

**Social Development of Sri Lanka: Achievements and  
Challenges**

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## **Social Development of Sri Lanka: Achievements and Challenges**

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### **Abstract**

*This paper examines the social development achievements, challenges and relevant public policies in Sri Lanka since independence. Sri Lanka has achieved remarkable progress in several areas of social development such as education, health and nutrition. UNDP has classified Sri Lanka as a medium human development country based on its performance in social development. Though public investments on social development have brought about tremendous success, have contributed to minimize gender and ethnic disparities of social development and increase the accessibility to essential basic needs, the achievements have not adequately exploited for the economic development. In addition to that, there are vast disparities of quality and accessibility of social services not only inter-regional but also intra-regional. Accordingly, following conclusions were drawn:*

*Social development achievement of the country is significant even amid the inadequate economic progress. However, distinctiveness of the achievements is becoming insignificant due to the rapid progress of social development of the emerging economies.*

*Second generation issues i.e. quality and distribution issues of social development are intimidating to the progress of the sphere. This is further worsening by the inadequate budgetary allocation. Further, high level of social development achievements of the country have neither adequately contributed to build harmony among different ethnicities nor rapid economic progress. The proportion of the aged population is increasing obstructing the future growth performance of the country. Inadequate performances of public investment are mainly due to the political interest of those investments rather than economic rationality.*

**Key wards: Public policy, Social development, Poverty, Economic growth, Quality and accessibility**

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## Introduction

The term **social development** has two meanings. It can refer to: improvement in the welfare and quality of life of individuals; or changes in societies—in their norms and institutions—that makes development more equitable and inclusive for all members of a society. Both imply the vitality of the human life in the development process. Though the priority of policy measures changed time to time, it should noteworthy to mention that from Adam Smith to Keynes, the concept of development in economic theorizing has meant the ‘enhancement of living conditions’. Even though the new economic order, based on the supremacy of market mechanism, believed that social goals make barriers to growth, the present development paradigm which was initiated at the World Summit on Social Development (WSSD) or the Copenhagen Summit sought that social development as an imperative part of the development. Indeed, a central feature of new development paradigm was to call for the incorporation of the social objectives such as social well-being and security, and improved living standard as integral and essential components of the theory and practice of development (Jayasuriya, 2001: 106). The Millennium Summit in 2000 preceded it and accentuated the commitment of the individual country as well as the international community on achieving several goals pertaining to the social development by 2015. Consequently, every nation is committing ever than before to design and implement the policies and programs focusing on social development of their countries. However, in the Sri Lankan circumstance social development goals gained foremost priority within development policy framework even before the independence in 1948. Consequently, the country has achieved comprehensive progress in the realm of social development becoming test case within the development community. However, there are emerging concerns over the quality, accessibility, effectiveness of the social welfare services and contribution of these achievements to economic growth. Likewise, poverty incidence is remaining as a central challenge further and concerns over the quality of and accessibility to education and health care services are growing. Within these circumstances, the problem arisen obviously is that why these anxieties are though successive governments have devoted much of its resources for social development?

This paper intends to examine the social development achievements of Sri Lanka and the challenges the nation have been encountered within

the so-called market friendly economic policy framework. Section I of the paper reviews the overall achievements of social development of the nation. The public sector policy measures on social development are to be briefly explained in Section II. Section III is to be devoted to identify the main features and issues of social development of the country. Finally, in Section IV, the conclusion is to be drawn based on the above data and information.

### **Social Development Record of Sri Lanka**

Sri Lanka's distinctive achievements in the area of social development are well established within the development discourse for number of decades. As is often said, the country has a proud record of meeting the basic needs of its people. Indeed, the country has achieved remarkable progress in several areas of social development such as education, health and nutrition etc. Their effects speak best in terms of the long life expectancies - a composite indicator of health and well being - on par with some middle income countries. Sri Lanka is regarded as a success story and has been widely discussed in the development literature. Sen has often referred Sri Lanka's achievements in social development in his discussion of poverty and well-being.

The country's achievements in social development are constantly well ahead of its economic achievements. Even though, the country has reached to the position of a middle income country recently, its progress of social development was impressive as it was a low income country, too. Anand *et. al.* (1995) says that in academic and policy discussions of development strategy, Sri Lanka has become a test case due to its exceptional achievements particularly in the areas of health and education. Besides the country has achieved the high level of social development, it was capable to maintain and gradually improve the achievements even amid the slow economic progress. Sri Lanka is primarily on track to achieve most of the Millennium Development Goals including primary school enrollment, gender parity in primary and secondary school enrollment, and provision of reproductive health services (ADB, 2007). The progress of social sector development revealed by the social development indicators such as life expectancy, literacy rate, infant mortality, crude death rate, crude birth rate, HDI, GDI etc.

