           | 6.3            |
|                      | Polonnaruwa     | 87.7                         | 87.5 | 87.8   | n.a.   | 3.6  | 26.9         | 49.3          | 9.7            | 10             |
| <b>Uva</b>           | Badulla         | 86                           | 90.5 | 82.3   | n.a.   | 9.1  | 28.4         | 42.4          | 12.8           | 7.3            |
|                      | Monaragala      | 84.3                         | 86   | 82.7   | n.a.   | 5.8  | 28.2         | 48.9          | 10.5           | 6.6            |
| <b>Sabaragamuwa</b>  | Ratnapura       | 87                           | 89.2 | 84.8   | n.a.   | 6.3  | 27.5         | 48.4          | 8.1            | 9.4            |
|                      | Kegalle         | 94.1                         | 95.2 | 93.1   | n.a.   | 3.5  | 24.1         | 46.2          | 15.6           | 10.7           |

Sources: Department of Census and Statistics of Sri Lanka 2009b,2009c and 2011d.



**Table A16: Primary Gross Enrolment and Gender Parity Index**

| Province      | District/sector | Gross enrolment for primary education, 2007 |       |        | Gender parity index, 2007 |                  |           |             |                 |
|---------------|-----------------|---|-------|--------|---------------------------|------------------|-----------|-------------|-----------------|
|               |                 | Total                                       | Male  | Female | Primary                   | Junior secondary | Secondary | All A-Level | Science A-Level |
|               | Sri Lanka       | 91.8  | 92.2  | 91.4   | 96.2                      | 100.3            | 105       | 132.2       | 91.1            |
|               |                 |   |       |        |                           |                  |           |             |                 |
| Sector        | Urban           | n.a.  | n.a.  | n.a.   | n.a.                      | n.a.             | n.a.      | n.a.        | n.a.            |
|               | Rural           | n.a.  | n.a.  | n.a.   | n.a.                      | n.a.             | n.a.      | n.a.        | n.a.            |
|               | Estate          | n.a.  | n.a.  | n.a.   | n.a.                      | n.a.             | n.a.      | n.a.        | n.a.            |
|               |                 |   |       |        |                           |                  |           |             |                 |
| Western       | Colombo         | 81.4  | 82.2  | 80.6   | 94.5                      | 93.2             | 95.2      | 103.4       | 69.2            |
|               | Gampaha         | 87.1  | 86.1  | 88     | 98.9                      | 105.1            | 109.7     | 135.9       | 97.2            |
|               | Kalutara        | 96.2  | 97.3  | 95     | 95.7                      | 99               | 105.8     | 145.2       | 97              |
| Central       | Kandy           | 86.2  | 86.2  | 86.1   | 99.1                      | 101.5            | 107.9     | 140.5       | 108.3           |
|               | Matale          | 89  | 89.1  | 88.9   | 97.8                      | 99.2             | 104.8     | 138.4       | 101             |
|               | Nuwara Eliya    | 93.9  | 95.8  | 92     | 95.3                      | 102              | 104.8     | 126.8       | 89.7            |
| Southern      | Galle           | 91.6  | 92    | 91.1   | 95.1                      | 98.7             | 103.7     | 130.2       | 87.3            |
|               | Matara          | 84.9  | 86.6  | 83.3   | 92.8                      | 96.6             | 102.5     | 131.3       | 100.2           |
|               | Hambantota      | 86  | 86.6  | 85.4   | 96.6                      | 103.5            | 110.7     | 152.3       | 117.4           |
| Northern      | Jaffna          | 93.2  | 93.1  | 93.4   | 96.1                      | 101.3            | 106.3     | 129.5       | 82.7            |
|               | Killinochchi    | 131.1                                       | 124.2 | 139.1  | 95.3                      | 103.6            | 106.7     | 139.5       | 86.8            |
|               | Mannar          | 135.8                                       | 122.9 | 152    | 98.3                      | 105.8            | 107.3     | 115.2       | 62.7            |
|               | Vavuniya        | 126.5                                       | 122.3 | 131.2  | 97.4                      | 100.7            | 104.5     | 133.8       | 84.5            |
|               | Mullativu       | 117.6                                       | 114.6 | 120.9  | 97.6                      | 102.8            | 105.7     | 134.1       | 79.3            |
| Eastern       | Batticaloa      | 108.5                                       | 108.7 | 108.3  | 94.9                      | 107.1            | 109.2     | 124.3       | 83.8            |
|               | Ampara          | 110.8                                       | 111.4 | 110.2  | 94.1                      | 97.1             | 99.5      | 113.9       | 78.4            |
|               | Trincomalee     | 111.6                                       | 107.8 | 115.9  | 95.4                      | 95.9             | 97.7      | 111.7       | 101.3           |
| North Western | Kurunegala      | 94.5  | 95.2  | 93.8   | 97.1                      | 98.4             | 104.5     | 136.5       | 93.1            |
|               | Puttalam        | 94.8  | 97.7  | 91.9   | 94.1                      | 101.6            | 106       | 141.4       | 80.1            |
| North Central | Anuradhapura    | 91.2  | 91.5  | 90.9   | 96.5                      | 101.3            | 104.5     | 127.4       | 83.5            |
|               | Polonnaruwa     | 88  | 88.1  | 87.9   | 97.6                      | 100.8            | 105.4     | 140.7       | 91.7            |
| Uva           | Badulla         | 88.6  | 88.6  | 88.6   | 97.6                      | 103.7            | 108.9     | 143.9       | 98.3            |
|               | Monaragala      | 79.8  | 79.6  | 80.1   | 98                        | 103.6            | 109.1     | 153.6       | 86.3            |
| Sabaragamuwa  | Ratnapura       | 84.6  | 85.7  | 83.4   | 96.1                      | 101.8            | 109       | 160         | 119.6           |
|               | Kegalle         | 96.7  | 98.4  | 95     | 95.7                      | 100              | 106.6     | 139.8       | 107.1           |

Note: On the GPI, female enrolment is expressed as a percentage of male enrolment in one particular education level such as primary, secondary, etc.  
Source: Ministry of Education 2008.

**Table A17: Primary Completion and Survival Rates**

| Province      | District/sector | Primary completion rate, 2007 |       |        | Survival rates to grade five, 2007 |       |        |
|---------------|-----------------|-------------------------------|-------|--------|------------------------------------|-------|--------|
|               |                 | Total                         | Male  | Female | Total                              | Male  | Female |
|               | Sri Lanka       | 83.6                          | 83.6  | 83.6   | 99.5                               | 99.3  | 99.7   |
|               |                 |                               |       |        |                                    |       |        |
| Sector        | Urban           | n.a.                          | n.a.  | n.a.   | n.a.                               | n.a.  | n.a.   |
|               | Rural           | n.a.                          | n.a.  | n.a.   | n.a.                               | n.a.  | n.a.   |
|               | Estate          | n.a.                          | n.a.  | n.a.   | n.a.                               | n.a.  | n.a.   |
|               |                 |                               |       |        |                                    |       |        |
| Western       | Colombo         | 80                            | 79.6  | 80.5   | 99.5                               | 100.9 | 98.6   |
|               | Gampaha         | 83.4                          | 82.4  | 84.5   | 98.8                               | 97.7  | 99.9   |
|               | Kalutara        | 88.5                          | 90    | 87.1   | 100.9                              | 101.2 | 100.5  |
| Central       | Kandy           | 78.1                          | 77.2  | 79     | 100.3                              | 99.7  | 101    |
|               | Matale          | 74                            | 77.3  | 71     | 100                                | 99.8  | 100.1  |
|               | Nuwara Eliya    | 68.8                          | 67.7  | 69.8   | 98.8                               | 98.7  | 98.9   |
| Southern      | Galle           | 84.7                          | 85.2  | 84.1   | 100.1                              | 100.2 | 100    |
|               | Matara          | 75                            | 75.6  | 74.4   | 99.4                               | 99    | 99.8   |
|               | Hambantota      | 76.2                          | 75.8  | 76.7   | 100                                | 99.2  | 100.7  |
| Northern      | Jaffna          | 129.4                         | 133.2 | 125.8  | 98.6                               | 98.5  | 98.8   |
|               | Killinochchi    | 154.1                         | 146.6 | 162.2  | 119.2                              | 119.6 | 118.7  |
|               | Mannar          | 164.4                         | 142.9 | 189.5  | 106.2                              | 105.9 | 106.5  |
|               | Vavuniya        | 176.4                         | 169.6 | 183.3  | 94.3                               | 94    | 94.5   |
|               | Mullativu       | 148.4                         | 148.6 | 148.1  | 117.6                              | 117.3 | 117.9  |
| Eastern       | Batticaloa      | 92.1                          | 93.9  | 90.3   | 102.6                              | 102.8 | 102.3  |
|               | Ampara          | 94.7                          | 93.5  | 95.9   | 98.6                               | 99.2  | 98     |
|               | Trincomalee     | 99                            | 99.3  | 98.7   | 94.5                               | 93.5  | 95.7   |
| North Western | Kurunegala      | 87                            | 86.9  | 87.1   | 100.2                              | 100.3 | 100.1  |
|               | Puttalam        | 84.2                          | 84.3  | 84.1   | 96.8                               | 96.7  | 96.9   |
| North Central | Anuradhapura    | 82.6                          | 84.5  | 80.7   | 99.2                               | 98.8  | 99.6   |
|               | Polonnaruwa     | 78.5                          | 77.7  | 79.2   | 97.7                               | 96.2  | 99.3   |
| Uva           | Badulla         | 74.8                          | 74    | 75.6   | 99                                 | 98.7  | 99.2   |
|               | Monaragala      | 76.8                          | 74.6  | 79.1   | 99.8                               | 98.7  | 100.9  |
| Sabaragamuwa  | Ratnapura       | 71.9                          | 73.8  | 70     | 97.7                               | 97.5  | 97.8   |
|               | Kegalle         | 84.1                          | 85.1  | 83.1   | 98.9                               | 99.1  | 98.6   |

Source: Ministry of Education 2008.

