



SRI LANKA

THE EMERGING WONDER OF ASIA

MAHINDA CHINTANA VISION FOR THE FUTURE

**THE DEVELOPMENT POLICY FRAMEWORK
GOVERNMENT OF SRI LANKA**

**DEPARTMENT OF NATIONAL PLANNING
MINISTRY OF FINANCE AND PLANNING**



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The Department of National Planning - 2010



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SRI LANKA

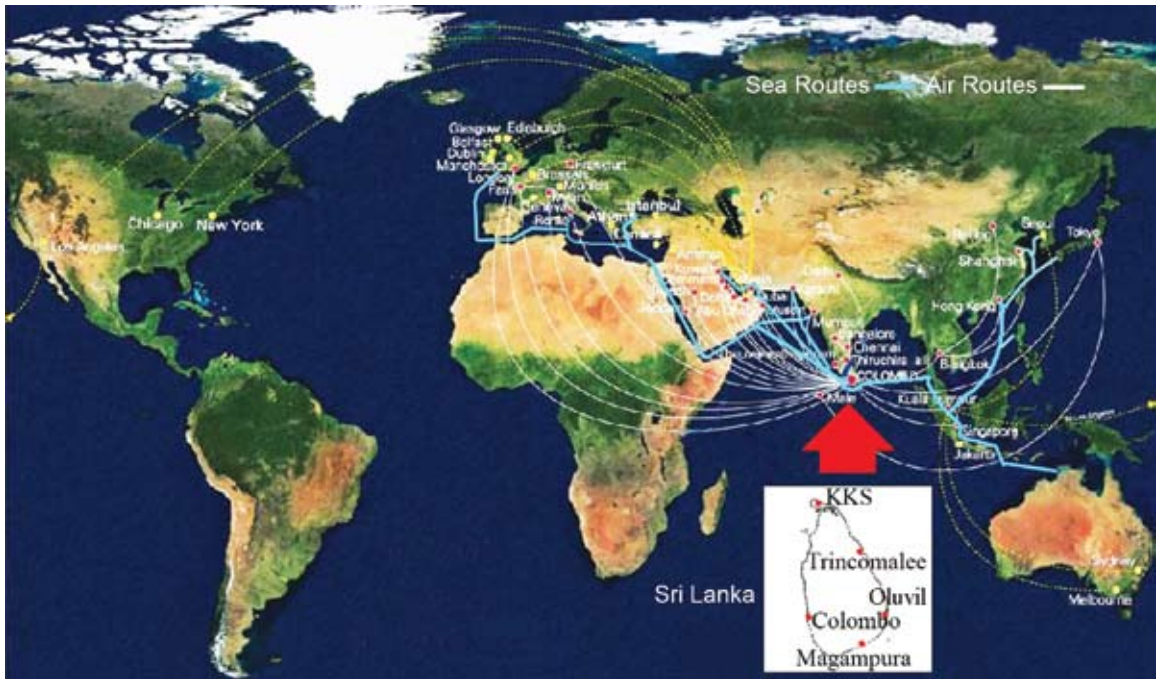
The Emerging Wonder of Asia



| Item | Unit | 2005 | 2010 Est. | 2016 Proj. |
|-------------------------------------|----------|-------------------|--------------|---------------|
| Population | mn | 19.7 | 20.7 | 21.9 |
| GDP | USD bn | 24.4 | 49.1 | 98.0 |
| Per Capita Income | US\$ | 1,241 | 2,375 | 4,470 |
| Inflation - GDP Deflator | % | 5.7 | 7.0 | 4.0 |
| Exports | US\$ bn | 6.3 | 8.0 | 18.0 |
| International Trade Turnover | US\$ bn | 15.2 | 21.3 | 44.1 |
| International Services Income (Net) | US\$ bn | 0.3 | 0.6 | 2.6 |
| Earnings from Tourism | US\$ bn | 0.3 | 0.5 | 2.5 |
| Remittances | US\$ bn | 2.0 | 3.8 | 7.0 |
| Access to Electricity | % | 75.0 | 88.0 | 100.0 |
| Access to Telecommunications | % | 23.6 | 85.0 | 100.0 |
| Women in Labour Force | % | 32.6 | 34.3 | 40.0 |
| Unemployment | % | 7.2 | 5.3 | 3.2 |
| Infant Mortality | Per 1000 | 11.2 | 10.9 | 4.0 |
| Maternal Mortality | Per 1000 | 0.45 ^a | 0.39 | 0.2 |
| Poverty | % | 15.2 | 7.6 | 4.2 |
| Primary School Enrolment | % | 95.0 | 98.0 | 100.0 |
| Literacy Rate - (15 - 24 years) | % | 95.0 | 97.0 | 98.0 |
| Literacy Rate - Computer | % | 9.7 | 20.3 | 75.0 |

SRI LANKA

A Dynamic Global Hub

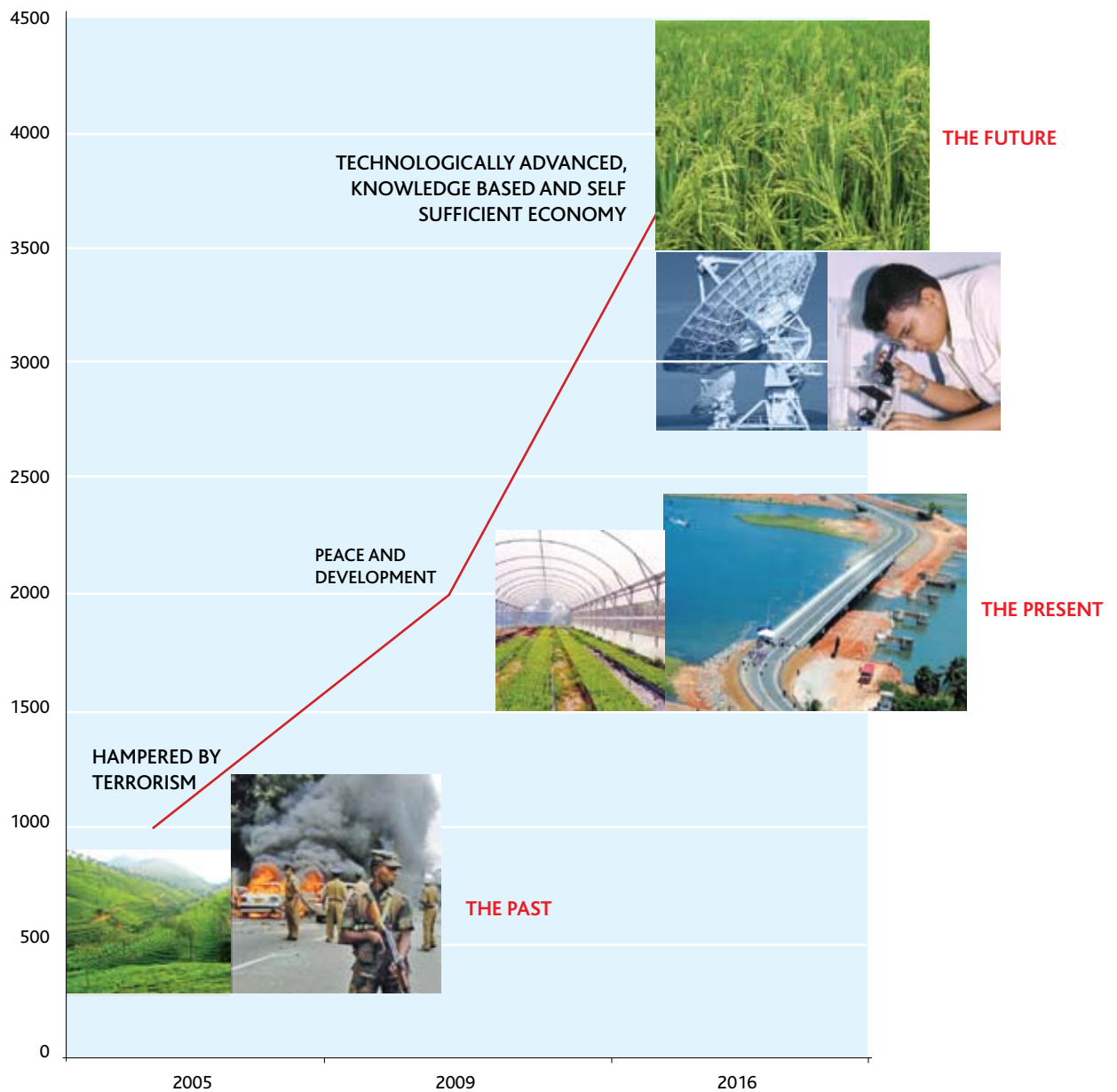


The objective of our next massive leap forward is to transform Sri Lanka into a strategically important economic centre of the world. My determination therefore, is to transform Sri Lanka to be the Pearl of the Asian Silk Route once again, in modern terms. Using our strategic geographical location effectively, I will develop our motherland as a Naval, Aviation, Commercial, Energy and Knowledge Hub, serving as a key link between the East and the West.