**Table 1: Social Development Indicators of Sri Lanka since 1950 to 2005**

<b>Indicator</b>	<b>1950</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2005</b>
Adult Literacy Rate	na	na	80.5	85.3	88.7	90.2	91.6	92.5
Life Expectancy at Birth (Years)	na	na	64.6	67.6	70.2	71.4	72.1	71.6
Infant Mortality Rate (per 1,000 live births)	82	58	48	34.4	18.5	6.5	13.0	12
Crude Birth Rate (per 000')	40.5	36.6	29.4	28.4	20.1	8.9	18.4	18.1
Crude Death Rate (per 000')	12.6	8.6	7.5	6.2	5.8	5.8	6.1	6.5
Maternal Mortality Rate (per 1,000 live births)	5.6	3.0	1.3	0.6	0.4	0.2	na	0.43
Population Growth Rate (%)	3.3	2.8	2.1	1.9	1.0	1.4	1.4	1.1
Per capita income (US\$)	114	142	183	273	473	700	899	1241
HDI	na	0.48	0.51	0.55	0.697	0.719	0.741	0.743
Public expenditure on social services (% of GDP)	7.6	12.2	6.3	10.3	8.5	10.1	7.4	9.5

Note: na = not available

Source: Central Bank of Sri Lanka - Annual Reports

UNDP - Human Development Reports

As revealed the indicators of table 1, the level of social development in the country has gradually improved over the years. The indicators have continued to improve or been maintained even within the unfavorable economic conditions, rising civil unrest, expenditure cut-backs, the shrinking purchasing power of the poor, and increasing inequality in income distribution (Alailima et. al., 1998). UNDP has classified Sri Lanka as a 'medium human development' country according to its performance in social development.

Sri Lanka's achievements in the human development are outstanding when it compare with other countries in its per capita income range as well as regional and with the world averages.

### **Sri Lankan Social Development in the Context of Global Social**

#### **Development**

Sri Lankas position of social development in the context of global social development is also remarkable as illustrate in table 2 below. Its achievements are well ahead when compared with the general averages of the World. Also, the achievements are remarkable when compared with the average values of all developing countries as well as of the South Asian Region. The social development achievements of Sri Lanka are distinctive when compared with economic achievements (real per capitta GDP). Real per capita GDP of Sri Lanka is less than half of the world average and also less than the average of the developing countries. It is just above only to the South Asian average.

**Table 2: Social Development in Sri Lanka in a Global Context for 2005**

Country group	Life expectancy at birth (years)	Adult literacy rate (%)	Net primary enrolment rate (%)	Net secondary enrolment rate (%)	Real GDP per capita (PPP\$)	Infant mortality rate (%)	<i>HDI</i>
All developing countries	66.1	76.7	85	53	5,282	57	<i>0.691</i>
South Asia	63.8	59.5	87	na	3,416	60	<i>0.611</i>
High income countries	79.2	98.6	95	91	331,082	6	<i>0.936</i>
Sri Lanka	71.6	90.7	97	Na	4,595	12	<i>0.743</i>
<i>World</i>	<i>68.1</i>	<i>78.6</i>	<i>87</i>	<i>59</i>	<i>9543</i>	<i>52</i>	<i>0.743</i>

Source: UNDP (2006/07), Human Development Report

### **Sri Lankan Social Development in the Context of South Asian Social Development**

Sri Lanka is far ahead of her South Asian neighbors in the accomplishment of social development goals.