**Table A18: Government Schools and Students by Type of Schools**

| Province             | District/sector | Schools |       |           |           |              | Students |       |           |           |              |
|----------------------|-----------------|---------|-------|-----------|-----------|--------------|----------|-------|-----------|-----------|--------------|
|                      |                 | 1AB, %  | 1C, % | Type 2, % | Type 3, % | Total number | 1AB, %   | 1C, % | Type 2, % | Type 3, % | Total number |
|                      | Sri Lanka       | 7.2     | 20.0  | 43.1      | 29.6      | 9,662        | 33.7     | 32.5  | 25.2      | 8.7       | 3,929,234    |
|                      |                 |         |       |           |           |              |          |       |           |           |              |
| <b>Sector</b>        | Urban           | n.a.    | n.a.  | n.a.      | n.a.      | n.a.         | n.a.     | n.a.  | n.a.      | n.a.      | n.a.         |
|                      | Rural           | n.a.    | n.a.  | n.a.      | n.a.      | n.a.         | n.a.     | n.a.  | n.a.      | n.a.      | n.a.         |
|                      | Estate          | n.a.    | n.a.  | n.a.      | n.a.      | n.a.         | n.a.     | n.a.  | n.a.      | n.a.      | n.a.         |
|                      |                 |         |       |           |           |              |          |       |           |           |              |
| <b>Western</b>       | Colombo         | 16.6    | 20.3  | 46.2      | 16.9      | 403          | 51.4     | 22.1  | 20.7      | 5.8       | 355,882      |
|                      | Gampaha         | 10.3    | 19.8  | 43.9      | 26.0      | 535          | 35.5     | 28.2  | 24.0      | 12.3      | 337,297      |
|                      | Kalutara        | 10.0    | 17.9  | 48.8      | 23.4      | 402          | 42.0     | 29.5  | 23.5      | 5.0       | 204,172      |
| <b>Central</b>       | Kandy           | 7.8     | 27.0  | 40.3      | 24.8      | 637          | 36.1     | 37.3  | 19.5      | 7.1       | 269,385      |
|                      | Matale          | 5.2     | 22.2  | 35.9      | 36.6      | 306          | 28.3     | 39.4  | 21.0      | 11.3      | 93,418       |
|                      | Nuwara Eliya    | 5.4     | 16.7  | 31.4      | 46.5      | 516          | 22.5     | 36.3  | 27.5      | 13.7      | 155,049      |
| <b>Southern</b>      | Galle           | 11.1    | 22.5  | 46.3      | 20.1      | 423          | 47.4     | 29.1  | 17.0      | 6.5       | 216,825      |
|                      | Matara          | 8.3     | 23.8  | 49.9      | 18.0      | 361          | 36.6     | 30.9  | 22.4      | 10.1      | 162,777      |
|                      | Hambantota      | 8.4     | 23.9  | 49.4      | 18.4      | 310          | 34.7     | 29.2  | 23.6      | 12.5      | 127,248      |
| <b>Northern</b>      | Jaffna          | 9.8     | 12.3  | 38.0      | 39.8      | 397          | 33.0     | 22.3  | 29.8      | 15.0      | 121,604      |
|                      | Killinochchi    | 6.6     | 17.6  | 40.7      | 35.2      | 91           | 16.7     | 36.1  | 36.1      | 11.1      | 36,214       |
|                      | Mannar          | 7.1     | 20.2  | 31.3      | 41.4      | 99           | 28.1     | 37.7  | 23.3      | 10.9      | 28,204       |
|                      | Vavuniya        | 3.2     | 12.9  | 23.7      | 60.2      | 186          | 29.1     | 32.3  | 26.5      | 12.1      | 41,179       |
|                      | Mullativu       | 4.8     | 12.5  | 37.5      | 45.2      | 104          | 16.5     | 28.6  | 44.4      | 10.5      | 34,417       |
| <b>Eastern</b>       | Batticaloa      | 5.8     | 14.8  | 32.6      | 46.8      | 325          | 24.5     | 29.6  | 31.3      | 14.6      | 129,187      |
|                      | Ampara          | 5.8     | 15.9  | 40.9      | 37.4      | 396          | 26.0     | 30.7  | 33.1      | 10.2      | 153,675      |
|                      | Trincomalee     | 6.5     | 21.4  | 39.5      | 32.7      | 248          | 22.8     | 38.4  | 29.9      | 9.0       | 95,471       |
| <b>North Western</b> | Kurunegala      | 5.8     | 23.3  | 48.1      | 22.8      | 876          | 33.5     | 39.5  | 22.3      | 4.6       | 309,327      |
|                      | Puttalam        | 6.7     | 20.8  | 59.1      | 13.5      | 342          | 26.0     | 34.7  | 33.0      | 6.3       | 159,547      |
| <b>North Central</b> | Anuradhapura    | 3.5     | 19.5  | 46.4      | 30.6      | 543          | 23.8     | 38.8  | 28.2      | 9.2       | 173,294      |
|                      | Polonnaruwa     | 5.2     | 20.8  | 36.8      | 37.2      | 231          | 27.7     | 42.1  | 23.7      | 6.5       | 78,454       |
| <b>Uva</b>           | Badulla         | 6.7     | 22.6  | 41.1      | 29.6      | 570          | 31.4     | 37.7  | 25.2      | 5.7       | 182,753      |
|                      | Monaragala      | 5.7     | 20.2  | 50.8      | 23.3      | 262          | 28.8     | 37.0  | 30.8      | 3.4       | 96,846       |
| <b>Sabaragamuwa</b>  | Ratnapura       | 5.5     | 16.4  | 49.5      | 28.5      | 578          | 27.6     | 33.3  | 30.1      | 9.0       | 208,986      |
|                      | Kegalle         | 5.4     | 20.0  | 40.3      | 34.4      | 521          | 34.5     | 31.9  | 23.9      | 9.7       | 158,023      |

Notes: 1AB is a school with advanced level science streams classes; 1C is a school with advanced level arts and/or commerce streams but no science stream; Type 2 is a school with classes only up to grade 11; and Type 3 is a school with classes only up to grade 8.

Source: Ministry of Education 2008.

**Table A19: Teachers by Qualification and Student-Teacher Ratio**

| Province      | District/sector | Teachers, 2008    |             |            |                       | Student-teacher ratio, 2008 |                  |                 |                   | Proportion of A-Level students in the science stream |
|---------------|-----------------|-------------------|-------------|------------|-----------------------|-----------------------------|------------------|-----------------|-------------------|--|
|               |                 | Total Male number | Graduate, % | Trained, % | Untrained, % literacy | Overall                     | Graduate teacher | Trained teacher | Untrained teacher |  |
|               | Sri Lanka       | 212683            | 34.9        | 59.9       | 5.2                   | 18                          | 53               | 31              | 355               |  |
| Sector        | Urban           | n.a.              | n.a.        | n.a.       | n.a.                  | n.a.                        | n.a.             | n.a.            | n.a.              | n.a.   |
|               | Rural           | n.a.              | n.a.        | n.a.       | n.a.                  | n.a.                        | n.a.             | n.a.            | n.a.              | n.a.   |
|               | Estate          | n.a.              | n.a.        | n.a.       | n.a.                  | n.a.                        | n.a.             | n.a.            | n.a.              | n.a.   |
| Western       | Colombo         | 15894             | 44.3        | 54.0       | 1.7                   | 22                          | 51               | 41              | 1313              | 34.1   |
|               | Gampaha         | 15037             | 40.9        | 58.0       | 1.1                   | 22                          | 55               | 39              | 2032              | 23.6   |
|               | Kalutara        | 10065             | 39.8        | 56.9       | 3.3                   | 20                          | 51               | 36              | 619               | 24.7   |
| Central       | Kandy           | 16176             | 34.3        | 61.2       | 4.5                   | 17                          | 48               | 27              | 373               | 22.2   |
|               | Matale          | 6069              | 36.3        | 59.0       | 4.6                   | 15                          | 42               | 26              | 332               | 18.1   |
|               | Nuwara Eliya    | 9243              | 22.9        | 53.3       | 23.7                  | 17                          | 73               | 31              | 71                | 21.4   |
| Southern      | Galle           | 11292             | 36.7        | 61.9       | 1.4                   | 19                          | 52               | 31              | 1330              | 27.1   |
|               | Matara          | 10192             | 38.7        | 59.7       | 1.7                   | 16                          | 41               | 27              | 958               | 27.0   |
|               | Hambantota      | 7659              | 45.4        | 53.0       | 1.6                   | 17                          | 37               | 31              | 1052              | 28.6   |
| Northern      | Jaffna          | 7099              | 45.4        | 52.9       | 1.7                   | 17                          | 38               | 32              | 1005              | 20.2   |
|               | Kilinochchi     | 1169              | 22.8        | 72.2       | 5.0                   | 31                          | 136              | 43              | 614               | 18.0   |
|               | Mannar          | 1129              | 31.6        | 62.4       | 5.9                   | 25                          | 79               | 40              | 421               | 17.1   |
|               | Vavuniya        | 2347              | 27.9        | 67.5       | 4.6                   | 18                          | 63               | 26              | 378               | 14.7   |
|               | Mullativu       | 1312              | 23.0        | 60.5       | 16.5                  | 26                          | 114              | 43              | 159               | 22.7   |
| Eastern       | Batticaloa      | 5851              | 37.3        | 60.7       | 2.1                   | 22                          | 59               | 36              | 1077              | 18.7   |
|               | Ampara          | 7937              | 24.8        | 70.7       | 4.5                   | 19                          | 78               | 27              | 427               | 19.5   |
|               | Trincomalee     | 4160              | 21.8        | 74.0       | 4.3                   | 23                          | 105              | 31              | 536               | 14.1   |
| North Western | Kurunegala      | 19960             | 37.8        | 57.9       | 4.4                   | 15                          | 41               | 27              | 356               | 20.4   |
|               | Puttalam        | 6768              | 29.9        | 66.7       | 3.4                   | 24                          | 79               | 35              | 697               | 19.4   |
| North Central | Anuradhapura    | 10351             | 25.3        | 62.2       | 12.5                  | 17                          | 66               | 27              | 134               | 18.2   |
|               | Polonnaruwa     | 3778              | 25.8        | 63.0       | 11.2                  | 21                          | 80               | 33              | 185               | 19.7   |
| Uva           | Badulla         | 11748             | 27.3        | 62.5       | 10.2                  | 16                          | 57               | 25              | 153               | 19.0   |
|               | Monaragala      | 5681              | 28.3        | 61.2       | 10.5                  | 17                          | 60               | 28              | 162               | 15.5   |
| Sabaragamuwa  | Ratnapura       | 11616             | 37.4        | 58.8       | 3.8                   | 18                          | 48               | 31              | 474               | 21.7   |
|               | Kegalle         | 10150             | 33.5        | 62.7       | 3.8                   | 16                          | 46               | 25              | 413               | 24.0   |

Source: Ministry of Education 2008.