Mahinda Chintana - Vision for the Future

Sri Lanka – The Emerging Wonder of Asia

PER CAPITA INCOME (US\$)



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1. SRI LANKA

THE EMERGING WONDER OF ASIA

Overview

Sri Lanka has achieved many positive developments during the period 2005 to 2009 with the policies implemented under the Mahinda Chintana - towards a new Sri Lanka. It has also created a strong base to achieve a high and sustainable economic growth in the years to come. This process is envisaged to continue at a renewed pace with the policies and measures to be implemented during the next six years under the Mahinda Chintana – Vision for the Future, to reposition Sri Lanka in the global arena as a knowledge based strong middle income country with better and improved living standards which continues to preserve cultural values and traditions.

The Mahinda Chintana phase of socio economic development in Sri Lanka was commenced following the Presidential Election in November 2005 at which His Excellency Mahinda Rajapaksa was elected as the President of Sri Lanka. The policy framework, based on Mahinda Chintana - Towards a new Sri Lanka, envisaged to resolve the prolonged conflict, implement large infrastructure development initiatives consisting of electricity generation, ports, airports, water supply and irrigation, roads and transport, revitalize agriculture and domestic enterprises, strengthen public services and state owned enterprises, promote private sector and SME's and implement rural centric integrated development initiatives aiming at empowering villages (Gama Neguma). This enabled Sri Lanka to achieve a number of improvements, including the following:

- Sustained economic growth of around 6 percent
- Raise per capita income from US\$ 1,062 in 2004 to US\$ 2,053 in 2009
- Reduce unemployment from 7.4 percent to 5 percent (from 2005 to 2009)
- Reduce poverty from 15.7 percent to 7.6 percent (from 2006 to 2010)
- Raise access to electricity from 75 percent to 87 percent, safe drinking water from 80 percent to 85 percent, telecommunication from 23 percent to 86 percent and road access from 93 percent to 95 percent between 2005 and 2009 period
- Raise school enrolment from 95 percent to 98 percent, general literacy from 95 percent to 97 percent, computer literacy from 10 percent to 20 percent, infant mortality from 11.2 per thousand live births to 10.9, life expectancy from 73.2 years to 74.1 years, women participation in labour force from 32.6 percent to 34.3 percent and overall human resource index from 0.740 to 0.759 between 2005 and 2009 period
- Position the country's overall happiness index ranking at 1st in Asia and 8th in the world

The Socio Economic Development Strategy for the next decade based on the Mahinda Chintana – Vision for the Future, the 2010 Presidential Election Manifesto of His Excellency the President Mahinda Rajapaksa, envisages a Sri Lanka that:

- Has an economy with a green environment and rapid development
- Aspires to be a stable society with a high quality of life for all of its people having access to decent living, electricity, water, schooling and health facilities
- Maintains the best of Sri Lankan culture, traditions and long standing global identity
- Aims to consolidate as an emerging market economy, integrated into the global economy and is competitive internationally

- Intends to have the characteristics of a middle income economy with a knowledge-based society

This vision is articulated identifying specific targets aiming at achieving the Millennium Development Goals (MDGs) ahead of time. Among the Mahinda Chintana Goals (MCGs) for 2016 are the following;

- Eradication of hunger and hard-core poverty
- Universalization of secondary education for all
- Reducing malnutrition rate of children from a third to 12-15 percent
- Increasing life expectancy from 76 to 80 years
- Increasing access to clean water in urban areas from 65 to 90 percent
- Raising forest coverage from 28 to 43 percent

These are to be attained through rapid economic growth and a change in the structure of the economy to a modern, environmentally friendly and well connected rural-urban economy that can create better-remunerated employment opportunities:

- Almost doubling of GDP by 2016 to above US\$ 4,000 to be attained through an economic growth of over 8 percent per annum
- Investment to be increased to 33-35 percent of GDP with sustained commitment of public investment of 6-7 percent of GDP to support private investment
- Exports to grow at twice the rate of real GDP
- High spending tourism to grow in order to generate fourfold expansion in tourist earnings and remittances inflows, based on skills, to be doubled
- The share of rural employment to decline from about two-thirds to half; and
- The share of urban population to increase from a quarter to a third.

Sri Lanka's new development strategy, which is outlined in this document, attempts to implement explained strategies and underlined actions not only for a higher economic growth but also for a higher quality growth in each sector. The Mahinda Chintana Goal is to share the benefits of growth across all segments of the population and also to prevent inequities, social exclusion and adverse environmental repercussions that have been witnessed in some of the rapidly growing economies.

VISION

GROWTH ALONE DOES NOT MEAN ECONOMIC PROSPERITY

The Mahinda Chintana vision is based on the economic philosophy that the growth in Gross Domestic Product (GDP) alone would not bring economic prosperity to the society. The Mahinda Chintana Goal (MCG) is to increase the GDP to provide benefits to every segment of society in a justifiable manner. The creation of prosperity to the majority of the people who cannot purely rely on market based solutions requires connectivity through roads, electricity, telecommunications, information technology, education and health services. Hence, the development strategy relies not only on promoting investments on infrastructure based on commercial and economic returns but also on the creation of equitable access to such infrastructure development to enable people to engage in gainful economic activities.

Towards this end, providing electricity to all, popularizing mobile usage among all people, establishing Nanasala (IT centers) in remote villages and developing the rural and agricultural road network (Maga Neguma), have made a revolutionary transformation in the rural economy. Providing benefits through wider networking is supported by equally important rural centric development programmes such as rural irrigation projects, community water supply projects, storage and marketing facilities and financing and credit facilities.

The Mahinda Chintana philosophy is such that the empowering people must move hand-in-hand with the development in family values as well as vulnerabilities of women, children, and elderly are contained. It also places greater emphasis on the upliftment of moral values and liberating people from using narcotics and drugs (Mathata Thitha). This holistic approach will enable the entire society to reach new heights in their overall living standards.

The Economic Framework

Sri Lanka's growth targets for the 2010-2016 period appear well within reach. The 26 year conflict is over. Necessary infrastructure is in place. The global economy is on the recovery path. Over the past five years, Sri Lanka has scored better on most of the aggregate indicators. There is also a benefit from the expected supply-side response from agriculture, livestock, fisheries as well as tourism related activities following the successful ending of the conflict.

The doubling of the size of Sri Lanka's economy, which is envisaged over the coming six years, will need to be accompanied by a shift in the structure of the economy. The shift envisioned in the strategy – whereby agriculture, industry and services become the key drivers in the initial phase, reflecting the impact of rapid recovery in agriculture based activities. The share of agriculture in GDP is to be consolidated at around 12 percent, industry at 28-30 percent and services at around 60 percent, thereby diversifying the economy. This shift enables those engaged in agriculture to enjoy higher returns. However, it is also important to manage a balanced growth to prevent widening urban-rural gaps.