**Table 3: Social development in South Asian Region – 2005**

Country	Infant mortality rate (per 1000 live births)	Maternal mortality ratio (per 100,000 live births)	Life expectancy (years)	Adult literacy rate (%)	Under-five mortality rate (per 1,000 live births)	HDI	HPI <sup>b</sup>
Sri Lanka	12	58	74.3	90.7	14	0.755 (99)	17.8 (44)
Maldives	35	120	67	96.3	42	0.739 (100)	17.0 (42)
India	62	450	63.6	61.0	74	0.611 (128)	31.3 (62)
Bhutan	65	440	64.7	47.0	75	0.579 (133)	32.3 (86)
Pakistan	80	320	63.4	49.9	99	0.539 (136)	36.2 (77)
Bangladesh	56	570	63.3	47.5	73	0.530 (140)	40.5 (93)
Nepal	59	830	62.1	48.6	74	0.527 (142)	38.1 (84)

Source: UNDP, Human Development Report (2006/07),

a. *Data for the year 2004*

b. *Rank of the country in terms of FHDI and HPI are given in parentheses*

Even though a few indicators of Maldives shows little progress than Sri Lanka mainly due to the smaller size of population, in general, Sri Lanka is in the highest position of social development among the South Asian countries. It has achieved a salient progress in the health and education sectors.



The HDI of the country is higher than other countries in its per capita income range such as China, Egypt, India, and Indonesia. It is higher than some other countries, which are in relatively high-income levels such as South Africa, Iran, and Algeria etc. As per capita income is one of the components of the HDI, the higher level of HDI in Sri Lanka mean its life expectancy and literacy rates are much higher than those high income countries because Sri Lanka's per capita income is relatively lower than those countries. The most salient fact is that the social development of the country is ahead consistently economic development. The country's rank in terms of HDI is consistently higher than its position in terms of nominal or purchasing power adjusted GDP per capita. Moreover, government intervention has immensely contributed to improve the accessibility to social services such as drinking water, sanitation, education enrolment and health services significantly. As revealed by table 4 below, within the South Asian region, accessibility ratios to improved sanitation, births attended by skilled health personnel are highest in Sri Lanka.

**Table 4: Accessibility to the Essential Services in South Asian Region**

Country	Population with sustainable access to the an improved <sup>a</sup>		Physicians (per 100,000 people) (2000-2004)	Births attended by skilled health-Personnel (%) 1997-2005	Net primary enrolment rate 2005 (%)
	Sanitation (%)	water sources (%)			
Sri Lanka	91	79	55	96	97
Maldives	59	83	92	70	79
India	33	86	60	43	89
Bhutan	70	62	05	37	..
Pakistan	59	91	74	31	68
Bangladesh	39	74	26	13	94
Nepal	35	90	21	11	79

Source: UNDP, Human Development Report (2007/08)

Likewise, public policies have highly contributed to minimize the extreme poverty and destitution. Extreme poverty of the country based on US\$ 1 per day measure was only 5.6 percent between 1990 and 2005. The percentage of people below the national poverty line is 25. This achievement in poverty sector is significant when compared with the South Asian neighbors.

**Table 5: Poverty Incidence of South Asian Region**

Country	Percentage of Population below (1990-2005)		
	US\$ 1 a day 1990-2005	US\$ 2 a day 1990-2005	National poverty line 1990-2004
Sri Lanka	5.6	41.6	25.0
Maldives	..	..	..
India	34.3	80.4	28.6
Bhutan	..	..	..
Pakistan	17.0	73.6	32.6
Bangladesh	41.3	84.0	49.8
Nepal	24.1	68.5	30.9

Source: UNDP, Human Development Report (2007/08)

Furthermore there is no marked gender discrimination of social development. Females have equal rights access to economic, social, cultural, political activities as male. As revealed by the table 6, achievements of Sri Lankan females particularly in the areas of health and education are almost similar to the male. According to the GDI, Sri Lanka is in behind only to the Maldives in South Asian region.

**Table 6: Gender Related Development Indicators in South Asia**

Country	Gender-related development index (GDI) <sup>a</sup>	Life expectancy at birth (years) 2005		Adult literacy rate (% aged 15 and older) 1995–2005		Combined gross enrolment ratio for primary, secondary and tertiary education (%) 2005	
		Female	Male	Female	Male	Female	Male
Sri Lanka	0.735 (89)	75.6	67.9	89.1	92.3	64	63
Maldives	0.744 (85)	67.6	66.6	96.4	96.2	66	65
India	0.600 (113)	65.3	62.3	47.8	73.4	60	68
Bhutan	..	66.5	63.1	..	..	..	..
Pakistan	0.525 (125)	64.8	64.3	35.4	64.1	34	45
Bangladesh	0.539 (121)	64.0	62.3	40.8	59.3	56	56
Nepal	0.520 (128)	62.9	62.1	34.9	62.7	54	62

Note: Rank of each country in terms of the value of GDI is given in parenthesis

Source: UNDP, Human Development Report (2007/08)