Table A20: Labour Force

| Province      | District/sector | Working age population, age 10 and above | Labour force (economically active population) | Labour force participation rate, 2009 |       |        | Unemployment rate, 2009 |      |        |
|---------------|-----------------|--|---|---------------------------------------|-------|--------|-------------------------|------|--------|
|               |                 |  |   | Total                                 | Male  | Female | Total                   | Male | Female |
|               | Sri Lanka       | 1,6578,628                               | 8,073,668                                     | 48.7                                  | 66.6  | 32.8   | 5.8                     | 4.3  | 8.6    |
| Sector        | Urban           | 1,968,113                                | 856,241                                       | 43.5                                  | 63.1  | 26.2   | 6.4                     | 5.8  | 7.8    |
|               | Rural           | 13,914,438                               | 6,826,401                                     | 49.1                                  | 67.28 | 32.96  | 6.0                     | 4.2  | 9.1    |
|               | Estate          | 696,077                                  | 391,026                                       | 56.2                                  | 63.76 | 49.29  | 2.2                     | 2.1  | 2.4    |
| Western       | Colombo         | 1,919,232                                | 893,289                                       | 46.5                                  | 65.5  | 29.7   | 4.4                     | 4.5  | 4.3    |
|               | Gampaha         | 2,104,446                                | 959,406                                       | 45.6                                  | 66.1  | 27.0   | 4.6                     | 4.3  | 5.3    |
|               | Kalutara        | 1,167,057                                | 536,947                                       | 46.0                                  | 63.9  | 30.1   | 4.1                     | 2.6  | 6.9    |
| Central       | Kandy           | 1,089,958                                | 469,307                                       | 43.1                                  | 61.1  | 28.0   | 9.7                     | 7.0  | 14.6   |
|               | Matale          | 346,020                                  | 179,522                                       | 51.9                                  | 71.8  | 34.7   | 5.4                     | *    | *      |
|               | Nuwara Eliya    | 557,172                                  | 310,254                                       | 55.7                                  | 66.6  | 45.3   | 2.4                     | *    | *      |
| Southern      | Galle           | 952,271                                  | 446,679                                       | 46.9                                  | 63.5  | 32.9   | 8.3                     | 4.8  | 14.0   |
|               | Matara          | 696,882                                  | 341,468                                       | 49.0                                  | 66.8  | 33.1   | 9.8                     | 8.9  | 11.4   |
|               | Hambantota      | 518,609                                  | 272,967                                       | 52.6                                  | 70.2  | 36.5   | 10.6                    | 6.7  | 17.5   |
| Northern      | Jaffna          | n.a.                                     | n.a.  | n.a.                                  | n.a.  | n.a.   | n.a.                    | n.a. | n.a.   |
|               | Killinochchi    | n.a.                                     | n.a.  | n.a.                                  | n.a.  | n.a.   | n.a.                    | n.a. | n.a.   |
|               | Mannar          | n.a.                                     | n.a.  | n.a.                                  | n.a.  | n.a.   | n.a.                    | n.a. | n.a.   |
|               | Vavuniya        | n.a.                                     | n.a.  | n.a.                                  | n.a.  | n.a.   | n.a.                    | n.a. | n.a.   |
|               | Mullativu       | n.a.                                     | n.a.  | n.a.                                  | n.a.  | n.a.   | n.a.                    | n.a. | n.a.   |
| Eastern       | Batticaloa      | 349,077                                  | 143,959                                       | 41.2                                  | 64.8  | 20.6   | 7.4                     | 5.8  | *      |
|               | Ampara          | 598,201                                  | 248,376                                       | 41.5                                  | 66.4  | 18.8   | 7.7                     | 5.1  | 15.9   |
|               | Trincomalee     | 233,755                                  | 108,945                                       | 46.6                                  | 66.8  | 27.6   | 8.0                     | *    | 22.9   |
| North Western | Kurunegala      | 1,419,109                                | 710,067                                       | 50.0                                  | 68.8  | 34.2   | 5.4                     | 3.4  | 8.7    |
|               | Puttalam        | 713,461                                  | 341,949                                       | 47.9                                  | 69.5  | 29.0   | 5.5                     | *    | 10.9   |
| North Central | Anuradhapura    | 672,539                                  | 384,508                                       | 57.2                                  | 71.1  | 44.8   | 3.9                     | *    | 5.8    |
|               | Polonnaruwa     | 339,893                                  | 173,660                                       | 51.1                                  | 70.3  | 33.9   | 6.5                     | *    | *      |
| Uva           | Badulla         | 751,219                                  | 423,514                                       | 56.4                                  | 68.1  | 46.6   | 4.0                     | *    | 4.7    |
|               | Monaragala      | 414,100                                  | 236,079                                       | 57.0                                  | 71.3  | 43.5   | 5.8                     | *    | 11.7   |
| Sabaragamuwa  | Ratnapura       | 998,706                                  | 534,691                                       | 53.5                                  | 67.8  | 39.9   | 4.8                     | 3.3  | 7.2    |
|               | Kegalle         | 736,921                                  | 358,084                                       | 48.6                                  | 64.8  | 34.9   | 7.2                     | 6.3  | 8.6    |

Note: \* indicates reliable estimates cannot be provided due to small sample size.

Source: Department of Census and Statistics of Sri Lanka 2009c.

**Table A21: Employed Population**

| Province             | District/sector | Number of employed persons, 2009 | Ratio of employed to working age population, 2009 | Employed population, %, 2009 |                      |                            | Employment by economic sector, 2009 |          |          |
|----------------------|-----------------|----------------------------------|---|------------------------------|----------------------|----------------------------|-------------------------------------|----------|----------|
|                      |                 |                                  |   | Own account worker           | Unpaid family worker | Informal sector employment | Agriculture                         | Industry | Services |
|                      | Sri Lanka       | 7,602,414                        | 45.9  | 29.2                         | 10.6                 | 61.9                       | 32.6                                | 25.1     | 42.3     |
|                      |                 |                                  |   |                              |                      |                            |                                     |          |          |
| <b>Sector</b>        | Urban           | 801,374                          | 40.7  | 20.58                        | 3.9                  | 47.26                      | 4.16                                | 27.16    | 68.68    |
|                      | Rural           | 6418747                          | 46.1  | 31.4                         | 11.84                | 65.65                      | 33.59                               | 25.78    | 40.63    |
|                      | Estate          | 382,292                          | 54.9  | 9.51                         | 4.38                 | 30.33                      | 74.94                               | 9.93     | 15.14    |
|                      |                 |                                  |   |                              |                      |                            |                                     |          |          |
| <b>Western</b>       | Colombo         | 853,571                          | 44.5  | 19.1                         | 4.1                  | 42.87                      | 4.1                                 | 29.8     | 66.1     |
|                      | Gampaha         | 915,069                          | 43.5  | 21.2                         | 4.8                  | 44.45                      | 7.5                                 | 38.3     | 54.3     |
|                      | Kalutara        | 515,157                          | 44.1  | 25.4                         | 6.3                  | 54.06                      | 19.8                                | 31       | 49.2     |
| <b>Central</b>       | Kandy           | 423,880                          | 38.9  | 23.5                         | 8.8                  | 60                         | 24.8                                | 23.8     | 51.4     |
|                      | Matale          | 169,857                          | 49.1  | 38                           | 20                   | 70.12                      | 42.5                                | 19.2     | 38.3     |
|                      | Nuwara Eliya    | 302,922                          | 54.4  | 17.3                         | 9                    | 40.52                      | 69.4                                | 9.5      | 21.2     |
| <b>Southern</b>      | Galle           | 409,560                          | 43.0  | 27.9                         | 9.7                  | 63.7                       | 28.6                                | 29.8     | 41.6     |
|                      | Matara          | 308,123                          | 44.2  | 29.2                         | 11.3                 | 65.3                       | 41.8                                | 24.2     | 34       |
|                      | Hambantota      | 244,034                          | 47.1  | 44.1                         | 13.2                 | 77.03                      | 44.4                                | 24.4     | 31.2     |
| <b>Northern</b>      | Jaffna          | n.a.                             | n.a.  | n.a.                         | n.a.                 | n.a.                       | n.a.                                | n.a.     | n.a.     |
|                      | Killinochchi    | n.a.                             | n.a.  | n.a.                         | n.a.                 | n.a.                       | n.a.                                | n.a.     | n.a.     |
|                      | Mannar          | n.a.                             | n.a.  | n.a.                         | n.a.                 | n.a.                       | n.a.                                | n.a.     | n.a.     |
|                      | Vavuniya        | n.a.                             | n.a.  | n.a.                         | n.a.                 | n.a.                       | n.a.                                | n.a.     | n.a.     |
|                      | Mullativu       | n.a.                             | n.a.  | n.a.                         | n.a.                 | n.a.                       | n.a.                                | n.a.     | n.a.     |
| <b>Eastern</b>       | Batticaloa      | 133,303                          | 38.2  | 26.7                         | 3.9                  | 74.64                      | 27.2                                | 22.3     | 50.5     |
|                      | Ampara          | 229,342                          | 38.3  | 30.5                         | 6.4                  | 73.64                      | 36.2                                | 18.5     | 45.4     |
|                      | Trincomalee     | 100,232                          | 42.9  | 39.9                         | 4.4                  | 75.48                      | 38                                  | 15.5     | 46.5     |
| <b>North Western</b> | Kurunegala      | 671,874                          | 47.3  | 37.9                         | 12.6                 | 72.41                      | 35.3                                | 27.1     | 37.6     |
|                      | Puttalam        | 323,141                          | 45.3  | 26.7                         | 7.6                  | 73.29                      | 32.3                                | 29.7     | 37.9     |
| <b>North Central</b> | Anuradhapura    | 369,386                          | 54.9  | 40.3                         | 27.7                 | 79                         | 59.3                                | 10.6     | 30.1     |
|                      | Polonnaruwa     | 162,388                          | 47.8  | 45                           | 14.4                 | 74.15                      | 47.9                                | 19.2     | 33       |
| <b>Uva</b>           | Badulla         | 406,623                          | 54.1  | 34.8                         | 25                   | 68.77                      | 63                                  | 11.3     | 25.6     |
|                      | Monaragala      | 222,442                          | 53.7  | 44.9                         | 21                   | 80.44                      | 62.4                                | 10.2     | 27.4     |
| <b>Sabaragamuwa</b>  | Ratnapura       | 509,173                          | 51.0  | 33.3                         | 11.5                 | 72.66                      | 47.1                                | 23.8     | 29.1     |
|                      | Kegalle         | 332,335                          | 45.1  | 24.1                         | 7.4                  | 61.03                      | 29.5                                | 30.7     | 39.8     |

Source: Department of Census and Statistics of Sri Lanka 2009c.

**Table A22: Unemployed Population**

| Province             | District/sector | Youth unemployment rate, ages 15-24, 2009 | Unemployment by education level, 2009 |             |         |                   |
|----------------------|-----------------|---|---------------------------------------|-------------|---------|-------------------|
|                      |                 |   | Below grade 5                         | Grades 6-10 | O-Level | A-Level and above |
|                      | Sri Lanka       | 21.25                                     | 1.3                                   | 5           | 8.5     | 11.2              |
|                      |                 |   |                                       |             |         |                   |
| <b>Sector</b>        | Urban           | 22.44                                     | 0.74                                  | 6.68        | 7.18    | 7.69              |
|                      | Rural           | 22.05                                     | 1.36                                  | 4.89        | 8.6     | 12.04             |
|                      | Estate          | 7.97                                      | 0.84                                  | 2.86        | 10.63   | 4.08              |
|                      |                 |   |                                       |             |         |                   |
| <b>Western</b>       | Colombo         | 14.31                                     | 1.01                                  | 4.4         | 5.7     | 4.65              |
|                      | Gampaha         | 17.8                                      | 0.46                                  | 4.0         | 4.6     | 7.55              |
|                      | Kalutara        | 16.1                                      | 1.49                                  | 3.0         | 6.6     | 6.25              |
| <b>Central</b>       | Kandy           | 33.07                                     | 1.54                                  | 8.3         | 14.6    | 17.36             |
|                      | Matale          | 20.27                                     | 1.03                                  | 5.9         | 6.7     | 10.41             |
|                      | Nuwara Eliya    | 12.45                                     | 0                                     | 1.5         | 14.4    | 10.36             |
| <b>Southern</b>      | Galle           | 32.77                                     | 0.57                                  | 6.5         | 10.7    | 17.11             |
|                      | Matara          | 37.57                                     | 2.75                                  | 8.7         | 9.3     | 22.01             |
|                      | Hambantota      | 32.05                                     | 4.85                                  | 8.9         | 18.3    | 20.13             |
| <b>Northern</b>      | Jaffna          | n.a.                                      | n.a.                                  | n.a.        | n.a.    | n.a.              |
|                      | Killinochchi    | n.a.                                      | n.a.                                  | n.a.        | n.a.    | n.a.              |
|                      | Mannar          | n.a.                                      | n.a.                                  | n.a.        | n.a.    | n.a.              |
|                      | Vavuniya        | n.a.                                      | n.a.                                  | n.a.        | n.a.    | n.a.              |
|                      | Mullativu       | n.a.                                      | n.a.                                  | n.a.        | n.a.    | n.a.              |
| <b>Eastern</b>       | Batticaloa      | 26.93                                     | 0.48                                  | 9.0         | 18.6    | 11.19             |
|                      | Ampara          | 22.29                                     | 1.69                                  | 5.1         | 11.0    | 19.99             |
|                      | Trincomalee     | 23.62                                     | 0                                     | 7.3         | 14.5    | 20.88             |
| <b>North Western</b> | Kurunegala      | 19.98                                     | 0.64                                  | 4.0         | 9.6     | 10.88             |
|                      | Puttalam        | 15.25                                     | 2.88                                  | 4.7         | 8.2     | 11.81             |
| <b>North Central</b> | Anuradhapura    | 16.1                                      | 0.8                                   | 2.5         | 9.1     | 12.82             |
|                      | Polonnaruwa     | 22.01                                     | 1.6                                   | 4.2         | 9.0     | 22.56             |
| <b>Uva</b>           | Badulla         | 15.46                                     | 1.99                                  | 3.6         | 4.5     | 10.95             |
|                      | Monaragala      | 23.63                                     | 0.6                                   | 4.7         | 9.0     | 23.51             |
| <b>Sabaragamuwa</b>  | Ratnapura       | 20.17                                     | 0.19                                  | 5.4         | 8.1     | 11.45             |
|                      | Kegalle         | 27.19                                     | 1.57                                  | 6.9         | 8.8     | 12.33             |

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2009e.