Sri Lanka recognizes that the process of globalization presents both opportunities and challenges. Sri Lanka's decision to honour its commitments under the Free Trade Agreements (FTAs) with India and Pakistan and other Regional Trade Agreements (SAFTA, APTA, and BIMSTEC) will have great gains for the country in terms of exports, investment opportunities and acquisition of technology.

Encouraging the Private Sector

If investment rates are to rise as needed, the domestic private investment will need to rise from the current low level of around 15-17 percent of GDP to about 22 percent of GDP for the 2010-2016 period.

Sri Lanka's investment climate for the private sector has been affected adversely in the past by conflict related uncertainties, legal disputes and infrastructure limitations. However, there are indications that the climate in Sri Lanka is rapidly improving. Changing attitudes of officials and bankers, as well as systems and procedures adopted with regard to private enterprises, in addition to the improvement in legal and regulatory framework, are the key priorities in the medium term administrative reforms.

Mobilizing Foreign Direct Investment

The Government envisages foreign investment playing an important role in bringing investment and technology into Sri Lanka. During the past decade, Sri Lanka benefited disproportionately from direct investment inflows which were on average equivalent to 1.5 percent of GDP. The Government projects to double the level of inflows during the current decade, particularly in the areas of tourism, urban development, IT/BPO services, pharmaceutical and renewable energy etc.

Prioritize Investments Carefully

The Government's programme for the coming six years envisages some closing of the "Infrastructure Gap" between Sri Lanka and its neighbours. This will involve very large investments across the full range of transport, energy, water, sanitation and irrigation sectors. In the areas of energy and ports, a considerable front-based investment has taken place. Thus, while many investments will have good returns, a careful cost-benefit analysis (in which economic, social and environmental costs are all taken into account) will be undertaken in planning for the future.

Diversify the Pattern of Finance

The pattern of financing will be such that the Government resources and Official Development Assistance (ODA) will finance a large share of infrastructure growth in the medium term. ODA donors are less willing to finance investments when private investment appears available. Two additional sources – private capital and retained earnings – will be needed to finance new investments. Private investors have already demonstrated their willingness to finance investments in power, ports, telecommunication, public transport, water supply and sanitation and waste disposal. This will require rational pricing mechanisms and more disciplined financial management. The Government has set targets for utilities in power, water, and transportation to become commercially creditworthy entities to generate funds internally.

Improve the Management and Sustainability of Investment

The Government has recognized the immense scope for efficiency gains by reducing waste and improving performance. In the water sector, deteriorated distribution networks allow pollutants to seep into the water supply and 30 percent of piped water is unaccounted for revenue. Water businesses lose almost 40 percent of their revenue because customers are not billed for the water they use, or because companies fail to collect the dues. Due to poor operation, the delivery of water through irrigation systems have been unreliable. Transmission losses in electricity distribution is at 14.5 percent and requires loss reduction reforms. Reforms are needed to increase the competition between private and public providers of infrastructure services, and the financial and managerial autonomy of public providers are to be increased to provide incentives for removing these inefficiencies.

Vibrant Financial Services and Capital Market

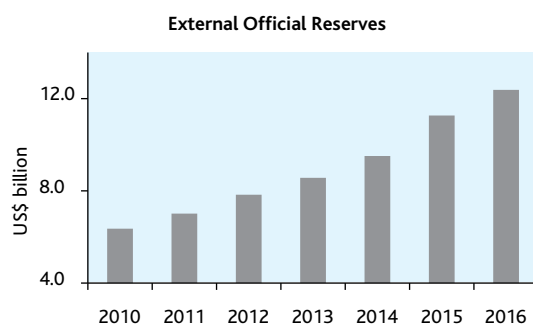
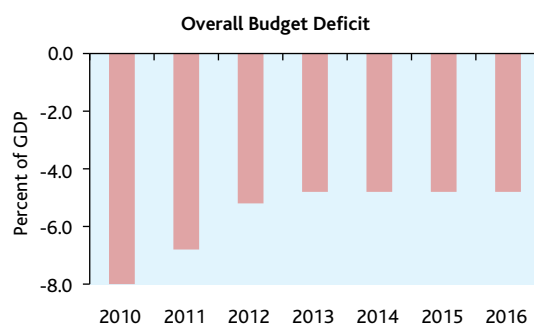
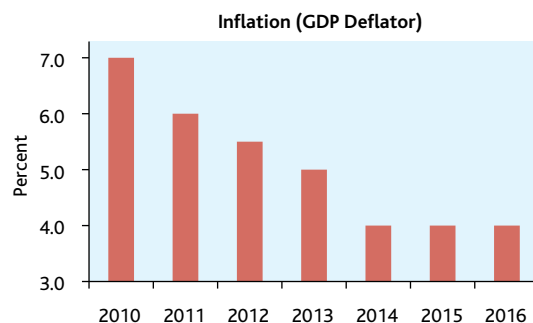
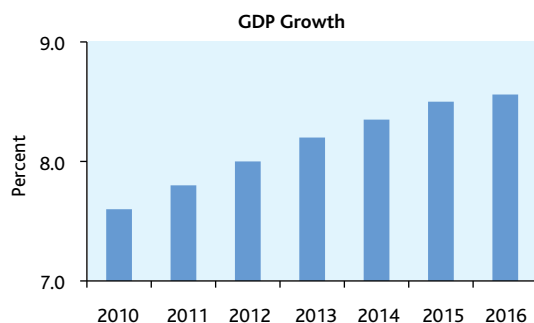
The financial sector will be the catalyst for accelerated economic growth envisaged in the future. The resilience of the banking sector will be strengthened further, particularly through high capital buffers and increased market discipline. Appropriate policies and regulatory measures will be introduced to strengthen the finance and leasing, and insurance companies as well as other related businesses. The Colombo Stock Exchange (CSE), which is currently one of the best performing stock exchanges with a market capitalization of Rs. 2.2 trillion (or 40 percent of GDP), will be developed further by expanding the products offered, listing many companies from both private and state owned enterprises, and widening the opportunities for investors. Benefiting from these measures, the market capitalization to GDP ratio of the CSE is expected to increase to more than 50 percent by 2016. Conducive measures to develop corporate debt securities market will also be in place to satisfy financing needs of corporates.

Macroeconomic Policy Direction

The macroeconomic policy will be directed towards further strengthening the improvements achieved in the recent past. The overall budget deficit, which will be reduced to below five percent of GDP in the medium term, will be maintained at that level thereafter with broad revenue efforts and efficiency gains in public expenditure management. A prudent monetary policy will be undertaken to contain demand pressures in the economy in order to maintain inflation at single digit levels and stability in external reserves.

The well coordinative fiscal monetary cooperation will enable the country to maintain a low interest rate structure and stable exchange rate regime that will be conducive for a rapid expansion in investment and growth. The financial system stability will be strengthened to improve its resilience through further improvement in regulations and supervision. The external current account deficit will be maintained at a desired level while a competitive, yet stable exchange rate will be maintained, supported by a surplus in the Balance of Payments supporting external stability and sustain Sri Lanka's external competitiveness. The projected economic growth of over eight percent is expected to be achieved with the gradual increase in investment to over 30 percent of GDP and efficiency gains in investment and production from both the public and private sectors.

Projections for Selected Key Macroeconomic Variables: 2010-2016



KEY DECISIONS

HOW TO ALLOCATE PUBLIC EXPENDITURE

Public spending decisions in the coming decade will be guided by the following:

Macro Fiscal Stability

Gradual reduction of fiscal deficit towards five percent of GDP while targeting six to seven percent of overall public investments, aiming at generating a revenue surplus. This will involve recurrent expenditure being a clear monitoring variable.

Improved Flow of Budget Information

Investing in reliable and timely information on budgets and outcomes can have a hugely positive impact on the ability of policymakers to make decisions. The flow of budgetary information across Government ministries, agencies and provinces, and the scope of what is made public at the central, provincial and district levels are being expanded.