Sri Lanka is exemplified for a country, which is achieved high level of social development amidst low level of economic growth and comparatively lower level per capita income. Indeed, the achievements of the country have created a debate among development activists. Debayani (2003) pointed out that;

*‘Sri Lanka is unusual in having achieved very high levels of social progress...[such as] ..... for a country of its relatively low income level. ....’*

This dispute is mainly because, widespread belief is that, among economists, sociologists' etc. social development generally follows, rather than precedes economic growth and high level of per capita income. The achievements of social goals of the country are accepted as a reward for the strong commitment of public sector on social development. The PRSP (Poverty Reduction Strategy Paper) produced by the Government of Sri Lanka attributes the country's success in social development to heavy investment by the government over the years in the social sector.

*...Sri Lanka's health and demographic indicators are comparable with those of far wealthier Asian nations due to a wide range of pro-poor policies and programs, including subsidized health, subsidized education, targeted food subsidies, subsidized transport, and broad-based family planning services, which have been in existence for several decades (Government of Sri Lanka, 2002: 89).*

Based on the Sri Lankan success, Osmani (1994) emphasizes that “public intervention can enable a country to bring about significant improvement in the basic capabilities of its people relatively quickly, without waiting for growth of income to deliver the goods in the long haul of time”.

### **Public Intervention in Social Development: First Phase of Development**

In Sri Lanka, public sector intervention on social development goes far back to the colonial regime, particularly to the last two decades. For example rice subsidy and free education from kindergarten to university level was introduced in the end of 1930s. The commitment was strengthened with the political independence in 1948. In this time and during the following two and half decades – roughly the First Development Decade- following Bretton Woods and the new internationalism of the post-War II era, the concept of development conceived primarily in terms of increased productive capacity and rising per capita income (Jayasuriya, 2001). Accordingly, ‘growth objective’ was put in the first place and physical capital formulation was given highest priority in policy formulation. Consequently, the resources allocation for social sector development was minimized. However, Sri Lanka took a different path

from this ideology. During the first two and half decades since independence, successive governments firmly committed to pursuit the social development goals and to realize the equity objective and poverty eradication, in addition to the growth objective. In this phase the governments were guided by the notion of 'welfare first and growth later' (Lakshman, 1997; Tilakaratna, 1989). Successive governments have committed to develop the country as a 'social welfare state' by investing largely on social welfare and human development particularly on social welfare programs such as food subsidies, free education and health, subsidized transportation etc. Social expenditure ranged between 10 and 11 percent of GDP in this period.

In addition to that, number of other policies such as colonization schemes, land policies, labor laws etc have contributed greatly to improve the social development in the country. The ceiling on the prices of essential goods and services, by means of controls and rationing, have also indirectly contributed to enhance the living condition of the consumers (Karunatilake, 1985). Undeniably, Sri Lanka was one of the first developing countries to invest in human resources and to promote gender equality and strongly emphasized on policies of free health and education as early as the 1930s (World Bank, 2000; Kelegama, 2001).

The types of welfare programs implemented in the country during this period varied depending on prevailing economic and political condition in the country as well as global circumstances. All political parties covering the entire spectrum from left to right incorporated it in their political agenda. No one made an attempt to introduce fundamental reforms on existing economic and social welfare policy structure until end of 1970s, instead they merely endeavored to deal with the economic challenges and difficulties which were arising time to time. One of the fundamental characteristics of the public sector social services during this period was that the benefits were received all without considering the differences of income or any other status of the beneficiaries. For example, food ration was received even by the income tax payers. The electoral politics, rather than economic rationality, highly influenced on governments' decision-making on social welfare services, not only during the first age of independence but even at present.

During this phase since independence, government was able to maintain the welfare provisions universally since the resource availability was sound and the population was smaller. At the time of independence, the government has had a large external reserve base, which had been built up during the World War II. The Korean boom strengthened the country's resource base during the 1949-1951 and the total population was around 8 million. However, the welfare measures exerted tremendous pressure on government budget. In 1951/52, welfare expenditure accounted for 29 per cent of the government current expenditure even exceeding the capital expenditure. This situation compelled the government to curtail welfare expenditure particularly subsidy expenditure sharply.