**Table A23: Housing and Living Conditions**

| Province      | District/sector | Type of housing, %, 2006-2007 |                 |                   | Housing/living conditions, % of houses, 2009-2010 |                    |                   |                           |                         |  |
|---------------|-----------------|-------------------------------|-----------------|-------------------|---|--------------------|-------------------|---------------------------|-------------------------|--|
|               |                 | Single/<br>flat/<br>annexed   | Line and<br>row | Slum/<br>shanties | Permanent<br>walls                                | Permanent<br>floor | Permanent<br>roof | Safe<br>drinking<br>water | No toilet<br>facilities | Electricity<br>as principal<br>type of<br>lighting |
|               | Sri Lanka       | 93.4                          | 5.5             | 0.8               | 8.3   | 11.3               | 14                | 87.7                      | 2.5                     | 85.3   |
| Sector        | Urban           | 88.4                          | 9.6             | 1.8               | 5.9   | 2.9                | 8.9               | 97.4                      | 1.3                     | 95.6   |
|               | Rural           | 98.3                          | 0.7             | 0.7               | 8.5   | 12.4               | 11.1              | 87.6                      | 2.5                     | 84.1   |
|               | Estate          | 30.2                          | 69.1            | 0.4               | 10.9  | 16.9               | 77                | 60.3                      | 5.6                     | 76.9   |
| Western       | Colombo         | 89.2                          | 9.1             | 1.6               | 5.1   | 3.6                | 7.1               | 98                        | 0.2                     | 96.2   |
|               | Gampaha         | 97.7                          | 1.6             | 0.4               | 6.1   | 4                  | 6.8               | 97.5                      | 0.3                     | 95.5   |
|               | Kalutara        | 96                            | 3.3             | 0.6               | 6.5   | 4.4                | 6.1               | 87.6                      | 0.8                     | 91.6   |
| Central       | Kandy           | 91.8                          | 7.9             | 0.3               | 8.1   | 12.6               | 21.9              | 81.9                      | 1.5                     | 91   |
|               | Matale          | 93.6                          | 5.2             | 0.9               | 11.2  | 22.4               | 22                | 88.6                      | 1.5                     | 81   |
|               | Nuwara Eliya    | 62.1                          | 36.2            | 0.8               | 9   | 14                 | 56.9              | 74.8                      | 4.9                     | 84.6   |
| Southern      | Galle           | 96.6                          | 2.3             | 0.9               | 7.7   | 9.5                | 6.6               | 88.3                      | 1.8                     | 92.3   |
|               | Matara          | 97.7                          | 2               | 0.1               | 7.9   | 11.6               | 4.6               | 79                        | 0.9                     | 92.4   |
|               | Hambantota      | 99.6                          | 0               | 0.4               | 5.3   | 13.2               | 4.6               | 92.2                      | 1.8                     | 87.1   |
| Northern      | Jaffna          | n.a.                          | n.a.            | n.a.              | 10.2  | 17.1               | 15                | 99.1                      | 22.2                    | 65.3   |
|               | Killinochchi    | n.a.                          | n.a.            | n.a.              | n.a.  | n.a.               | n.a.              | n.a.                      | n.a.                    | n.a.   |
|               | Mannar          | n.a.                          | n.a.            | n.a.              | n.a.  | n.a.               | n.a.              | n.a.                      | n.a.                    | n.a.   |
|               | Vavuniya        | n.a.                          | n.a.            | n.a.              | 13.3  | 12.1               | 22.4              | 86.7                      | 4.6                     | 83.9   |
|               | Mullativu       | n.a.                          | n.a.            | n.a.              | n.a.  | n.a.               | n.a.              | n.a.                      | n.a.                    | n.a.   |
| Eastern       | Batticaloa      | 95.3                          | 0.2             | 3.8               | 12.3  | 7.1                | 15.2              | 97.7                      | 14                      | 73.4   |
|               | Ampara          | 98                            | 0.5             | 1.4               | 8.8   | 11.9               | 10.6              | 95                        | 4.3                     | 76.4   |
|               | Trincomalee     |                               |                 |                   | 6.6   | 3.2                | 10                | 95.1                      | 8.9                     | 81.1   |
| North Western | Kurunegala      | 98.7                          | 0.5             | 0.6               | 8   | 13.8               | 11.4              | 90.2                      | 1.8                     | 77.3   |
|               | Puttalam        | 95.2                          | 0.6             | 3.7               | 17.1  | 9.3                | 21.1              | 93.8                      | 6.3                     | 76.5   |
| North Central | Anuradhapura    | 99.5                          | 0.4             | 0.2               | 8.2   | 23.7               | 10.6              | 91                        | 1.6                     | 74.7   |
|               | Polonnaruwa     | 99.6                          | 0.2             | 0                 | 7.2   | 18.8               | 13.6              | 93.2                      | 0.6                     | 82.2   |
| Uva           | Badulla         | 84.5                          | 14.7            | 0.7               | 5.5   | 23.9               | 32.2              | 59.1                      | 1.3                     | 84.5   |
|               | Monaragala      | 97.8                          | 1.4             | 0.7               | 8.6   | 23.9               | 6.8               | 89.6                      | 0.9                     | 68.5   |
| Sabaragamuwa  | Ratnapura       | 90.1                          | 9.4             | 0.6               | 11.5  | 14.1               | 17.5              | 67.6                      | 1.1                     | 73.1   |
|               | Kegalle         | 93.7                          | 5.8             | 0.2               | 12.8  | 10.4               | 15.4              | 74.1                      | 0.7                     | 87   |

Sources: Department of Census and Statistics of Sri Lanka 2011c and 2011d.



**Table A24: Household Possessions**

| Province      | District/sector | Consumer durables and vehicles, % of households owning, 2009-2010 |        |              |      |                            |                              |               |                    |
|---------------|-----------------|---|--------|--------------|------|----------------------------|------------------------------|---------------|--------------------|
|               |                 | Washing machine   | Fridge | Electric fan | TV   | Mobile or fixed line phone | Computer (desktop or laptop) | Motor car/van | Motorcycle/scooter |
|               | Sri Lanka       | 13.1  | 39.6   | 50.8         | 80   | 77.1                       | 12.5                         | 5.6           | 25.8               |
|               |                 |   |        |              |      |                            |                              |               |                    |
| Sector        | Urban           | 28  | 60.2   | 78.1         | 86.9 | 84.8                       | 23.6                         | 10.4          | 21.2               |
|               | Rural           | 11.3  | 37.9   | 48.4         | 79.3 | 76.7                       | 11.2                         | 5.1           | 27.9               |
|               | Estate          | 1.7   | 7.9    | 11.5         | 70.5 | 61.1                       | 2.2                          | 0.4           | 4.1                |
|               |                 |   |        |              |      |                            |                              |               |                    |
| Western       | Colombo         | 32.3  | 68.3   | 84.9         | 92.2 | 88.4                       | 25.5                         | 12.3          | 19.1               |
|               | Gampaha         | 22.3  | 58.2   | 69.8         | 88.1 | 85.9                       | 20.3                         | 10.3          | 34.1               |
|               | Kalutara        | 15.2  | 47.6   | 65.2         | 81.4 | 81.5                       | 14.5                         | 6.5           | 29.3               |
| Central       | Kandy           | 17.6  | 43.7   | 37.4         | 84.1 | 79.2                       | 16.1                         | 7.0           | 10.0               |
|               | Matale          | 8.2   | 35.6   | 33.7         | 78.4 | 73.7                       | 7.9                          | 3.1           | 23.1               |
|               | Nuwara Eliya    | 5.5   | 15.4   | 10.9         | 79.6 | 72.4                       | 6.2                          | 2.4           | 3.8                |
| Southern      | Galle           | 9.8   | 41.6   | 49           | 78.9 | 72.4                       | 9.6                          | 3.8           | 28.6               |
|               | Matara          | 9.2   | 35.6   | 48           | 80.8 | 78                         | 10.4                         | 3.7           | 21.6               |
|               | Hambantota      | 9.1   | 34.3   | 55.9         | 80.2 | 82.6                       | 11.2                         | 2.3           | 32.4               |
| Northern      | Jaffna          | 0.2   | 11.7   | 24.8         | 48.9 | 60.5                       | 5.3                          | 0.8           | 27.4               |
|               | Killinochchi    | n.a.  | n.a.   | n.a.         | n.a. | n.a.                       | n.a.                         | n.a.          |                    |
|               | Mannar          | n.a.  | n.a.   | n.a.         | n.a. | n.a.                       | n.a.                         | n.a.          |                    |
|               | Vavuniya        | 4.2   | 31.3   | 49.1         | 72   | 80.4                       | 10.6                         | 1.6           | 32.2               |
|               | Mullativu       | n.a.  | n.a.   | n.a.         | n.a. | n.a.                       | n.a.                         | n.a.          |                    |
| Eastern       | Batticaloa      | 10.5  | 22.5   | 61           | 57.4 | 56.5                       | 6.4                          | 0.7           | 26.8               |
|               | Ampara          | 5.7   | 22.4   | 60.5         | 69.1 | 66.8                       | 5.9                          | 1.3           | 29.3               |
|               | Trincomalee     | 4.1   | 21.4   | 57.2         | 62.2 | 69.3                       | 5.1                          | 0.5           | 29.6               |
| North Western | Kurunegala      | 10.2  | 34.6   | 42.4         | 80.8 | 74.9                       | 10                           | 5.3           | 41.6               |
|               | Puttalam        | 11.9  | 38.6   | 48.2         | 73.9 | 75.3                       | 9.2                          | 6.0           | 34.6               |
| North Central | Anuradhapura    | 6.1   | 31.7   | 46.3         | 78   | 77                         | 7.9                          | 3.4           | 48.1               |
|               | Polonnaruwa     | 5   | 33.9   | 49.1         | 81.6 | 80.8                       | 9.8                          | 3.8           | 40.2               |
| Uva           | Badulla         | 6.2   | 25.5   | 22.5         | 80.4 | 72.5                       | 6.7                          | 2.7           | 9.9                |
|               | Monaragala      | 1.9   | 15.1   | 23.5         | 73.7 | 70.4                       | 4.3                          | 3.0           | 21.5               |
| Sabaragamuwa  | Ratnapura       | 6   | 24.5   | 35.7         | 74.6 | 69.8                       | 6.9                          | 4.0           | 16.5               |
|               | Kegalle         | 7.3   | 38.1   | 44.8         | 81.3 | 75.2                       | 10.5                         | 3.3           | 14.1               |

Source: Department of Census and Statistics of Sri Lanka 2011d.