Establishing a Clear System for Assessing Costs and Benefits

The Government's Public Investment Programme (PIP) translates policies into actions using strategic targets and explicit cost-benefit analysis. This leads to better decision and protects core and high priority programmes. Sequencing of projects and identifying appropriate funding arrangements will be done within the resource limits.

Fully Funded Recurrent Expenditure

The Mahinda Chintana pays attention to operation and maintenance expenditure, as well as rehabilitation of existing assets to maximize productivity. Recurrent expenditure on education, health and social spending has high content of capital nature and the community involvements in such spending programmes will be promoted for greater productivity, cost effectiveness and accountability. Jana Sabha system is expanded to manage productivity aspects of rural centric development initiatives and ensure effective coordination of service delivery of a wide range of Government activities at the village level.

The Introduction of Pro-Regional, Pro Growth Bias Programmes

The Mahinda Chintana's strong emphasis on equitable development would suggest that public spending should be pro poor, pro growth and pro regional. Good progress has been made recently, but in a number of programmes, the poorer segments of the population and country still need to channel more resources. Rural-urban imbalances in access to transport, electricity, quality drinking water, education and health are corrected with more resources being allocated to supplement regular programmes through regionally focused development initiatives – Uthuru Wasanthaya, Negenahira Navodaya, Rajarata Navodaya, Wayamba Pubuduwa, Pubudamu Wellassa, Kandurata Udanaya, Sabaragamu Arunalokaya and Ran Aruna. Public investment will be directed to promote growth and value creation opportunities. Spending on social security will be encouraged through community participation.

Diversifying the Sources of Financing

Donor funding arrangements have financed a large share of infrastructure investments. However, an expanded opening for private sector participation and appropriate pricing policies and efficiency gains to generate more self financing investments by state enterprises are encouraged to reduce the reliance on debt financing. Scope for efficiency gains from reducing waste and improvement is considerable. Reduction in transmission losses of electricity, non revenue in the distribution of water, excess use in irrigated water and improvements in procurement of fertilizer, pharmaceutical drugs and hospital materials and scientific costing of public investment projects can generate sizable savings in the Government budget.

2. A PROSPEROUS COUNTRY A LAND OF PLENTY

- Agriculture: Feeding the Nation
- Fisheries and Aquatic Resources
- Self Reliance in the Livestock Industry
- Irrigation:
Water is Our Heritage and Life
- Plantation Economy

2.1 Agriculture: Feeding the Nation

Our farmers undergo severe suffering due to the scarcity of water, non availability of land, crop losses, and poor markets for their produce and lack of access to technology.....
A new approach is necessary to resolve problems faced by farmers

(Mahinda Chintana - 2005, p 43)

The Tank and the Field; the Tank next to the Dagoba: This is our social foundation; Our very special heritage..... I revere Mother Earth. My forefathers cultivated this fertile land of ours.....Through the "Api Wavamu Rata Nagamu" programme, we have fulfilled the aspirations of the Mahinda Chintana that I presented in the section titled "Ketata Arunella". I sincerely believe that the progress we have thus made in agriculture is as valuable as our victory in the war against terror

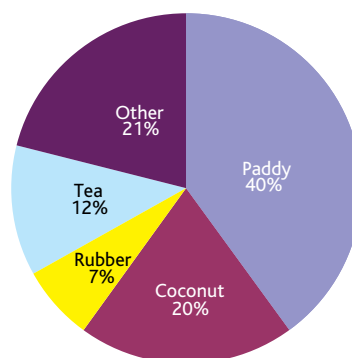
(Mahinda Chintana – 2010, pp 81-82)

Overview

The Agriculture sector in Sri Lanka plays a key role in the country's economic development and its new role in the future has now been redefined in the light of the new development vision and the future aspirations of the nation. At present, agriculture contributes about 13 percent to the country's GDP and employs about 33 percent of its workforce. The government has given the priority to enhance the domestic production in which the success of such a policy was well demonstrated during the period where there was a world food crisis.

Of the total cultivable land (2.9 mn ha), 65 percent (1.9 mn ha) is cultivated with agricultural crops. Paddy occupies 40 percent of the agricultural land. Coconut, tea and rubber together account for 39 percent. The remainder (21 percent) is accounted for all other crops; other field crops, horticultural crops and other export crops.

Chart: 2.1.1:
Percentage Distribution of Cultivated
Land Used for Agriculture



At present, the agricultural sector faces a number of problems including low productivity, low level of technological innovation, inadequate credit flows, poor access to international markets and inadequate use of quality seeds and planting material.

Sri Lanka's agricultural output per hectare or per agricultural worker is significantly lower than that of the neighboring Asian countries. The low level of productivity and over-employment are the key issues for this unfavorable outcome. About 44 percent of the agricultural lands are sparsely used but have a huge potential for development.

It appears that the scientific knowledge available in institutions is hardly linked to the extension services. Much research is neither linked to nor does address either emerging or actual needs of the community.

Though a large number of rural people are engaged in agriculture, they are not versed in modern scientific agricultural methods. As a result, inputs such as water, fertilizer and chemicals are either over used or inappropriately used. The crops are also selected without considering the emerging needs in the market.



Shortages and the inconsistent supply of value added products meeting the high global hygienic standards have acted as an impediment to global market access for the sector.

Inadequate credit flows from formal banking institutions have impeded the smooth functioning of the sector. Shortage of quality seeds and planting material remain a major issue in increasing production and productivity. At present, only 35 percent of the seed paddy requirement is provided by both private sector and the Government.

To address these issues, the Government intends to introduce a series of measures. Accordingly, the Government places high priority on modernization of agricultural practices and improvement of productivity and competitiveness while enhancing the value addition and product diversification to generate new incomes and viable employment opportunities. It is planned to raise the agricultural output significantly during the next decade, while maintaining its contribution to GDP at a satisfactory level. Accordingly, the Government will support all major steps in the production cycle; from cultivation to marketing in both domestic and international markets. This will lead the agriculture sector to grow at 10 percent during the next decade. The end of the prolonged conflict has released a huge amount of arable land that can be utilized for productive purposes. This will complement the effort to achieve improvements in the agriculture sector in the future.

Overall Policy Direction

The Government's agricultural policy aims at realizing multiple goals including (a) achieving food security of people (b) ensuring higher and sustainable income for farmers (c) ensuring remunerative prices for agricultural produce (d) uninterrupted access to competitive markets both in Sri Lanka and abroad (e) farm mechanization (f) expanding the extent under cultivation (g) reducing wastage in transit (h) ensuring environmental conservation (i) introducing efficient farm management techniques and (j) using high yielding seeds and improved water management.

In this context, high priority is placed in achieving a broad based shift from low-value added products to high value added agriculture products accompanied by sustained improvements in productivity and competitiveness in international markets. Also, as mechanization of agricultural activities will lead to a significant shift of labour from agriculture to other economic sectors, improvement of labour productivity and satisfying labour requirements are vital in future.

Paddy – The National Crop

Being the staple food of Sri Lankans, rice has become the main source of calorie requirement of people. At present, Sri Lanka is almost self sufficient in rice. The Government policy aims at further raising production to a sustainable level over the next decade.

The demand for rice is expected to grow faster than the local production due to the increase in population and the people's shift from wheat flour to rice on account of the Government's supportive policies. Therefore, in order to cater to the increasing demand, it is necessary to raise the average yield of paddy significantly. While expanding the cultivable extent through new lands, particularly in the North and the East, the average yield will be increased through cultivation of improved varieties, improving quality seed production, adoption of advanced water management systems and comprehensive cultivation and harvesting techniques. With the approach of self sufficiency, farmers will be more vulnerable to market shocks in the form of unanticipated price slumps due to production gluts.