Fundamental characteristic of social development policies during the first phase of development (during the first 25 years) since independence could be highlighted as follows:

- Successive governments were committed to develop the country as a 'social welfare state'.
- Policy framework was guided by the 'welfare first' strategy.
- Public resources were allocated largely on social and human development. Social expenditure ranged between 10 and 11 percent of GDP,
- Services were provided to all (universally) without considering beneficiaries' income or any other status,
- Policy agenda was dominated by 'welfare politics'. Electoral politics was highly influenced on public policies.

### **Public Intervention in Social Development: Second Phase of Development**

With transfer the ruling power of the country from basically socialist SLFP to basically capitalist UNP in 1977, overall policy orientation was drastically changed. The decades long restrictions which had been imposed particularly on international trade, exchange rate, financial sector etc were removed. Private sector has been given highest priority and considered as engine of economic growth. The constitution of

the country was changed so as to strengthen newly introduced policy reforms. Snodgrass (1998) summarized this policy reforms “As if by magic, all the barriers to liberal economic policies that had been insurmountable in the past seem to have vanished by 1977”.

Along with these reforms in economic sector, country's decades long welfare policy frame work was also changed significantly. The new policy reforms put economic growth in first place instead of welfare objective of the previous regimes. The reforms included measures to transform an administratively controlled economy into market oriented economy. The market became the main guide of resource allocation. Indeed, as Wickramasinghe (2005) pointed out this is the time the ideology of participatory development was receiving much attention in international forums. It was believed that the economic growth would provide more income for the people through the 'trickle down effect' enabling them to meet with basic needs. Accordingly, the resource allocation was shifted towards investment with a view to facilitate growth and employment. At the same time, public expenditure on social welfare was markedly reduced, and severely curtailed the social services provided by the government universally for long period of time. The government social welfare expenditure as a percentage of GDP declined from 9.9 percent in 1971-75 to 5.5 percent in 1981-85. Accordingly, the welfare services shifted from universal coverage to target groups and provided safety nets for low-income groups. The responsibility of the provision of some of the welfare services was given to the Provincial Councils which were established under the Thirteen Amendment to the Constitution in 1987. Meanwhile, at the end of 1980s, the government focus shifted towards the direct poverty alleviation programs when poverty and malnutrition were identified as growing issues in the country. As a result, *Janasaviya* program, which was the first poverty targeted state intervention and school mid-day meal program were initiated in 1989. This was the milestone of the initiation of participatory development ideology in the country. The participatory development paradigm which entered into the Sri Lankan policy framework in 1978 was elevated to a national scale through 'Janasaviya' program (Wickramasinghe, 2005). In 1995, the *Samurdhi* program superseded the *Janasaviya* and school mid-day meal program aiming to alleviate broad based poverty in sustainable basis.

Meanwhile, even within the disagreements and strife of the Marxist political parties, private sector was largely encouraged to invest in social development services, mainly health, education, housing etc. Indeed private sector participation particularly in health and education sectors has largely increased and has become an influential contributor of these services. However, still these services of private sector have mostly centered on urban areas of the country. Despite the gradual increase of private sector participation in education, health, housing etc, free education and health policies remain further.

Although attempts were made to apply the ‘Need based approach’ to rationalize the some public sector welfare measures such as food stamps, safety nets, school uniforms it has not been successful as expected due to number of reasons. Mainly political interference in all steps of welfare services, for instance establishing operational mechanism, selecting beneficiaries, deciding projects etc have severely affected on efficiency and productivity of resources allocation. In addition to that design and implementing weaknesses, management weaknesses, unfavorable attitudes of and unawareness of the targets of the programs for both relevant officials and beneficiaries etc have also contributed ineffectiveness of the programs. Fundamental characteristics of public sector social development services in the second phase of independence could be summarized as follows:

- Government committed to promote neo-liberal economic policies. Market-oriented growth policies were favored instead of ‘welfare state’.
- Public expenditure on social welfare was severely curtailed.
- Abandoned the universalistic welfare policies, instead social services were targeted to most needy people.
- State sponsored ‘safety nets’ (Janasaviya, Samurdhi) intended not only to enhance the living standard of the poor but also linked with growth and development.



- Poverty eradicating purpose came to the fore as an inevitable responsibility of the public sector.
- Private sector was encouraged to invest in social development services.

### **Issues relating to the social development services and achievements**

Amid with the significant achievements, there are growing concerns over the social development in the country. Some issues are relating to the reliability of the indicators and some are on the missing opportunities. Most important are the 'second generation' issues.