**Table A25: Household Income and Expenditure Information**

| Province      | District/sector | Income and expenditure, 2009-2010 |                                      |   | Samurdhi,* 2010  |                                    |                                     |
|---------------|-----------------|-----------------------------------|--------------------------------------|---|------------------|------------------------------------|-------------------------------------|
|               |                 | Income earners per household      | Household income, monthly mean, 2009 | Household expenditure on food, % of total | Total households | Number of participating households | Percent of participating households |
|               | Sri Lanka       | 1.8                               | 36,451                               | 42  |                  |                                    |                                     |
| Sector        | Urban           | 1.9                               | 47,783                               | 36  | n.a.             | n.a.                               | n.a.                                |
|               | Rural           | 1.7                               | 35,228                               | 44  | n.a.             | n.a.                               | n.a.                                |
|               | Estate          | 2.1                               | 24,162                               | 51  | n.a.             | n.a.                               | n.a.                                |
|               |                 |                                   |                                      |   |                  |                                    |                                     |
| Western       | Colombo         | 1.9                               | 51,070                               | 34  | 552,324          | 56,569                             | 10.2                                |
|               | Gampaha         | 1.9                               | 48,870                               | 35  | 516,324          | 138,815                            | 26.9                                |
|               | Kalutara        | 1.9                               | 35,780                               | 39  | 276,200          | 71,060                             | 25.7                                |
| Central       | Kandy           | 1.7                               | 33,063                               | 43  | 339,446          | 104,353                            | 30.7                                |
|               | Matale          | 1.7                               | 30,013                               | 44  | 141,179          | 48,812                             | 34.6                                |
|               | Nuwara Eliya    | 1.9                               | 31,029                               | 49  | 196,338          | 45,304                             | 23.1                                |
| Southern      | Galle           | 1.8                               | 31,376                               | 46  | 280,000          | 85,283                             | 30.5                                |
|               | Matara          | 1.8                               | 30,980                               | 43  | 221,681          | 75,291                             | 34.0                                |
|               | Hambantota      | 1.8                               | 36,879                               | 42  | 163,649          | 62,490                             | 38.2                                |
| Northern      | Jaffna          | 1.5                               | 18,917                               | 65  | 52,838           | 24,728                             | 46.8                                |
|               | Killinochchi    | n.a.                              | n.a.                                 | n.a.                                      | n.a.             | n.a.                               | n.a.                                |
|               | Mannar          | n.a.                              | n.a.                                 | n.a.                                      | n.a.             | n.a.                               | n.a.                                |
|               | Vavuniya        | 1.8                               | 39,640                               | 46  | 44,641           | 11,295                             | 25.3                                |
|               | Mullativu       | n.a.                              | n.a.                                 | n.a.                                      | n.a.             | n.a.                               | n.a.                                |
| Eastern       | Batticaloa      | 1.6                               | 22,844                               | 59  | 155,557          | 87,281                             | 56.1                                |
|               | Ampara          | 1.5                               | 24,721                               | 56  | 189,752          | 79,709                             | 42.0                                |
|               | Trincomalee     | 1.5                               | 24,291                               | 58  | 106,437          | 42,517                             | 39.9                                |
| North Western | Kurunegala      | 1.6                               | 36,922                               | 46  | 424,395          | 179,955                            | 42.4                                |
|               | Puttalam        | 1.6                               | 32,918                               | 49  | 158,200          | 94,751                             | 59.9                                |
| North Central | Anuradhapura    | 1.6                               | 37,586                               | 41  | 238,769          | 72,240                             | 30.3                                |
|               | Polonnaruwa     | 1.7                               | 31,526                               | 42  | 103,515          | 31,826                             | 30.7                                |
| Uva           | Badulla         | 1.7                               | 32,313                               | 44  | 233,902          | 63,268                             | 27.0                                |
|               | Monaragala      | 1.6                               | 22,161                               | 54  | 118,018          | 49,366                             | 41.8                                |
| Sabaragamuwa  | Ratnapura       | 1.8                               | 41,312                               | 46  | 290,889          | 118,078                            | 40.6                                |
|               | Kegalle         | 1.9                               | 29,342                               | 47  | 211,364          | 86,734                             | 41.0                                |

Note: \*Samurdhi is the main poverty alleviation programme of the Sri Lankan Government.

Sources: Department of Census and Statistics of Sri Lanka 2011d and Ministry of Economic Development 2011.

**Table A26: Average Distance and Time to Access Basic Services, 2009-2010**

| Province      | District/sector | Average distance, kilometres | Average time from house, minutes |   |                               |                       |                             |                             |                         |
|---------------|-----------------|------------------------------|----------------------------------|---|-------------------------------|-----------------------|-----------------------------|-----------------------------|-------------------------|
|               |                 | Nearest bus halt             | Nearest bus halt                 | Municipal council/urban council/pradeshiya saba | Divisional secretariat office | Gramaniladhari office | Post office/sub-post office | Bank, government or private | Agrarian service centre |
|               | Sri Lanka       | 1.8                          | 11.1                             | 35.9  | 37.4                          | 12.7                  | 17.8                        | 24.8                        | 35.9                    |
|               |                 |                              |                                  |   |                               |                       |                             |                             |                         |
| Sector        | Urban           | n.a.                         | n.a.                             | n.a.  | n.a.                          | n.a.                  | n.a.                        | n.a.                        | n.a.                    |
|               | Rural           | n.a.                         | n.a.                             | n.a.  | n.a.                          | n.a.                  | n.a.                        | n.a.                        | n.a.                    |
|               | Estate          | n.a.                         | n.a.                             | n.a.  | n.a.                          | n.a.                  | n.a.                        | n.a.                        | n.a.                    |
|               |                 |                              |                                  |   |                               |                       |                             |                             |                         |
| Western       | Colombo         | 1.3                          | 8.3                              | 26.4  | 27.7                          | 12.1                  | 13.8                        | 15.8                        | 39.8                    |
|               | Gampaha         | 1.2                          | 8.3                              | 25.7  | 32.1                          | 9.8                   | 12.7                        | 16.3                        | 30.0                    |
|               | Kalutara        | 1.6                          | 11.0                             | 32.7  | 35.2                          | 12.8                  | 17.9                        | 24.1                        | 32.2                    |
| Central       | Kandy           | 1.9                          | 11.8                             | 40.8  | 39.8                          | 13.6                  | 19.5                        | 29.7                        | 38.3                    |
|               | Matale          | 1.6                          | 9.9                              | 33.5  | 33.6                          | 12.0                  | 18.0                        | 25.9                        | 27.7                    |
|               | Nuwara Eliya    | 2.0                          | 13.7                             | 52.0  | 69.5                          | 16.3                  | 22.3                        | 26.7                        | 48.0                    |
| Southern      | Galle           | 2.0                          | 12.8                             | 33.2  | 36.4                          | 10.9                  | 18.4                        | 26.9                        | 31.4                    |
|               | Matara          | 2.0                          | 11.7                             | 33.8  | 34.4                          | 13.2                  | 16.6                        | 23.2                        | 36.0                    |
|               | Hambantota      | 1.7                          | 8.5                              | 35.8  | 36.2                          | 11.4                  | 19.9                        | 23.4                        | 36.2                    |
| Northern      | Jaffna          | 2.2                          | 11.1                             | 23.6  | 25.7                          | 8.2                   | 13.0                        | 23.9                        | 27.4                    |
|               | Killinochchi    | n.a.                         | n.a.                             | n.a.  | n.a.                          | n.a.                  | n.a.                        | n.a.                        | n.a.                    |
|               | Mannar          | n.a.                         | n.a.                             | n.a.  | n.a.                          | n.a.                  | n.a.                        | n.a.                        | n.a.                    |
|               | Vavuniya        | 1.7                          | 7.9                              | 31.3  | 31.3                          | 10.3                  | 18.8                        | 31.9                        | 29.8                    |
|               | Mullativu       | n.a.                         | n.a.                             | n.a.  | n.a.                          | n.a.                  | n.a.                        | n.a.                        | n.a.                    |
| Eastern       | Batticaloa      | 1.8                          | 12.4                             | 31.0  | 32.3                          | 9.5                   | 15.2                        | 22.8                        | 28.3                    |
|               | Ampara          | 2.3                          | 15.8                             | 39.7  | 39.5                          | 15.5                  | 21.6                        | 36.7                        | 38.1                    |
|               | Trincomalee     | 2.0                          | 13.2                             | 37.3  | 35.2                          | 15.4                  | 23.4                        | 31.0                        | 33.2                    |
| North Western | Kurunegala      | 1.5                          | 11.5                             | 38.1  | 33.5                          | 12.4                  | 17.5                        | 22.6                        | 31.4                    |
|               | Puttalam        | 2.2                          | 13.2                             | 35.4  | 35.0                          | 11.7                  | 18.7                        | 24.4                        | 35.1                    |
| North Central | Anuradhapura    | 1.9                          | 10.4                             | 31.6  | 32.7                          | 10.7                  | 16.6                        | 28.8                        | 30.0                    |
|               | Polonnaruwa     | 1.7                          | 9.9                              | 42.1  | 42.4                          | 10.5                  | 14.9                        | 24.1                        | 39.5                    |
| Uva           | Badulla         | 2.0                          | 14.9                             | 59.4  | 56.7                          | 16.5                  | 22.2                        | 39.1                        | 47.2                    |
|               | Monaragala      | 2.2                          | 13.9                             | 51.1  | 48.7                          | 17.1                  | 26.6                        | 38.9                        | 42.4                    |
| Sabaragamuwa  | Ratnapura       | 1.6                          | 12.2                             | 47.4  | 48.9                          | 19.3                  | 25.2                        | 31.2                        | 43.1                    |
|               | Kegalle         | 1.8                          | 9.9                              | 36.5  | 38.7                          | 12.3                  | 16.4                        | 24.1                        | 42.8                    |

Source: Calculations based on Department of Census and Statistics of Sri Lanka 2010c.

