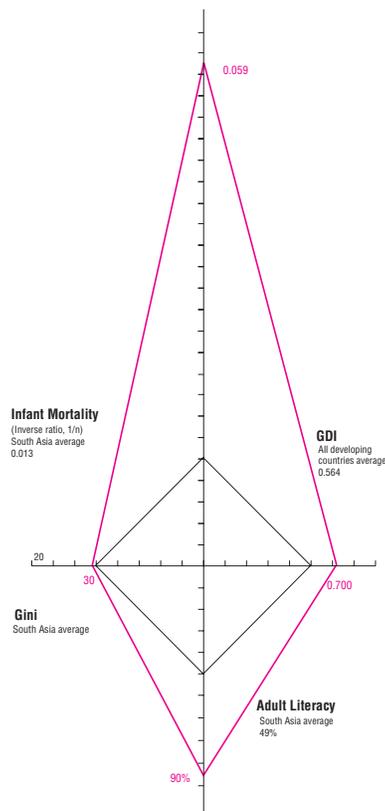


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## BEFORE AND AFTER SAP

*A negative impact on Sri Lankan agriculture, food security and nutritional status of the rural poor is expected from the WTO, the South Asian Free Trade Agreement and South Asian Preferential Trade Area.*



In terms of quality of life indicators, however, development in Sri Lanka was no less spectacular than was economic growth in East Asian economies. **Crude death declined from 38 per thousand in 1960 to only six in 1987, a level achieved by no other country in Asia, Africa, Europe or North America in the history of development except Korea and Taiwan. Infant mortality rates declined from about 70 to 21 per thousand live births within the short span of 25 years.** Similarly high standards have been achieved in life expectancy, literacy, child mortality and morbidity and in immunisation against childhood diseases.

**Government welfare policies since the 1940s are credited with this success.** Free food for all, free medical care and education improved quality of life in Sri Lanka. Today, about 90% of Sri Lankans are literate, 85% of births take place in clinics or hospitals, and life expectancy exceeds the 70 years mark although GNP per capita remains at USD 700.

Domestic savings, which are gradually increasing, reached 12% of the GDP in 1988 and increased to 17.3% in 1997. The government spent over five billion rupees annually on war due to armed conflict in the north and east of Sri Lanka.

## POVERTY AND EMPLOYMENT

With the introduction of open economic policies, general welfare programmes changed into targeted poverty alleviation programmes concentrating on two main areas: (1) credit and grants for income generating enterprises; and (2) food assistance.

*The Equity Diamond: National values in terracotta compared to regional ones in blue.*  
 Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development index): UNDP, *Human Development Report 1998*; **GINI:** World Bank, *World Development indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

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The main poverty alleviation programme in the country at present, the «Samurdhi» programme, was launched in 1994 to ensure a minimum standard of living for vulnerable groups by implementing programmes to reduce unemployment among them and by providing food subsidies. At the end of 1997, 2.1 million families were benefiting from the Samurdhi programme. **According to a recent study, 25–35% of the population are below the poverty line. Unemployment and under-employment, rapid currency depreciation, reduction of real wages, high consumer prices and discouragement of subsistence agriculture may be the main reasons for this high percentage of poverty.**

Unemployment in Sri Lanka is a serious problem. The unemployment rate is decreasing and it was recorded at 10.2% in the second quarter of 1997. According to the quarterly labour force survey, 647 thousand people are unemployed in Sri Lanka. Male and female unemployment rates are 7.7% and 16.3% respectively. Fully 83.7% of youth aged 15–29 years and an estimated 20 thousand graduates are unemployed.

Trade union activities are legal in Sri Lanka. A trade union can be registered under the labour ministry with a minimum of seven members. Although workers are granted trade union rights under the constitution, employers violate these rights and harass trade unionists. Workers are not allowed to organise in free trade zones.