### **Issues on indicators**

Social development indicators of the country are merely the national or regional averages. They portrait only an overall picture at national or regional level but do not reveal the real situation of social development of people of the country. Furthermore, the censuses and surveys during the last two-three decades have excluded the war affected areas. In these areas, thousands of people have internally displaced and are living in refugee camps or with relatives some for over two decades without adequate food, drinking water, sanitation, shelter etc. These situations have not been adequately included into the existing indicators. In addition to that, quality of services does not reflected by those indicators. For example, literacy rate do not reflect the functionality of the knowledge.

### **Issues on missing opportunities**

In the early phase of independent, social services were not targeted. All received benefits equally. Thus in this phase resource allocation for social services was not economically rational. Resources allocation was motivated by political interest rather than economic efficiency. Though several attempts have made to focus the welfare provisions to most needy peoples in the second phase of development, it has not been effective as

expected. For example, the transfers from poverty programs (*Janasaviya*, *Samurdhi* and Food Stamp) reached 14 percent households in the top three deciles of income ladder (Nanayakkara, 2000).

Investment on economic growth was constrained by higher priority given to the social development particularly in the first phase of independence. Undoubtedly investment on social development indirectly contributed to economic growth through advancing human capital. However, as a developing country with limited resources available for investment has to face the dilemma on resource allocation i.e. which field should be given highest priority? In the first phase of development economic growth was sacrificed for social development since welfare objective received highest priority in this phase. However, though growth objective came to the fore in the second phase, economic growth has not increased due to the influence of number of internal and external factors.

Economic growth of the country has not commensurate with the country's social development achievements as notionally expect. Though the level of social development of the country has significantly high even before the independence and gradually progressed, economic growth has not shown a similar path. Indeed, though public investments on social development have brought about tremendous success, and have contributed to minimize gender and ethnic disparities of social development and accessibility to welfare services, the achievements have not been adequately exploited for the economic development. GDP growth was averaged 3% in 1950s, 4.7% in 1960s and 2.8% in first half of the 1970s. In the 1990s and after 2000 average GDP growth rate was 5% per year. As Snodgrass Says (1998), despite Sri Lanka's achievements, its economic development story remains a tale of missed opportunities by whatever yardstick one chooses to employ. Because of the slow economic growth, welfare indicators improved less rapidly than in many other Asia countries, eroding Sri Lanka's initial advantage in social development.

Economically, welfare expenditure caused to make burdens on the balance of payment and on the budget. One of the main reasons behind the curtailment of welfare measures since 1970's and introduction of monetary transfers instead in kind transfers to the poor was to relieve the budgetary burden made by welfare expenditure.

Though attempts were made to target the welfare expenditure where by rationalizing the resources allocation since 1980s, it was not success as expected due to mainly the political influences and design and implementing weaknesses of the policies.

### Second Generation Issues

Regional disparity of social development is one the central challenges that the country has encountered. Though, according to the national level data the social development achievements of the country is high there are marked intra-regional as well as inter regional variations. Indeed this has badly affected on social as well as political stability. Western is the most advantageous Province while Uva and Sabaragamuwa are the relatively most deprived provinces in various aspects of social development. Table 7 below proves the regional disparity of incidence of poverty which is the crucial aspect of social development.

**Table 7: Poverty by Provincial Levels**

Province	Headcount Index (%)	Number of poor persons ('000)	Contribution to total poverty (%)
Western	8.2	471	16.8
Central	22.3	573	20.4
Southern	13.8	338	12.1
Eastern	10.8	100	3.6
North-Western	14.6	342	12.2
North-Central	14.2	168	6.0
Uva	27.0	346	12.3
Sabaragamuwa	24.2	467	16.6

Source: Department of Census and Statistics, (2008)

In addition to that, the figures of table 8 provide evidence for the regional disparity of social development in terms of several other aspects including health, education and accessibility to essential necessities such as

drinking water, sanitation. Indeed this is inevitable outcome of the urban biased resources allocation. Public sector investment on economic as well as social services centered on the major cities in the country particularly on the Western Province. Recently some of the measures such as Maga, Gama, Randora etc have initiated to bring the development out of the Western Province.