Table: 2.1.1
Statistics on Production of Paddy

| Key Indicator | 2005 | 2009 | Anticipated Targets | |
|---|------|------|---------------------|------|
| | | | 2015 | 2020 |
| Land use - Sown extent of maha season ('000 ha) | 581 | 631 | 700 | 730 |
| Sown extent of yala season ('000 ha) | 357 | 345 | 480 | 540 |
| Extent of abandoned paddy lands (000'ha) | 150 | 100 | 30 | No |
| Productivity of paddy lands (mt/ha) | 2.06 | 4.3 | 5.5 | 6.5 |
| Annual production of paddy (mn. mt) | 2.24 | 3.64 | 6.5 | 8.2 |
| Provision of quality seed paddy | 24 % | 35% | 60% | 100% |

To prevent this, the Government, as a top priority, will commence supporting the production of more and more value added products from rice which will be popularised in the local market in the first instance and then directed to international markets. The presently idling resources of the Government research institutions and local universities will be harnessed fully for this purpose.

It is also envisaged to ensure a remunerative price to paddy farmers in order to ensure the sustainability of the agriculture sector. This will be approached by the Government through twin strategies: the continuation of the fertilizer subsidy to reduce the cost of production and the maintenance of a floor price for paddy through Government's periodic market interventions. Similarly, fair pricing systems such as forward contract markets will be put in place to ensure a regular high return to paddy farmers.

Multiple irrigation services will be further expanded while rehabilitating the existing schemes. Further, these will be equipped with modern water management techniques improving water usage efficiency. That will facilitate the provision of adequate water for cultivation during the off-monsoon periods and support new arable land for paddy cultivation.

The traditional varieties of paddy such as heenati, alwee, suwandal suduru samba, rathdel, and pachcha perumal will be promoted on an organic basis. They will be introduced to tourist hotels and among local people who would prefer to consume them.

Rice flour processing factories will be established in several districts including Hambantota, Anuradhapura, Polonnaruwa and Ampara to encourage rice flour consumption as a substitute for wheat flour, while supplying value added products to the market. Products of rice and allied items will be nurtured among people such as red rice noodles and biscuits for good health.



Other Field Crops – Achieving Self Sufficiency

The crops which could be grown locally such as onion, chillie, cowpea, maize, green gram, kurakkan and other subsidiary food crops will be given high priority for further expansion. To accelerate the production growth, research and development initiatives will be directed towards the development of high yielding varieties,

good quality seeds and advanced cultivating practices. By moving toward the self sufficiency in these crops, opportunities will be provided for Sri Lankan farming communities to enhance their incomes and generate rural based employment. To safeguard the farmers from seasonal price declines, forward market contracts will be popularized for almost all these crops.

Table: 2.1.2
Present Production, Imports and Production Targets of OFC

| OFC Crops | Production (mt) | | Imports (mt) | | Production Target (mt) | | Import Targets (mt) |
|----------------|-----------------|---------|--------------|---------|------------------------|---------|---------------------|
| | 2005 | 2009 | 2005 | 2009 | 2015 | 2020 | 2015 |
| Big onion | 55,550 | 81,707 | 110,713 | 143,237 | 240,570 | 250,300 | 1,000 |
| Red onion | 53,730 | 46,232 | 10,233 | 16,208 | 56,500 | 60,750 | 500 |
| Dried chillies | 11,749 | 10,318 | 27,260 | 36,015 | 52,500 | 60,850 | 2,000 |
| Maize | 41,800 | 129,769 | 146,930 | 27,200 | 270,320 | 350,000 | 2000 |
| Kurakkan | 6,450 | 6,433 | 1,380 | 3,272 | 27,150 | 44,600 | 100 |
| Green gram | 9,000 | 9,258 | 9,320 | 14,183 | 45,170 | 66,900 | 200 |
| Black gram | 6,920 | 7,071 | 4,641 | 3,349 | 18,590 | 26,760 | 150 |
| Cowpea | 11,180 | 13,480 | 195 | 429 | 20,000 | 35,000 | 50 |
| Soya bean | 4,990 | 6,050 | 1,310 | 1,790 | 14,600 | 19,250 | 50 |
| Ground nut | 9,040 | 13,077 | 4,880 | 3,950 | 21,920 | 26,760 | 0 |
| Gingerly | 6,160 | 8,523 | 27 | 23 | 17,650 | 26,760 | 0 |

Fruits and Vegetables –Explore the Full Potential

The country has the potential to produce all its tropical fruits and vegetables for its needs and also for export. The policy of the Government is to increase the production of these items to attain near self sufficiency level by 2020.

By expanding the irrigation facilities, farmers will be productively engaged in cultivating fruits and vegetables farming during the off seasons in existing lands in Moneragala, Hambantota, Matale, Kurunegala and Puttalam districts, and the newly opened areas in the Northern and Eastern Provinces. The cultivation of fruits and vegetables in home gardens will also be promoted by linking the marketing network directly with the



producers. SMEs will also be encouraged to invest in cultivation, providing necessary inputs (eg. land) and creating a conducive environment for investment. Thus, the import of these items will be confined to meet only the marginal requirements of the consumers

and the hotel trade. Any glut in production during the seasons will be converted into exportable items by modernizing the fruit processing industry in the country. Vegetable and fruit packing crates will be introduced to reduce the post harvest losses by a significant amount.

Table: 2.1.3
Present Production, Imports and Production Targets of Potato, Vegetables and Fruits

| Crops | 2009 | | Target 2015 | | Target 2020 | |
|------------|-----------------|-----------------------|-----------------|-----------------------|-------------|-----------------------|
| | Production (mt) | Export/ (Import) (mt) | Production (mt) | Export/ (Import) (mt) | Production | Export/ (Import) (mt) |
| Potato | 61,700 | (95,000) | 105,500 | (60,000) | 150,000 | (25,000) |
| Vegetables | 840,450 | (260) | 1,200,000 | 200,000/(30) | 1,500,000 | 350,000/(5) |
| Fruits | | | | | | |
| Banana | 378,336 | 20 | 440,000 | 20,000 | 491,000 | 40,000 |
| Pineapple | 59,550 | 1290 | 95,000 | 27,000 | 120,000 | 45,000 |
| Papaw | 21,138 | 321 | 33,000 | 8,000 | 45,000 | 15,000 |
| Mango | 70,418 | 63 | 110,000 | 18,000 | 150,000 | 40,000 |

Floriculture – Best Quality Products

Sri Lanka will be recognized as one of the best quality production centres for floriculture products in the world. In cut flower production, high quality new hybrid varieties imported from overseas will be used as mother plants and a number of nurseries will be modernized with tissue culture apparatus. 1,500 floriculture villages will be established in the Western, North Western and Central Provinces. 30,000 jobs will be generated in rural and sub urban areas. With that, the share of exports of cut flowers and foliage will increase significantly during the decade.



