

Social development of Sri Lanka: achievements and challenges

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Abstract

The 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 as education, health and nutrition etc. The progress of the social sector development is revealed by several social development indicators. UNDP has classified Sri Lanka as a medium human development country according to its performance in social development. In Sri Lanka life expectancy and literacy rates are much higher than those high income countries. Public policies have highly contributed to minimize extreme poverty and destitution. A number of policies such as colonization schemes, land policies, labour laws have contributed to improve the social development of the country. Though public investments on social development have brought about tremendous success, the achievements have not been adequately exploited for economic development. The challenges facing economic development have to be addressed with appropriate strategies for better outcome, with regard to economic development. However the following conclusion could be drawn. The social development of the country is significant even amid the inadequate economic progress. The social development achievements of the country have neither adequately contributed to build harmony among different ethnic groups nor rapid economic progress.

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 make 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 from time to time, it is noteworthy to mention that from Adam Smith to Keynes, the concept of development in economic theory 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 development. Indeed, a central feature of the new development paradigm was to call for the incorporation of the social objectives such as social well-being and security, and improved living standards as integral and essential components of the theory and practice of development. 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 independence in 1948. Consequently, the country has achieved comprehensive progress in the realm of social development becoming a test case within the development community.

The study intends to examine the social development achievements of Sri Lanka and the challenges the nation has 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 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 a 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 a remarkable progress in several areas of social development such as education, health, 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, an authority on economic development has often referred to 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 the position of a middle income country recently, its progress of social development was impressive as it was a low income country, 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 is 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

Indicator	1950	1960	1970	1980	1990	1995	2000	2005
Adult Literacy Rate	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 human development are outstanding when it is compared 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 Lanka's position of social development in the context of global social development is also remarkable as illustrated in table 2 shown 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 capita 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 (PPPS)	Infant mortality rate (%)	HDI
All developing countries	66.1	76.7	85	53	5,282	57	0.691
South Asia	63.8	59.5	87	na	3,416	60	0.611
High income countries	79.2	98.6	95	91	331,082	6	0.936
Sri Lanka	71.6	90.7	97	Na	4,595	12	0.743
World	68.1	78.6	87	59	9543	52	0.743

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 ^b
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 show 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, Algeria etc. As per capita income is one of the components of the HDI, the higher level of HDI in Sri Lanka means 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 of economic development. The country's rank in terms of HDI is consistently higher than its position in terms of nominal or purchasing power adjusted to 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 essential services in South Asian Region

Country	Population with sustainable access to the essential services improved		Physicians (per100,000 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 her 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 of access to economic, social, cultural, political activities as males. 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 behind only to the Maldives in the South Asian region.

Table 6: Gender related development indicators in South Asia

Country	Gender-related development index (GDI) ^a	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 has achieved a 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, who 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 and others, 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.

Based on the Sri Lankan success, it could be emphasized 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 the 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. At 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, a 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. 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.

The types of welfare programs implemented in the country during this period varied depending on the 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 the end of 1970s, instead they merely endeavored to deal with the economic challenges and difficulties which were arising from 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 a stage of independence but even at present

During this phase since independence, the 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's budget. In 1951/52, the 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 the subsidy expenditure sharply.

Fundamental characteristics 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 the transfer of 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 the 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 the 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 a 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 a long period of time. The government's 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's focus shifted towards 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 a 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 the private sector are 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 continued without any interruption.

Although attempts were made to apply the 'Need based approach' to rationalize some public sector welfare measures such as food stamps, safety nets, school uniforms it has not been successful as expected due to a 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 the 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 to the ineffectiveness of the programmes.

Fundamental characteristics of public sector social development services in the second phase of independence could be summarized as follows:

- Government was 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 the 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

Regardless of several significant achievements, there were growing concerns over the social development in the country. Some of the issues were related 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 the 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 been internally displaced and are living in refugee camps or with relatives some for over two decades without adequate food, drinking water, sanitation, shelter etc. This situation has not been adequately included into the existing indicators. In addition to that, quality of services are not reflected by those indicators. For example, literacy rate does not reflect the functionality of the knowledge.

Issues on missing opportunities

In the early phase after independence, 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 people in the second phase of development, it has

not been effective as expected. For example, the transfers from poverty programs reached 14 percent of households in the top three deciles of the income ladder. Investment on economic growth was constrained by higher priority given to social development particularly in the first phase after 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 Sri Lanka 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. However, though growth objective came to the fore in the second phase, economic growth has not increased due to the influence of a number of internal and external factors.

Economic growth of the country has not commensurate with the country's social development achievements. Though the level of social development of the country was significantly high even before 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 economic development. GDP growth was averaged 3% in 1950s, 4.7% in 1960s and 2.8% in the 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 Asian 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 the 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 rationalizing the resources allocation since 1980s, it was not successful as expected due mainly to 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 the social as well as political stability. Western province 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 an inevitable outcome of the urban biased resources allocation. Public sector investment on economic as well as social services are 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.	Centre.	South.	North	East	N-W	N-C	Uva	Sabar agamuwa	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
Medium 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 (%)										
- No schooling	3.9	11.1	7.7	7.6	13.8	6.7	7.6	11.9	9.0	7.9
- Post Secondary	27.0	17.7	22.4	28.5	17.0	20.6	17.3	13.8	17.2	21.2

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 have 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 shown 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 threats 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 ^a	22	29	18	22
Thailand ^a	22	18	16	9
China ^a	12	8	19	4
Norway ^b	<2.5	..	..	5
United State ^b	<2.5	2	3	8
Japan ^b	..	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 the central issues. The public sector is involved in 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

A number of challenges is emerging in the area of social development of the country which should be taken seriously into account. These are making disturbances mainly to maintain the level of achievements, continuing the provisions and improving the quality of the services.

Inadequate budgetary allocation

Inadequate budgetary allocations for social development is one of the major obstacles that have to be faced in maintaining the achievements and to distribute the services. Public expenditure on social development has decreased 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. maintaining of the achievements, is a big challenge for the country. Indeed, the progress of social development in the country has slowed down. Hence, even the most wanted basic needs and achievements have become less distinctive 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 the social development of the country in a 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 risen 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 minimum of basic needs. In addition to that the number of the disabled due to the war is becoming large not only civilians but also security personnel. In the future this will become a very big issue not only economically but also socially.

Increasing of old age population

Another challenge which has not given much attention is the increasing number of the 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 the population aged 65 and over will be 9.3% of the total population. This figure in South Asia and developing countries as a whole will be 5.4% and 6.4% respectively. The estimated percentage for Sri Lanka is higher than middle income countries, too. Since this has 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 of Sri Lanka with a low economic growth undoubtedly will place a high economic pressure on the labour force. Their living conditions are liable to be effected adversely since they have to sacrifice their savings and investments to maintain the aged population. Further, public economic investment might be hindered by a 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 labour 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 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 official and weaknesses of the implementing mechanism etc. have caused this inefficiency. Though it was attempted to do away with 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 an attempt 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 they have not 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 hampering the progress in this sphere. Further inadequate budgetary allocation is a problem. Meanwhile the civil war had adversely affected the human development directly and indirectly making burdens on resource allocation. In addition, the high level of social development achievements of the country have not 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 to maximize outcomes and to improve the quality of achievement.

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