**Table 8: Key Socio-economic Indicators by Province – based on CFSS 2003/04**

Item	West.	Centr.	South	North	East	N-W	N-C	Uva	Sabara gamu wa	All Island
Availability of Electricity, % of Households	92.4	72.7	78.4	63.6	65.5	68.5	62.0	56.7	64.7	74.9
Water supply- pipe borne water to house ( % of Households)	51.7	29.8	34.1	3.1	17.4	15.5	15.2	21.3	25.1	30.8
Sanitation – separate water seal toilet (% of Households)	84.6	69.6	86.4	42.8	42.6	83.2	71.7	72.7	79.3	76.5
Median income – one month (Rs) per household	25274	13449	14461	15425	14461	16365	12943	11152	11796	16974
Availability of household equipment, (% of Households)	9.9	2.6	2.5	2.8	1.2	2.5	1.2	0.5	1.6	4.1
- Personal computers	45.3	17.1	18.3	19.7	13.9	23.1	13.9	9.1	13.4	24.5
- Telephone/Mobile										
Literacy rate, %	96.4	89.3	92.7	92.5	86.6	93.5	92.6	88.3	91.5	92.5
Educational Attainment %	3.9	11.1	7.7	7.6	13.8	6.7	7.6	11.9	9.0	7.9
- No schooling	27.0	17.7	22.4	28.5	17.0	20.6	17.3	13.8	17.2	21.2
- Post Secondary										

Source: Central Bank of Sri Lanka, (2007)

Inadequate quality improvement of the services and the low quality of some of the achievements are the major issues on social development of the country. Though successive governments endeavored to distribute the services, quality improvement received less attention. As a result, quality of the services as well as achievements particularly in the health and education services has worsened. One of the evidences for the inadequate quality improvement is the mismatch between educational qualification and employment opportunities of the labor market.

Meanwhile, inadequate quality improvement and distribution issues have led to emerge anxieties in the several areas of social development. For example, as provide evidence by the figures in table 9, percentages of undernourished population, children under weight for age, children under height for age, infants with low birth weight etc are relatively as well as absolutely high. Social development of the country in terms of these aspects is far behind the countries which have achieved high economic and human development. Indeed the country has not yet reaped its fullest potential in the sphere of health and education to reach the internationally competitive levels.

**Table 9: Emerging threatens in Social Development**

	Population undernourished (% of total population) 2002/04	Children under weight for age (% of children under age 5) 1996–2005	Children under height for age (% of children under age 5) 1996–2005	Infants with low birth weight (%) 1998–2005
Sri Lanka <sup>a</sup>	22	29	18	22
Thailand <sup>a</sup>	22	18	16	9
China <sup>a</sup>	12	8	19	4
Norway <sup>b</sup>	<2.5	..	..	5
United State <sup>b</sup>	<2.5	2	3	8
Japan <sup>b</sup>	..	3	4	8

Source: UNDP, (2007/08)

Another issue that the country has encountered is the high level of incidence of poverty. Though poverty rates have significantly declined recently, it is remaining further as one of a central issue. Public sector involved combating poverty for over two decades through direct poverty alleviating programs. But according to the official estimates still around 15 percent of the population is living below the poverty line (table 10 below). The important attribute is that poverty reduction is not commensurate with social development of the country.

**Table 10: Poverty incidence by National and Sectoral levels**

	Headcount index	Number of poor persons	Contribution to total poverty
	%	thousands	%
National	15.2	2,805	100.0
Urban	6.7	184	6.6
Rural	15.7	2,303	82.1
Estate	32.0	318	11.3

Source: Department of Census and Statistics, (2008)

### **Challenges**

Number of challenges is emerging in the area of social development of the country which should take seriously into account. These are making disturbances mainly on maintain the level of achievements, continuing the provisions and improving the quality of the services.

#### ***Inadequate budgetary allocation***

Inadequate budgetary allocation for social development is one of the major obstacles that have to face in maintaining the achievements and to distribute the services. Public expenditure on social development averaged 2.5 percent of GDP during the last two decades. Public expenditure on

education and health as a percentage of GDP averaged respectively 2.3 and 1.6 during the period of 2002-05. In the countries with high human development these figures are around or over 6 percent. When compared with the figures in table 11, Sri Lanka's health and education expenditure is not only considerably lower but has declined over time. To the contrary military expenditure has increased.

Since the inadequacy of resources allocation and the emerging issues due to the war and new diseases such as HIV/Aids, Dengue fever etc. maintain of the achievement is big challenge for the country. Indeed, the progress of social development in the country has slow down. Hence, even the vaunted basic needs achievements have become less distinctive through time as faster-growing countries have begun to match Sri Lanka's once-outstanding social indicators.