Mothers in Sri Lanka are entitled to maternity leave of 84 working days for their first two children and 42 days for the third. For the first five months after childbirth, mothers are entitled to one hour leave on working days to feed their infants. This right is not recognised in the plantation sector and in small scale enterprises. **Almost all female workers in free trade zones resign when they get married. Poor working conditions and the lack of basic rights are the main reasons.**

To ensure and protect children's rights, the parliament unanimously passed a bill recently to establish a Child Protection Authority.

## SOCIAL INTEGRATION AND GENDER

**Sri Lanka was the first country in the world to have a woman prime minister (in 1960). Currently, both the presidency and the premiership in Sri Lanka are held by women.** There are a number of women deputy ministers and members of parliament. The government has appointed women to lead important government and semi-government organisations. However, participation of women in decision-making processes at other levels is low. Also in the economic sector, there is no cause to rejoice since unemployment among women is greater than among men.

The indigenous people in Sri Lanka, ie, the Vedita community, is vanishing. This is not due to conscious suppression by the rulers or the main ethnic group, but to the process of cultural assimilation. The Vedita population, recorded at 2,030 in 1871, was reduced to 715 in 1953. Government resettlement programmes have disturbed traditional livelihoods. The authorities are keen to show that they are concerned about the well-being

and identity of the Veddas.

## COMMITMENT 6

The literacy rate in Sri Lanka is high compared to regional countries but is low compared to developed countries. It is said that 15% of children aged 5–14 who live in slums in the Colombo metropolitan area are not in school. There is evidence that the rate of literacy is decreasing.

Public expenditure on infrastructure development in education has been relatively low due to resource constraints. **Expenditures declined in 1997 to 0.5% of GDP from 0.6% in 1996.** In 1997, 10,216 government schools had a student population of 4,123,656 and teaching staff of 181,050. There is an estimated one school for every six square kilometres and 23 students per teacher. Text books and school uniforms are free. However, there are wide regional inequalities in the availability of educational facilities and uneven distribution of available resources. Further, low productivity of teaching staff due to weak recruitment policy is also a problem in the educational sector.

Despite improvement of many public health indicators, problems of malnutrition persist in Sri Lanka particularly among mothers and pre-school children. **Stunting, wasting and underweight among pre-school children were recorded as 24%, 16% and 38% respectively. Incidence of Low Birth Weight (LBW) is as high as 19%. Maternal malnutrition (height less than 140 cm) in 1993 was 30%; 29% of pregnant mothers were suffering from iron deficiency anaemia.**

## AFTER THE ADJUSTMENT

In the late 1970s, the Government of Sri Lanka implemented a Structural Adjustment Programme (SAP), pretending that it would correct problems of economic imbalances between aggregated demand and supply in terms of inflation, unemployment and shortage of foreign exchange. Economic reforms under SAP included: reduction of protection for sectors that competed with imports; provision of incentives to export-oriented sectors; exchange rate policy adjustments; fiscal and monetary reforms; liberalisation of the domestic sector; protection of markets from government intervention to allow free play of market forces; and privatisation of some government business enterprises. SAP has aggravated the various socio-economic problems in the population, and adversely affected the livelihood of households particularly in the agrarian sector.

**Political unrest and tensions, youth rebellions and the growth of armed separatist movements in the north and east are attributed to massive loss of sustainable livelihoods in rural agriculture, lack of opportunities in agricultural and other sectors, unemployment among educated youth, increasing disparities in education and employment, pre- and post-election violence, and undemocratic election procedures.**

The situation may worsen if World Bank recommendations for the non-plantation sectors are implemented. The World Bank is suggesting a shift to value-added, market-oriented crop production, and the privatisation of irrigation and extension services. A negative impact on Sri Lankan agriculture, food security and nutritional status of the rural poor is expected from the WTO, the South Asian Free Trade Agreement (SAFTA) and South Asian Preferential

Trade Area (SAPTA).

- [Institute of Poverty and Socio-Economic Analysis](#)