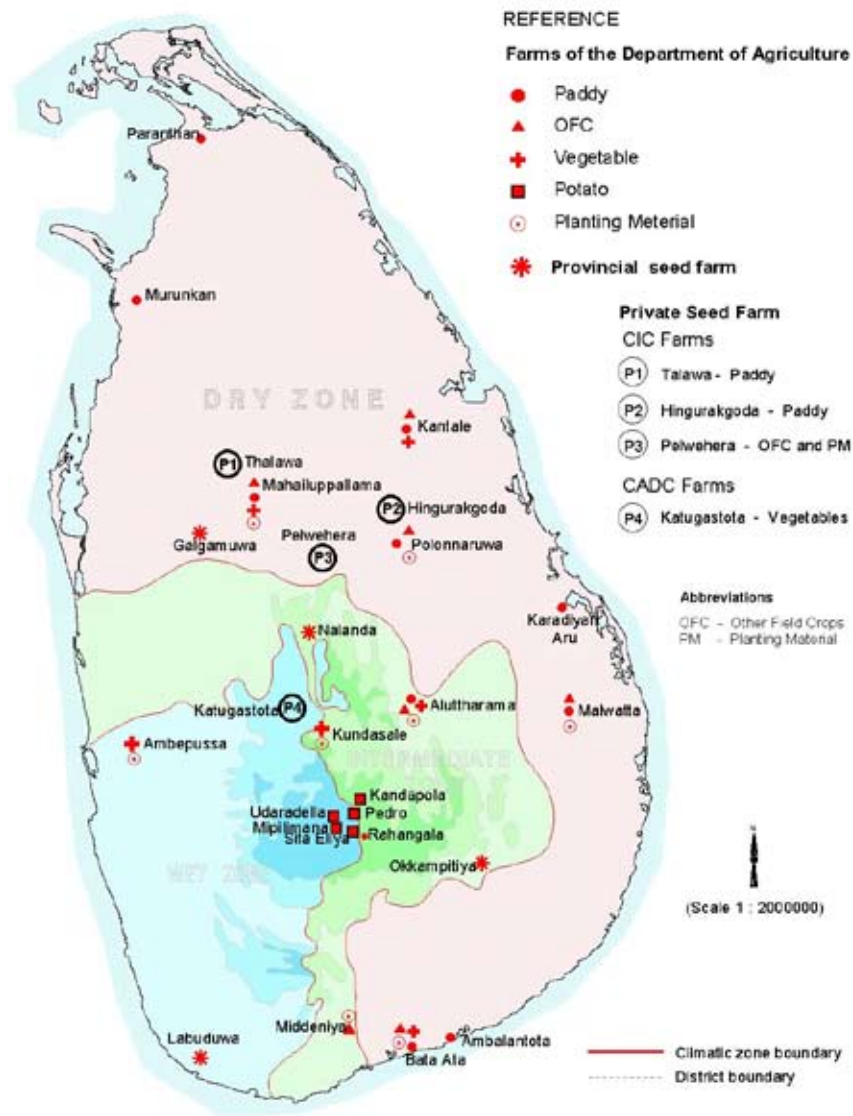
Herbal Farms for Better Health

25,000 hectares of herbal farms will be established in the Eastern and Northern Provinces under the supervision of the Ministry of Indigenous Medicine. In addition, 20,000 hectares of land will be newly cultivated with ginger, turmeric and citronella in Kilinochchi, Ampara, Hambantota and Trincomalee Districts. Approximately 0.2 million hectares of lands will be cultivated with pulses, tubers and cereals country wide.

Strengthened Input Delivery System Seed Farms for Quality Inputs

The Government seed farms at Kundasale, Aluththarama, Malwatta, Karadiyanaru, Kantalai, Maha Illupallama, Peedru, Kandapola, Meepilimana, Udaradella, Rahangala, Polonnaruwa, Paranthan and Jaffna will be developed with modern technology aimed at increasing the yield. Buffer stocks of certified seeds will be maintained ensuring an uninterrupted supply of seeds.

Nuclear Seed Farms Development Programme

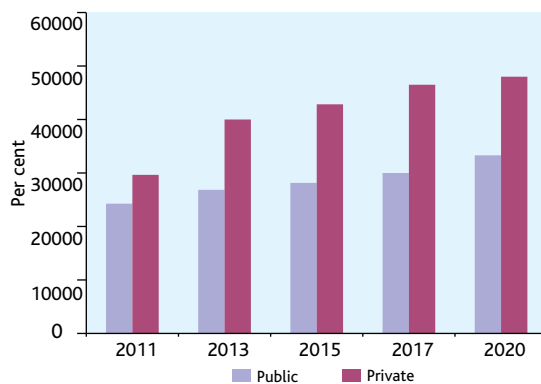


There is also the necessity for developing a competitive and regulated seed industry by involving the private sector in seed production and distribution. Strict quarantining regulations will be put in place when importing seeds by enacting the Seed Act in order to protect and safeguard domestic agriculture.

Farmer-friendly Agriculture Lending

The traditional role of bank credit in agriculture to fund seasonal production will be reversed with the budgetary decision of 10 percent mandatory lending to the agriculture sector by commercial banks. The Central Bank will also promote refinance schemes with a view to supporting agricultural development in several districts. In order to further strengthen this sector, new credit schemes will be introduced to the farmers in addition to the 10 percent mandatory lending requirement.

Chart: 2.1.2
Target Investment 2011-2020(Rs. mn)



Better Breeding for Higher Yield

Agricultural biodiversity will be strengthened by accelerating the conventional breeding of the agricultural sector to ensure higher yield.



Research and Development for Agriculture

Research and development relating to the agriculture will be expanded for problems identification and productivity improvement in the sector. Research institutes will be developed, providing necessary infrastructure facilities and new technological equipment. Human development will also be strengthened by linking the knowledge hubs. Extension approaches will be developed using social marketing concepts to add value through information and communication technology. In addition, awareness programmes will also be arranged to disseminate research findings among the farmers and the potential farmer community.

Agircultural Research Resource Base



Links Between Producers and Consumers

Facilities will be further developed to support connectivity between consumers and producers, reducing the transport cost and saving time. The integration of the economy will result in opening backward areas for development. The bar code system will be established with producer details which would enable traders or consumers to directly contact the producers. This will provide opportunities for producers to receive orders directly.

Crop Diversifications Through Multiple Cropping and Inter-cropping

Crop diversification will be promoted to ensure continuous farmer incomes and mitigate natural and man-made risks. In addition, multiple cropping and inter-cropping will be promoted aiming at ensuring the efficient use of cultivable land.

New areas for Interventions

Agro-tourism to Attract Tourists

Agro-tourism will be popularized among tourists and local people. Visitors will be given opportunities to harvest and taste fresh fruit inside the farm. Large scale orchards with entertainment facilities for relaxation and enjoyment will be setup at locations to which tourists are attracted.

Low Cost Locally Produced Fertilizer

The price of fertilizer is high in the international market and therefore importation of fertilizer will make create an unnecessary pressure on the balance of payments. Manufacturing of fertilizer will therefore be promoted using locally available raw material such as Eppawala Rock phosphate etc.

Organic manure production will be popularized among farmers through disseminating of technical know-how and ensuring a higher price for organic products.

Collaboration Between Farmers and Entrepreneurs

The joint collaboration of farmers with private entrepreneurs will be accelerated to establish 10 orchards of 200 hectares each in several districts including Jaffna, Anuradhapura, Kilinochchi, Polonnaruwa, Badulla, Moneragala, Puttalam, Vavuniya, Hambantota and Kalutara – eg. Anuradhapura – Mango; Jaffna – Grapes; Moneragala – Passion fruit; Hambantota – Dragon fruit.

Promote Natural Drinks

It is planned to popularize fruit juices instead of carbonated soft drinks among people. Modern fruit processing factories will be established in this regard in eight locations – Gampaha, Anuradhapura, Polonnaruwa, Hambantota, Badulla, Kilinochchi, Kandy and Kalutara.

Export of Bottled Fruits and Vegetables

Bottled tropical fruit such as rambutan, melon, mango, pineapple and papaya, dried tropical fruit and vegetables such as pineapple, mango, banana, papaya, jack, breadfruit, carrots, beans, leeks and onion will be exported in different forms.

Strengthen Institutional Collaboration

Institutional collaboration is very necessary when achieving a common goal. Therefore, existing institutional mechanisms with intra-regional cooperation in core areas of agriculture and livestock will be further strengthened. In addition, training, harmonizing knowledge and practice, sharing and capacity building will also be in place.

Economies of Scale

Small farms face serious constraints in adopting modern technology and in marketing their produce. Their unit costs remain comparatively high because of the high overhead costs. Therefore, farmers are encouraged to go for large scale cooperative farming to get the benefit of economies of scale.

Waste Management in Agriculture

Organic fertilizer production by agricultural waste will be promoted through public-private partnerships. The production of bio-energy in the form of ethanol and bio-diesel could be promoted through this intervention.

greater technology exchange among relevant agencies and farmers while improving farmers' opportunities for improved income and livelihood security.