**Table A 27: Sources of Household Income by Province, 2006-2007**

| Province      | Source of household income, average monthly |                              |                                  |            |                     |                          | Total<br>% |
|---------------|---|------------------------------|----------------------------------|------------|---------------------|--------------------------|------------|
|               | Wages and salaries<br>%                     | Agricultural activities<br>% | Non-agricultural activities<br>% | Other<br>% | Other windfall<br>% | Non-monetary income<br>% |            |
| All island    | 35.8  | 11.2                         | 17.1                             | 11.9       | 9.1                 | 14.8                     | 100        |
| Western       | 40.4  | 4.4                          | 17.9                             | 12.5       | 9                   | 15.8                     | 100        |
| Central       | 33.8  | 18.2                         | 13.9                             | 14.2       | 6.7                 | 13.1                     | 100        |
| Southern      | 34.5  | 14.8                         | 14                               | 10.8       | 10.7                | 15.3                     | 100        |
| Eastern       | 39.7  | 4.1                          | 13.6                             | 11.4       | 18.7                | 12.5                     | 100        |
| North Western | 32.8  | 13                           | 20.1                             | 10.2       | 9.6                 | 14.3                     | 100        |
| North Central | 24.6  | 10.8                         | 24.2                             | 14.1       | 12.3                | 13.9                     | 100        |
| Uva           | 28.9  | 21.7                         | 13.6                             | 11.6       | 8.7                 | 15.5                     | 100        |
| Sabaragamuwa  | 35  | 21.7                         | 17.4                             | 8.3        | 3.6                 | 14.1                     | 100        |

*Note:* Excludes the Northern Province and the Trincomalee District in the Eastern Province.

*Source:* Department of Census and Statistics of Sri Lanka 2007b.



## Technical Note

## Concepts, Definitions and Methodology for Computing the Human Development Indices

### Human Development Index

The HDI is a summary measure of human development. It measures the average achievements in a country in three basic dimensions of human development: a long and healthy life; education, or access to knowledge; and a decent standard of living (Table T.1)

mean years of adult education and 18 years of expected years of schooling for children of school-entrance age, respectively. These values are based on the actual values during 1980 to 2011. A decent standard of living is measured by GNI (gross national income) per capita expressed in PPP (purchasing power parity) US dollars. The minimum value is \$100 (PPP); the maximum value is \$107,721 (PPP). The logarithm of income is usually used in the calculation to reflect the diminishing importance of income.

**Table T.1: Dimensions of the Human Development Index**

| Three dimensions | Health                               | Education (or access to knowledge)   |  | Living standards                   |
|------------------|--------------------------------------|--|--|------------------------------------|
| Four indicators  | Measured by life expectancy at birth | Mean years of adult education, which is the average number of years of education received in a life-time by people aged 25 years and older | Expected years of schooling for children of school-entrance age, which is the total number of years of schooling a child of school-entrance age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life | Per capita consumption expenditure |

The HDI sets a minimum and a maximum for each dimension, called 'goalposts', and then shows where each country stands in relation to these, expressed as a value between 0 and 1. The health component is calculated by using a minimum value of 20 years of life expectancy and a maximum value of 83.4 years. These are the observed minimum and maximum values in the time series from 1980 to 2011. The minimums for both education indicators are 0, and the maximum values are 13.1

For Sri Lanka, data on per capita GNI at district level are not available. Per capita consumption expenditure at district level is used as a proxy.

The scores for the three HDI dimension indices are aggregated into a composite index using a geometric mean. Once the minimum and maximum values are defined, the sub-indices are calculated as follows:

$$\text{Dimension index} = \frac{\text{actual value for the country or district-minimum value}}{\text{maximum value-minimum value}}$$

$$\text{HDI} = (\text{Life Expectancy})^{1/3} \times (\text{Education})^{1/3} \times (\text{Income})^{1/3}$$

$$\text{Life Expectancy} = \text{Life Expectancy Index} = \frac{\text{Life Exp. of the country or district} - \text{Mini. observed Life Exp.}}{\text{Max. observed Life Exp.} - \text{Mini. observed Life Exp.}}$$

A country's overall HDI can conceal the fact that different regions, districts or sectors within the country have very different levels of human development. Sub-national HDIs are calculated by using the data for the HDI dimensions and indicators at the sub-national levels, such as regions or districts. Disaggregated HDIs help to draw attention to disparities and gaps.

For more details on the methodological aspects of the HDI, see Technical Note 2 of United Nations Development Programme 2011a. The Statistical Annex of UNDP 2011a, provides the recalculated HDI values (Table T2) for Sri Lanka, based on the new goalposts for HDI.

Atkinson (1970) family of inequality measures. The IHDI is computed as a geometric mean of geometric means, calculated across the population for each dimension separately. It accounts for inequalities in HDI dimensions by discounting each dimension's average value according to its level of inequality. The IHDI equals the HDI when there is no inequality across people, but is less than the HDI as inequality rises. In this sense, the IHDI is the actual level of human development (accounting for this inequality), while the HDI can be viewed as an index of 'potential' human development (or the maximum level of HDI) that could be achieved without inequality. The 'loss' in potential

**Table T.2: Sri Lanka: Recalculated HDI Value, 1980-2011**

| Year             | 1980  | 1990  | 2000  | 2005  | 2009  | 2010  | 2011  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Recalculated HDI | 0.539 | 0.583 | 0.633 | 0.662 | 0.680 | 0.686 | 0.691 |

Source: United Nations Development Programme 2011a.

### Inequality-adjusted Human Development Index

The IHDI adjusts the HDI for inequality in the distribution of each dimension across the population. It is based on a distribution-sensitive class of composite indices proposed by Foster, Lopez-Calva and Szekely (2005), which draws on the

human development due to inequality is given by the difference between the HDI and the IHDI, and can be expressed as a percentage.

The IHDI is the mean of the three dimension indicators adjusted for inequality.

$$\text{IHDI} = \sqrt[3]{(1 - A_{\text{Life}})(1 - A_{\text{Education}})(1 - A_{\text{Income}})} \times \text{HDI}$$

where  $A_{\text{Life}}$  = Atkinson Inequality Measure for Life Expectancy

$A_{\text{Education}}$  = Atkinson Inequality Measure for Education

$A_{\text{Income}}$  = Atkinson Inequality Measure for Income

Generally, regions with lower human development have more multidimensional inequalities, and thus larger losses in potential human development attributable to inequality. The IHDI can help in developing policies to reduce inequalities and in evaluating the impact of various policy options aimed accordingly.

### Gender Inequality Index

The GII reflects gender-based inequalities in three dimensions: reproductive health, empowerment and the labour market (Table T.3). Reproductive health is measured by maternal mortality and adolescent fertility rates; empowerment by the share of parliamentary seats held by each gender, and by secondary and higher education attainments by each gender; and the labour

market by the labour force participation rate for each gender. The GII shows the loss in human development resulting from inequality between female and male achievements in these three dimensions. The values range from 0 (which indicates that women and men fare equally) to 1 (which indicates that women fare as poorly as possible in all measured dimensions).

The GII is computed using the association-sensitive inequality measure suggested by Seth (2009), but the method of computation is complex. The index is based on the general mean of general means of different orders—the first aggregation is by the geometric mean across dimensions. These means, calculated separately for women and men, are then aggregated using a harmonic mean across genders.

**Table T.3: Dimensions and Indicators of the Gender Inequality Index**

| Dimensions          | Women   | Men            |
|---------------------|---|----------------|
| Reproductive health | Maternal mortality ratio  | Not applicable |
|                     | Adolescent fertility rate for ages 15 to 19 years   |                |
| Empowerment         | Secondary or higher levels of education attained by adult women and men (aged 25 years or more) |                |
|                     | Female and male shares of parliamentary seats   |                |
| Labour market       | Labour force participation rate (aged 15 years and above)                                       |                |

Source: United Nations Development Programme 2011a.

The aggregation formula for women and girls

$$G_F = \sqrt[3]{\left( \frac{1}{MMR} \times \frac{1}{AFR} \right)^{1/2} (PR_F \times SE_F)^{1/2} (LFPR_F)}$$

The aggregation formula for men and boys

$$G_M = \sqrt[3]{1 \times (PR_M \times SE_M)^{1/2} (LFPR_M)}$$



where MMR=maternal mortality rate; AFR=adolescent fertility rate; PRF=share of parliamentary seats held by women; PRM =share of parliamentary seats held by men; SEF = share of women who have secondary and higher education; SEM = share of men who have secondary and higher education; LFPRF = labour force participation rate for women; LFPRM= labour force participation rate for men.

The female and male indices are aggregated by the harmonic mean to create the equally distributed gender index:

$$\text{HARM}(G_F, G_M) = \left[ \frac{(G_F)^{-1} + (G_M)^{-1}}{2} \right]^{-1}$$

Using the harmonic mean of geometric means within groups captures the inequality between women and men and adjusts for association between dimensions.

The geometric mean of the arithmetic mean for each indicator:

$$G_{F,M} = \sqrt[3]{\text{Health} \times \text{Empowerment} \times \text{LFPR}}$$

$$\text{where Health} = \sqrt{\left[ \frac{1}{\text{MMR}} \times \frac{1}{\text{AFR}} + 1 \right]} / 2$$

$$\text{Empowerment} = \left[ \sqrt{\text{PR}_F} + \sqrt{\text{PR}_M} \right] / 2$$

$$\text{LFPR} = \frac{\text{LFPR}_F + \text{LFPR}_M}{2}$$

$$\text{Gender Inequality Index (GII)} = 1 - \frac{\text{HARM}(G_F, G_M)}{G_{F,M}}$$

## Multidimensional Poverty Index

The MPI is an index of acute multidimensional poverty that has three dimensions: health, education and living standards. These are measured by 10 indicators. Each dimension and

indicator is equally weighted. The MPI reveals the combination of deprivations that batter a household at the same time. A household is identified as a multidimensionally poor household if it is deprived in some combination of indicators, the weighted sum of which exceeds 30 percent of total deprivations.

## Method of computation

Each person in a given household is classified as poor or non-poor depending on a weighted count of deprivations, 'c', which

is calculated based on the number of deprivations his or her household experiences. The weights to be assigned to each deprivation in the household are given in Table T.4. If the weighted count of deprivation 'c', exceeds 3 (i.e., if  $c > 3$ ), this

indicates that the household is deprived in some combination of indicators, the weighted sum of which exceeds 30 percent. The MPI thus requires a household to be deprived in multiple indicators at the same time. As deprived households have to be identified at the individual level, micro-data from national surveys are needed to compute the MPI.

**Table T.4: Multidimensional Poverty Indicators and Weights Used**

| Dimensions           | Weight assigned to each indicator | Indicator number | Demographic and Health Survey 2006-2007   | Household Income and Expenditure Survey 2009-2010   |
|----------------------|-----------------------------------|------------------|---|---|
|                      |                                   |                  | 10 indicators (2 under health, 2 under education and 6 under living conditions)                               | 10 indicators (2 under health, 2 under education and 6 under living conditions)   |
| 1. Health            | 1.67                              | 1                | At least one member of the household is malnourished  | Calorie (energy) consumption of the household is less than 80% of the requirement, and food expenditure is more than 60% of total household expenditure |
|                      | 1.67                              | 2                | One or more children in the household have died   | Head of the household chronically ill or disabled   |
| 2. Education         | 1.67                              | 3                | No one in household has completed five years of schooling   | No one in household has completed five years of schooling   |
|                      | 1.67                              | 4                | At least one school-age child not enrolled in school  | At least one school-age child not enrolled in school  |
| 3. Living conditions | 0.56                              | 5                | Household has no electricity  | Household has no electricity  |
|                      | 0.56                              | 6                | Household has no access to clean drinking water   | Household has no access to clean drinking water   |
|                      | 0.56                              | 7                | Household has no access to adequate sanitation  | Household has no access to adequate sanitation  |
|                      | 0.56                              | 8                | Household has dirty (mud/dung) floor  | Household has dirty (mud/dung) floor  |
|                      | 0.56                              | 9                | Household uses firewood, charcoal or dung as cooking fuel, but does not have a separate kitchen               | Household living in a shanty/line room  |
|                      | 0.56                              | 10               | Household has no car and does not own more than one radio, TV, telephone, bicycle, motorcycle or refrigerator | Household has no car and does not own more than one radio, TV, telephone, bicycle, motorcycle or refrigerator   |

*Note:* Indicators slightly modified from United Nations Development Programme 2011a to suit local conditions.