**Table 11: Public expenditure (as a percentage of GDP)**

Country	Health 2004	Education		Military	
		1991	2002-05	1990	2005
Sri Lanka	2.0	3.2	2.6	2.1	2.6
Norway	8.1	7.1	7.7	2.9	1.7
USA	6.9	5.1	5.9	5.3	4.1
Maldives	6.3	7.0	7.1	..	..
India	0.9	3.7	3.8	3.2	2.8
Thailand	2.3	3.1	4.2	2.6	1.1
Malaysia	2.2	5.1	6.2	2.6	2.4

Source: UNDP, Human Development report (2007-08)

### ***Adverse effects of the War***

The ongoing war over two and half decades has adversely affected on the social development of the country through number of ways. On the one

hand, the cost of the war has constrained the resource allocation for growth and social development. Military expenditure as a percentage of GDP was 2.1 in 1990 and has rose to 2.6 in 2005. On the other hand, the war has directly affected on social development of the country. Thousands of people are internally displaced. Most of them are living in refugee camps without having at least minimum of the basic needs. In addition to that the number of the disabled due to the war is becoming large not only civilians but also security personals. In the future this will become vary big issue not only economically but also socially.

### ***Increasing Old age population***

Another challenge but not given much attention is the increasing of old aged population of the country. Old age population is becoming comparatively large as a result of demographic transition. Indeed this is the collective outcome of the social services including health and education. As shown in table 12, by 2015 population aged 65 and over will 9.3% of total population. This figure in South Asia and developing countries as a whole is 5.4% and 6.4% respectively. The estimated percentage for Sri Lanka is higher even middle income countries. Since this was happened in developed countries with the economic development, those countries have been able to manage the issues relating to aged population smoothly. The increasing aged population in Sri Lanka with low economic growth undoubtedly place high economic pressure on the labor force. Their living condition might adversely affect since they have to scarify their savings and investments to maintain aged population. Further, public economic investment might hinder by high proportion of resource allocation for social security services. Corresponding to the increment of the proportion of old age population, percentage of population under age 15 has shown a declining trend making adverse effects on the labor force. Ultimately this will adversely affect the economic performance of the country.



**Table 12: Demographic Trends of the World**

Country/Region	Population under age 15 (% of total)		Population aged 65 and older (% of total)	
	2005	2015	2005	2015
Sri Lanka	24.2	21.4	6.5	9.3
Developing countries	30.9	28.0	5.5	6.4
South Asia	33.6	29.5	4.7	5.4
Middle income	25.1	22.5	7.3	8.6
High income	18.1	17.0	14.8	17.3
World	28.3	26.0	7.3	8.3

Source: UNDP, Human Development Report (2007/08)

### ***Mismanagement and poor targeting***

Mismanagement and poor targeting have badly affected on the efficiency of public sector resources allocation for welfare services and safety nets making burdens on the budget. Political influence, unfavorable attitudes both beneficiaries and officials and weaknesses of the implementing mechanism etc have caused for this inefficiency. Though it was attempted to converge the benefits to the needy people through several measures and strategies, it has not been successful as expected. For example, though poverty rate at the national level is around 15 percent, 50 percent of the population receives *Samurdhi* benefits.

### **Conclusion**

The study is attempted to analyze the social development achievements of Sri Lanka and to identify the challenges the country has encountered in maintaining and improving the level of achievements. Accordingly the following conclusions were drawn.

Social development achievement of the country is significant even amid the inadequate economic progress. Though public investments on social development have brought about tremendous success, and have contributed to minimize gender and ethnic disparities of social development and accessibility to welfare services, the achievements have not been adequately exploited for the economic development. The inadequate performances of public investment are mainly due to the political interest of those investments rather than economic rationality. Further, the distinctiveness of the achievements is becoming insignificant due to the rapid progress of social development of the emerging economies.

Second generation issues i.e. quality and distribution issues of social development are intimidating to the progress of the sphere. This is further worsening by the inadequate budgetary allocation. Meanwhile, civil war has adversely affected on human development directly and indirectly through making burdens on resource allocation. In addition, high level of social development achievements of the country has not been adequately contributed to build harmony among different ethnic groups. Also, the proportion of the aged population is increasing obstructing the future growth performance and economic development of the country. These challenges should be addressed immediately with appropriate strategies for better outcomes from the scarce resource and to improve the quality of achievements.

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