New bio-tech crops will be grown on marginal lands with developed drought tolerant varieties thereby reducing the need for using inputs and water unnecessarily and unproductively.

The Use of ICT in Agriculture

ICT mediated engagement in the research-education-extension continuum will be promoted enhancing

Activity Output Matrix: Development of the Agriculture Sector

| Policy Thrust | Intervention | Key Indicator | Present status | Anticipated Targets | |
|--|--|---|-------------------------------|-----------------------|---------------------------------------|
| | | | | 2015 | 2020 |
| Production and productivity increase of agriculture products to ensure the food security of people and to export the surplus | PADDY Provision of improved seeds, planting materials and other inputs with modern technology Expansion of the extent of the cultivable land Provision of water supply through the 10,000 tank programme and the mega irrigation projects | Productivity of paddy lands | 4.3 mt/ha | 5.5 mt/ha | 6.5 mt/ha |
| | | Annual production of paddy | 3.64 million mt | 6.5 million mt | 8.2 million mt. |
| | | Provision of quality seed paddy | 35% | 60% | 100% |
| | | Import of wheat flour (mt) | 662,000 | 350,000 | 130,000 |
| | | Extent of abandoned paddy lands (ha) | 100,000 | 30,000 | 0 |
| | | Cropping intensity | 120% | 140% | 160%. |
| | Other Field Crops (OFC) Modernization of research institutes and seed farms to cater to the demand for seed and the requirements of planting material Land will be provided to private parties to augment the cultivation of cereals, tubers and pulses | No of seed farms modernized | Farms are under utilized (19) | 50% Of the farms (10) | All seed farms (19) |
| | | Additional amount of lands provided for cultivation | OFC - 1,10,000 ha. | 0.1 mn ha | 0.1 mn ha of lands will be cultivated |
| | Horticulture Crops Increase of vegetable production by reducing post harvest losses and ensuring the price stability by making a direct connection between producer and consumer. | Vegetable production | 0.58 mn mt | 1.2 mn mt | 1.5mn mt |

| Policy Thrust | Intervention | Key Indicator | Present status | Anticipated Targets | |
|---|---|---|--|---|----------------------------|
| | | | | 2015 | 2020 |
| | Establishment of new floriculture villages for increase in export revenue | No of floriculture villages established | Only a few farms are operational at present. | 600 floriculture villages | 1500 floriculture villages |
| | Establishment of orchards based on Joint collaboration between farmers and private entrepreneurs | No of orchards established | At present the concept of fruit zoning is limited to a few locations | 5 orchards of 200 ha each will be established | 10 orchards |
| Creation of a knowledge based farming society | Enhancement of institutional capacity Development of the agricultural information system through Agrarian Service Centres (ASC) | No of ASCs modernized and developed. | 80 ASCs have already been covered | Cover 350 ASCs | Cover all ASCs (552) |
| Research and development will be oriented towards the demand driven approaches which arise due to actual needs of the people and the sector | Promotion of traditional rice varieties among farmers | Extent of cultivation | 24,000 ha | 35,000 ha | 50,000 ha |
| | Development of research institutes and regional research centres Improvement of agricultural biodiversity Acceleration of breeding programmes among traditional varieties Strengthen extension activities and close the research gap | No of institutes | To be improved | All institutes (13) will be developed | - |
| Processing and value addition | Export of value added agricultural products and establishment of new fruit and vegetable processing factories | No of factories established | - | 5 | 16 |
| | Post harvest losses are minimized with the introduction of crates and modern technology | Percent of post harvest loss | 30-35% | 5% | 2% |
| Integration of marketing channel | Maintain a buffer stock of paddy and strengthen storage capacity | Stock to be stored | 250,000 mt | 750,000 mt | 1.3 mn mt |
| | Promotion of commercial agriculture | Introduction of bar code system | Only a few farms are operational | 20% | 50% |
| | Development of contracts and cooperative farming | No of commercial farms | at present 500 | 1500 | 3000 |

2.2 Fisheries and Aquatic Resources

“We have so far failed to tap the vast potential of the ocean resources surrounding us. I am determined to change this situation and develop the fisheries industry and to bring it to a level of the industry in Japan and Thailand

(Mahinda Chintana - 2005, p 43)



Overview

Sri Lanka has considerable fisheries potential in coastal, offshore/deep sea, inland fisheries and aquaculture. The fisheries sector contributes around 1.2 per cent to GDP and employs over 650,000 people directly and indirectly through related activities.

However, owing to the following challenges, the exploitation of coastal resource in Exclusive Economic Zone of Sri Lanka has been subsided over the past few decades;

- Optimal exploitation of deep sea resources has been hampered by low levels of technology.
- Inadequate investment of private sector in large scale infrastructure development and deep sea fishing.
- Relatively high (30 percent) post harvest losses, poor market chain and transport facilities.
- Degradation of coastal and aquatic environment and poor management of coastal and aquatic environment.
- Non-availability of reliable and up to date marine and inland fish resource data.
- The fleet which could be deployed for deep sea fishing is rather limited and accounts only for 9 percent. Further, 43 percent of operating boats are still non-motorized traditional boats. The outboard and fixed engines account for only 45 percent.

Policy Direction

The fisheries development policy aims at exploiting the country's fisheries and aquatic resources in a sustainable manner, while conserving the coastal environment. The government is targeting self-sufficiency in the national fish supply and a significant increase in fish exports. The key components of the policy directions are specified as follows.

- Diversification of production and exploitation of offshore and deep sea fisheries through the introduction of modern technology giving high priority to efficient fishing methods. It is also planned to reduce pressure on coastal resources through the implementation of fishery management programmes.
- Sri Lanka possesses suitable water bodies throughout the country for developing a viable inland fishing. Thus, developments of freshwater capture fisheries and aquaculture in inland water bodies have also been identified as a viable industry. This can be implemented through increasing fish seed production and introducing them in to minor and seasonal tanks with the support of community based fishery management.

- High post harvest losses and lack of knowledge in handling of fish have been identified as a serious impediment to marketing and producer price in the fishing industry. The requirement of prevention of such losses has been given priority in the development plan.

- Inadequate and poorly managed fisheries infrastructure has considerably slowed down the development of the fishing industry. Hence, infrastructure facilities will be improved to exploit the fish resources and reduce post harvest losses.

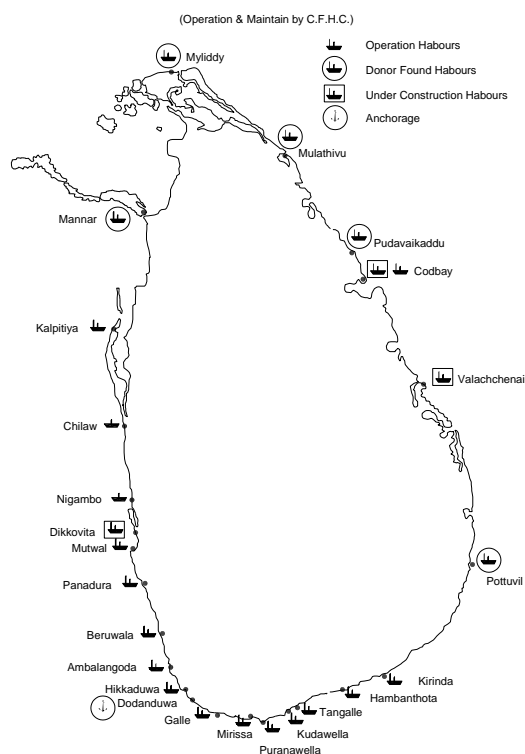
Strategies

Based on the above policy directions, the following strategies and projects will be implemented to achieve set targets for the fishing industry.

Promotion of Offshore and Deep Sea Fishing

Offshore and deep sea fishing will be promoted through modernization of fisheries infrastructures and the fishing fleet. Under this, existing harbours will be developed with modern facilities and new harbours will be established at strategic places.