*Source:* Institute of Policy Studies of Sri Lanka internal work and United Nations Development Programme 2011a.

$$\text{Multidimensional poverty headcount}(H) = \frac{(\text{Number of multidimensionally poor persons})}{(\text{Total population})} = \frac{q}{n}$$

where  $q$  is the number of multidimensionally poor persons and  $n$  is the total population of the area considered in the analysis.

The intensity of poverty, ( $A$ ), reflects the proportion of weighted component indicators in which, on average, poor people are deprived. The deprivation scores are summed up for all the people living in the multidimensionally poor households and divided by the product of the total number of indicators and by the total number of multidimensionally (MD) poor people.

$$\text{Intensity of poverty} = A = \frac{\sum_i^q c}{qd} = \frac{\text{Sum of deprivation scores for all members in MD poor households}}{\text{MD poor persons} \times \text{number of indicators}}$$

where  $c$  is the total number of weighted deprivations the poor experience and  $d$  is the total number of component indicators considered (in this case 10).

The MPI = MD poor population  $\times$  intensity of poverty =  $HA$ . The MPI represents the share of the population that is multidimensionally poor.

## The Datasets

Micro-data from two national surveys, conducted by the Department of Census and Statistics, were used to calculate the MPI and related indices for Sri Lanka. The Demographic and Health Survey 2006/07 (DHS 2006-2007) provided all data to compute the MPI and related indices down to the district level. DHS2006/07 does not cover the districts in the Northern Province, however, and is somewhat dated. It also does not contain all standard indicators necessary to calculate the MPI. In particular, standard indicator nine, 'household uses firewood as cooking fuel, but does not have a separate kitchen', has been modified. Since around 80 percent of the households in Sri Lanka use firewood for cooking, this indicator was changed to 'household uses firewood as cooking fuel but no separate

kitchen' for the DHS 2006/07 dataset. The change was done after consultations with regional experts

The latest Household Income and Expenditure Survey (HIES 2009-2010), conducted by the Department of Census and Statistics, has the latest data to calculate both consumption/income poverty and multidimensional poverty for 22 out of 25 districts, including all three in the Eastern Province, and Jaffna and Vavuniya districts in the Northern Province. Again,

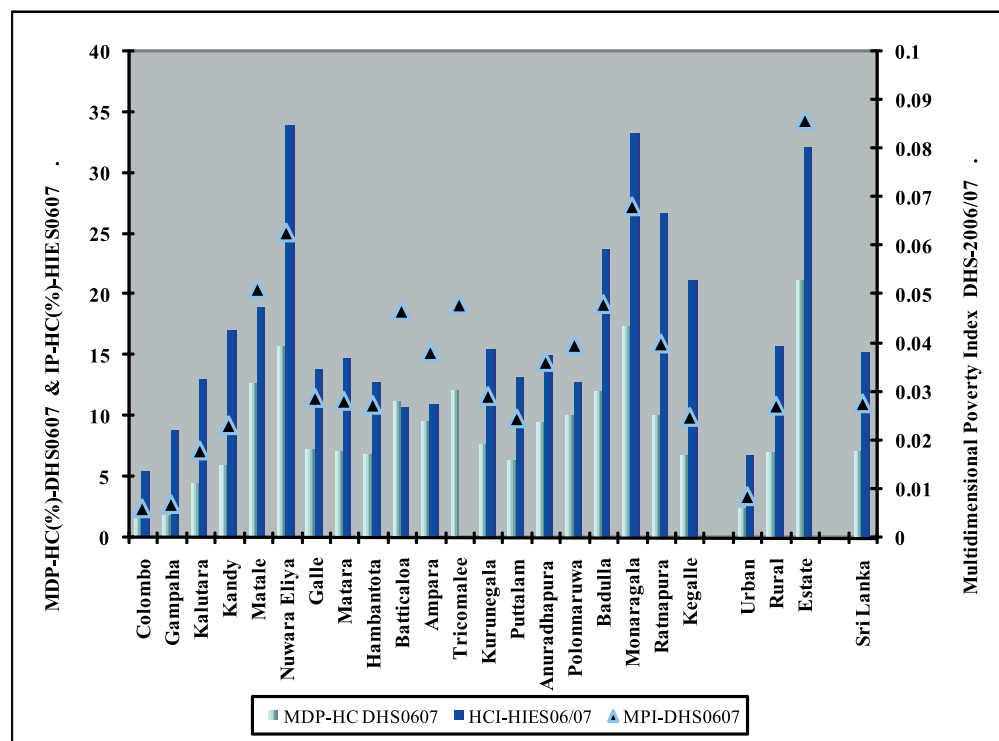
however, it does not contain all of the standard indicators required for the MPI. For example, the Household Income and Expenditure Surveys do not usually provide the necessary data to compute the two health indicators shown in Table T.4. Because of the importance of the health dimension, two suitable proxy indicators were used.

The DHS 2006-2007 and HIES 2009-2010 datasets are not directly comparable: They share seven common indicators, but differ on three. An attempt was made to compare the health dimensions of the MPI derived from the two datasets, since health is fundamental to multidimensional poverty in Sri Lanka. If Sri Lanka considers the MPI sufficiently important, it may wish to include the relevant indicators in future surveys.

## Multidimensional Poverty Based on DHS 2006/07

The multidimensional poverty headcount for Sri Lanka, excluding the Northern Province and based on DHS 2006-2007, was seven percent. This was less than half the income poverty headcount based on HIES 2006/07 (Figure T.1 and Table A4). The MPI for Sri Lanka in 2006-2007 was 0.0278; per UNDP 2010, it was 0.021.

**Figure T.1: Multidimensional Poverty Headcount, Income Poverty Headcount Index and MPI, DHS 2006-2007**



Note: DHS 2006/07 and HIES 2006/07 did not cover the districts in the Northern Province.

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka, using Department of Census and Statistics of Sri Lanka 2007a and 2007b.

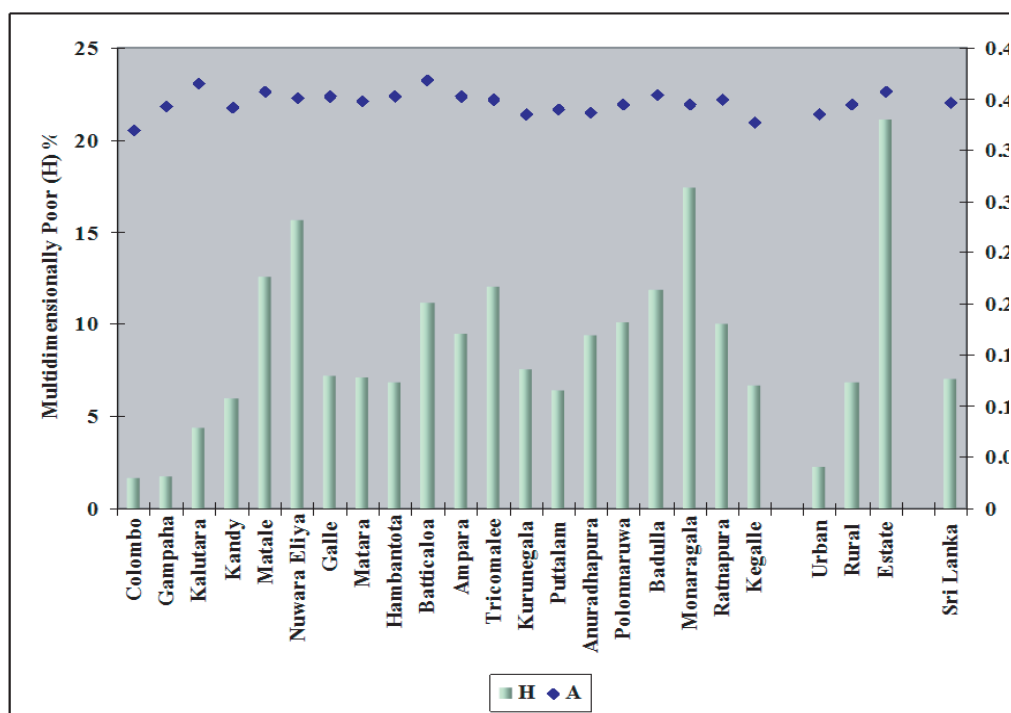
Across sectors, the estates recorded the highest poverty rates on both income poverty and multidimensional poverty estimates: the multidimensional poverty headcount for the estate sector was 21.1 percent per DHS 2006/07, the income poverty headcount was 32 percent per HIES 2006/07, and the MPI was 0.086 per DHS 2006/07.

Across districts, Monaragala was the poorest in terms of multidimensional poverty, with a headcount at 17.4 percent and an MPI of 0.0683. It was followed by Nuwara Eliya, with a headcount at 15.7 and MPI at 0.0629. The other districts recording high multidimensional poverty headcounts were Matale at 12.6 percent, Trincomalee at 12.1 percent, Badulla

at 11.9 percent, Batticaloa at 11.2 percent, Polonnaruwa at 10.1 percent and Ratnapura at 10 percent. For income poverty, Monaragala, with a headcount of 33.3, was marginally better than Nuwara Eliya, with a headcount of 33.8.

According to multidimensional poverty estimates, Colombo, with a headcount of 1.7 percent, and Gampaha, with a headcount of 1.8 percent, were the least deprived, followed by Kalutara, with a headcount at 4.4 percent. A group of six districts—Kandy, Kegalle, Hambantota, Matara, Galle and Kurunegala—with similar headcount levels were the next least deprived, with the headcount ranging from 6 to 7.6 percent.

**Figure T.2: Intensity of Poverty and Multidimensional Poverty**



Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007b.

The intensity of poverty (A) recalled reflects the proportion of the weighted components of indicators (d), in which, on average, poor people are deprived. The calculation of (A) was done only for those households identified as multidimensionally poor. For Sri Lanka, the intensity of poverty was 0.3966, per DHS 2006/07 (Figure T.2 and Table A4). This indicates that an average multidimensionally poor person suffers 39.7 percent of the deprivations on the weighted indicators. The intensity of poverty among districts varied very narrowly, ranging from 0.3695, or 37 percent, for Colombo District, to 0.4180, or 41.8 percent, for Batticaloa District. In short, multidimensionally poor persons throughout the country face more or less the same intensity of deprivations.

The percentage contributions of each dimension/indicator to multidimensional poverty reveal four distinct types of deprivations at the national level (Table T.5). Per DHS 2006/07, two health

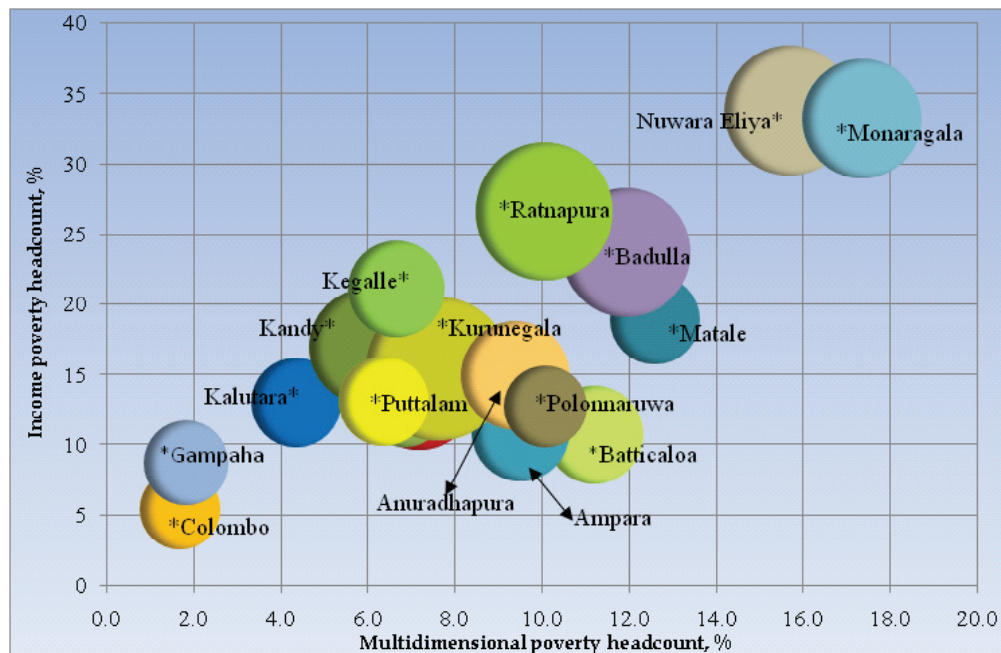
indicators are responsible for the highest contribution: 'at least one person in the household is malnourished' accounts for 30 percent, and 'at least one child in the household has died' accounts for 10.8 percent of deprivations. Two other high contributors are under living conditions: 'household has no electricity' at 10.4 percent, and 'household uses firewood for cooking but does not have a separate kitchen' at 10.0 percent of the contribution.

DHS 2006/07 showed that more than one-fifth of children under five years of age are underweight. The situation on estates is especially serious; the rate is as high as 30 percent. Although Sri Lanka managed to bring down its infant mortality rate to 8.5 per 1,000 live births in 2007, and the under-five mortality rate to 13.5 per 1,000 live births in 2003, the MPI contribution from the deaths of children in poor households is still high. Nutrition and child mortality in poorer households should be a major concern for policy makers and health planners.

The bubble chart (Figure T.3) shows the relationship between the percentage of multidimensionally poor people and income poor people. The districts with the highest incidences of multidimensional poverty and those with highest income poverty are located in the top right of the chart. Those with the lowest incidences are located in the bottom left. As there is no perfect relationship between these two measures, districts are not grouped into four distinct clusters. There are overlaps and gray areas, but broad associations are discernible.

in the chart towards the horizontal axis, Batticaloa District had the highest incidence of multidimensional poverty, although its income poverty was less than that for most other districts in its cluster. Kurunegala had the highest share of people (9.4 percent) who were multidimensionally poor, followed by Ratnapura at 8.5 percent, Nuwara Eliya at 7.6 percent, Badulla at 7.5 percent, Monaragala at 6.6 percent and Kandy at 6 percent.

**Figure T.3: Multidimensionally Poverty and Income Poverty Headcounts by District, 2006-2007**



*ultiNote:* The size of the bubble indicates the share of multidimensionally poor people in each district (out of the total in Sri Lanka); Galle, Matara and Hambantota districts are hidden behind the second cluster from the bottom.

*Source:* Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a and 2007b.

In 2006-2007, the most deprived districts in the country, excluding those in the Northern Province, which the survey did not cover, were Monaragala and Nuwara Eliya, located at the top right of Figure T.3. They were followed by Matale, Badulla and Ratnapura, which are located in another cluster just below the top right. Colombo and Gampaha were the least deprived districts, followed by Kalutara. In another cluster located midway

### Comparison between 2006-2007 and 2009-2010

In Sri Lanka, health is the most developed of the three HDI dimensions. Its national index is 0.866, which is considerably higher than the income index at 0.552 or the educational index at 0.694. On the other hand, multidimensional poverty analysis reveals that the health dimension is responsible for 41 percent

of the total deprivations of poor people, based on the DHS 2006/07 dataset, and 53 percent based on the HIES 2009/10 dataset (Table T.5). The difference stems from the fact that the HDI is a quick summary, while multidimensional poverty is a more comprehensive assessment based on highly disaggregated data.

Across health indicators, both DHR 2006/07 and HIES 2009/10 underscore how the most deprived groups of society are affected mainly by poor health: inadequate nutrition, chronic illness or disability of the head of the household, and infant and child mortality. DHS2006/07 showed that malnutrition

accounted for 30 percent of multidimensional poverty, while HIES 2009/10 identified the highest contributor as the chronic illnesses or disability of the head of the household, at 28 percent. These issues deserve more attention, including through the appropriate targeting of social welfare programmes.

The contributions from other indicators to multidimensional poverty do not show significant variations between the two datasets. For example, the contributions from the education dimension based on the two are almost the same: 13 percent and 12 percent.

**Table T.5: Contribution to Multidimensional Poverty, DHS2006/07 and HIES 2009/10**

| Dimensions           | Indicator number | DHS2006/07  | % contribution to multidimensional poverty-DHS2006/07 | HIES2009/10   | % contribution to multidimensional poverty-HIES2009/10 |
|----------------------|------------------|---|---|---|--|
|                      |                  | 10 indicators (2 under health, 2 under education and 6 under living conditions)                               |   | 10 indicators (2 under health, 2 under education and 6 under living conditions)                               |  |
| 1. Health            | 1                | At least one member of the household is malnourished  | 30.0  | Calorie (energy) consumption of the household is less than 80 percent of the requirement and food             | 25.0   |
|                      | 2                | One or more children in the household have died   | 11.0  | Head of the household chronically ill or disabled   | 28.0   |
| 2. Education         | 3                | No one in household has completed five years of schooling   | 9.0   | No one in household has completed five years of schooling   | 6.0  |
|                      | 4                | At least one school-age child not enrolled in school  | 4.0   | At least one school-age child not enrolled in school  | 6.0  |
| 3. Living conditions | 5                | Household has no electricity  | 10.0  | Household has no electricity  | 8.0  |
|                      | 6                | Household has no access to clean drinking water   | 5.0   | Household has no access to clean drinking water   | 3.0  |
|                      | 7                | Household has no access to adequate sanitation  | 5.0   | Household has no access to adequate sanitation  | 7.0  |
|                      | 8                | Household has dirty (mud / dung) floor  | 7.0   | Household has dirty (mud / dung) floor  | 6.0  |
|                      | 9                | Household uses firewood, charcoal or dung as cooking fuel, but does not have a separate kitchen               | 10.0  | Household living in a shanty / line room  | 8.0  |
|                      | 10               | Household has no car and does not own more than one radio, TV, telephone, bicycle, motorcycle or refrigerator | 9.0   | Household has no car and does not own more than one radio, TV, telephone, bicycle, motorcycle or refrigerator | 8.0  |

Source: Computations by the report team of the Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a and 2010c.

**Table T.6: Multidimensional poverty indicators at the district level for the two datasets, DHS 2006/07 and HIES-2009/10.**

| District/sector | Multidimensional poverty headcount (H), % |              | Intensity of poverty (A) |              | MPI (HA)    |              |
|-----------------|---|--------------|--------------------------|--------------|-------------|--------------|
|                 | DHS 2006/07                               | HIES 2009/10 | DHS 2006/07              | HIES 2009/10 | DHS 2006/07 | HIES 2009/10 |
| Sri Lanka       | 7.0                                       | 4.7          | 0.3966                   | 0.3887       | 0.0278      | 0.0183       |
| Colombo         | 1.7                                       | 2.7          | 0.3695                   | 0.3914       | 0.0062      | 0.0105       |
| Gampaha         | 1.8                                       | 2.6          | 0.3930                   | 0.3908       | 0.0071      | 0.0101       |
| Kalutara        | 4.4                                       | 2.8          | 0.4156                   | 0.3974       | 0.0181      | 0.0107       |
| Kandy           | 6.0                                       | 5.9          | 0.3908                   | 0.3903       | 0.0233      | 0.0231       |
| Matale          | 12.6                                      | 5.7          | 0.4075                   | 0.3929       | 0.0513      | 0.0223       |
| Nuwara Eliya    | 15.7                                      | 5.3          | 0.4015                   | 0.4008       | 0.0629      | 0.0214       |
| Galle           | 7.2                                       | 3.7          | 0.4032                   | 0.3803       | 0.0289      | 0.0140       |
| Matara          | 7.1                                       | 3.8          | 0.3982                   | 0.3510       | 0.0283      | 0.0134       |
| Hambantota      | 6.9                                       | 3.3          | 0.4017                   | 0.3693       | 0.0275      | 0.0123       |
| Jaffna          | -   | 11.5         | -                        | 0.3909       | -           | 0.0451       |
| Killinochchi    | -   | -            | -                        | -            | -           | -            |
| Mannar          | -   | -            | -                        | -            | -           | -            |
| Vavuniya        | -   | 3.9          | -                        | 0.3978       | -           | 0.0058       |
| Mullativu       | -   | -            | -                        | -            | -           | -            |
| Batticaloa      | 11.2                                      | 11.3         | 0.4180                   | 0.3972       | 0.0468      | 0.0450       |
| Ampara          | 9.5                                       | 3.6          | 0.4028                   | 0.3692       | 0.0383      | 0.0132       |
| Trincomalee     | 12.1                                      | 5.2          | 0.3992                   | 0.4380       | 0.0481      | 0.0227       |
| Kurunegala      | 7.6                                       | 5.9          | 0.3858                   | 0.3867       | 0.0293      | 0.0228       |
| Puttalam        | 6.4                                       | 8.2          | 0.3898                   | 0.3982       | 0.0247      | 0.0326       |
| Anuradhapura    | 9.4                                       | 3.5          | 0.3874                   | 0.3634       | 0.0363      | 0.0129       |
| Polonnaruwa     | 10.1                                      | 4.2          | 0.3949                   | 0.3607       | 0.0398      | 0.0152       |
| Badulla         | 11.9                                      | 6.5          | 0.4042                   | 0.3798       | 0.0482      | 0.0245       |
| Monaragala      | 17.4                                      | 4.5          | 0.3938                   | 0.3849       | 0.0683      | 0.0173       |
| Ratnapura       | 10.0                                      | 6.3          | 0.3988                   | 0.4127       | 0.0401      | 0.0260       |
| Kegalle         | 6.7                                       | 3.7          | 0.3766                   | 0.3798       | 0.0250      | 0.0139       |

Source: Computations by the report team of Institute of Policy Studies of Sri Lanka using Department of Census and Statistics of Sri Lanka 2007a and 2010c.

The national multidimensional poverty headcount has declined from 7 percent in 2006-2007 to 4.7 percent in 2009-2010. Most districts have also experienced a drop, except Colombo, Gampaha, Puttalam and Batticaloa. Matale, Nuwara Eliya, Trincomalee, Badulla, Monaragala and Ratnapura districts have shown significant improvement.

Based on the Technical Note in UNDP 2011a.

The labour force participation rate is the percentage of people aged 15-64 actively engaging in the labour market either by working or actively looking for work.

UNDP 2010, UNDP 2011a, and Alkire and Santos 2010.