FISHERY HARBOURS & ANCHORAGE IN SRI LANKA



The rapid expansion of the multi-day fleet will be achieved through developing boat manufacturing capacity and introducing credit schemes to the fishing community to procure multi-day boats. New fishing technologies will be introduced to harvest under and un-exploited resources and reduce the post harvest losses in fish handling.

Reduction of Post Harvest Losses

At present, post harvest losses in the fishing industry remain at 30 percent. With the aim of reducing the post harvest losses, new techniques for fish landing and handling will be introduced. In addition to better fish handling techniques, storage facilities and transport facilities will be introduced among fish handlers. The post harvest losses and the quality of products will be improved by strengthening HACCP, ISO and GMP.

Chart: 2.2.1
Investment in Fisheries Sector 2011-2020

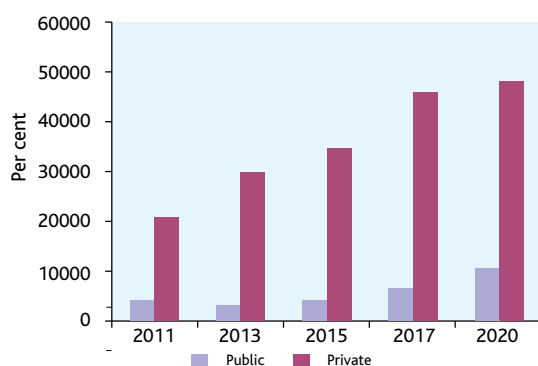


Table: 2.2.1
Key Indicators in the Fisheries Sector

| Types of Boats | 2005 | 2009 | 2015 | 2020 |
|--------------------------------|--------------|--------------|--------------|--------------|
| Marine fish production (mt/yr) | | 296,000 | 625,000 | 1100,000 |
| Multiday boats | 1328 | 2934 | 5250 | 8000 |
| High sea boats | 11 | 19 | 90 | 200 |
| One day boats | 1164 | 958 | 1500 | 2000 |
| FRP day boats | 11010 | 17193 | 22500 | 29000 |
| Total Motorized Boats | 15162 | 23211 | 29340 | 39200 |

Capacity Development of the Fishing Community

Knowledge and skills of the marine employees will be increased through improved training and extension services.

Improvement of the Marketing and Distribution System

Modern hygienic wholesale and retail sale fish markets will be established throughout the country for ensuring the availability of quality fish. Further, ice plants, fish storage facilities and freezer trucks will be available island wide. This will also help to reduce the post harvest losses and producer price of the harvest.



Development of Inland Fisheries and Aquaculture



All inland water bodies will be converted into fishing grounds through increasing the supply of fish seed and releasing them in to the inland water bodies. Development of existing aquaculture centres and establishing new centres at strategic places will be accelerated in the programme. Further, training and extension services for inland fisheries and aquaculture

need to be improved for empowering the inland fish farmers engaged in inland fishing. Ornamental fish production will be improved with the support of new entrepreneurs.

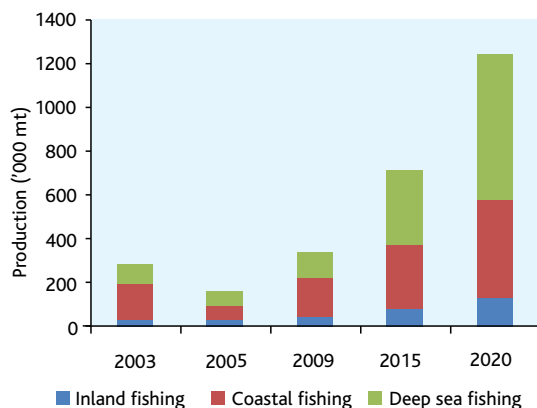
Promotion of Export Market and Value Added Products

Promote the harvesting, collection and value addition of new items of exports such as jelly fish, sea weed, sea bass etc.

Under the above strategies and projects, the following development targets will be achieved during the planned period.



Chart: 2.2.2
Composition of fish production



- The total marine fish production will be increased by 13.5 percent per annum and the inland fish production by 11 percent. As a result, 1,100,000 mt of marine fish and 130,000 mt. of inland fish will be released for domestic consumption and export by 2020.
- Per capita consumption of fish will be increased up to 30 kilograms per annum by 2020. The present level is 11 kilograms per annum.
- Export of fish and fishery products will increase from 18,500 mt (average quantity during 2005-2009) to 530,000 mt by 2020.

- The existing 13 functioning major fishery harbours will be modernized with ice plants, cold storages, freezing rooms, fuel storages, increased berthing length and communication facilities. In addition, the existing 7 anchorages will be converted into modernized marine resource harbors. By 2020, 12 landing sites located in the Eastern, Northern and North- Western Provinces will be developed to anchorages.
- The fishery industry is provided around 70 percent of the daily ice requirement which will be increased to 100 percent by 2015.
- Post harvest losses will be managed at 5 percent and a quality product will be made available to consumers through an unbroken cold chain.
- About 16,000 non motorized traditional boats will be replaced. Of them, 5,000 will be replaced by multi-day boats at a rate of 15 percent annually and the remainder will be converted to Fiberglass Reinforced Plastic (FRP) boats. This will result in 8,000 multi day boats and 29,000 FRP boats by 2020.
- A boat-tenure system will be established to extend the fishing operation towards the high seas and deep seas with the co-ordination of multinational companies or through bilateral agreements.
- 5 new fishing gear factories will be established in the coastal provinces. They will be capable of manufacturing and repairing multiday boats.

- Fish processing zones will be located at Negombo, Beruwala, Galle, Mirissa, Hambantota, Batticaloa, Trincomalee, Point Pedro and Mannar.
- Fish products like dried fish, canned fish and Maldives fish will be produced domestically. Importation will be confined to highly specified products for use in the tourism industry.
- Local investors will have a good basis for investment in this sector with the provision of infrastructure and necessary fiscal packages.
- Sri Lanka will be brought into fifth place among 49 countries which harvest tuna while expanding production from about 90,000 mt in 2009 to 175,000 mt in 2020.
- All inland water bodies will be converted into fishing grounds. The scientists and graduates aqua culturists will have jobs to contribute their knowledge to boost the industry.
- The annual production of fingerlings will be increased to 80 million by 2020. Fishery production from aquaculture will be at a rate of about 11 percent per year and production will reach 130,000 metric tons by 2020.
- Community based organizations (CBO) will link with private entrepreneurs. The registered CBO's will be given authority to manage tanks under the supervision of aqua culturists and Divisional Secretaries.
- Sri Lanka will be a pioneer in the tropical ornamental fish and aquatic plants trade in the world.
- The youth organizations which operate at Divisional Secretariat level will become young export builders of the ornamental fish industry. The exporter and several young export builders will form a buy back system. Technical assistance will be provided through government institutions.
- The demand for planting material for aquatic plants will be met through tissue culture.
- The marine and brackish water shrimp culture system will be developed for domestic trade as well as for export.
- Cage farms will be established in Batticaloa, Trincomalee, Hambantota, Negombo, Chilaw, Elephant Pass and Puttalam on the public private partnership basis. Individual interest groups will be trained and form forward contracts with exporters. Producers will be insured with an insurance scheme to manage the risk of farming.
- Shrimps, Prawns, Crabs, Lobsters and Sea Cucumbers will be grown intensively in cage farms. This will be promoted as an alternative livelihood activity. The value of exports will be Rs. 10 billion per annum by year 2020.
- The younger generation will be attracted to the sector with modern fishing gear, with the provision of higher professional knowledge through an institutional network (Eg- NIFNE, Universities).
- Fishing grounds will be identified by using satellite and remote sensing techniques. Data will be transferred to the control room of the harbour. That data will be redistributed to the multi day boats and trawlers.
- The Udawalawa, Dambulla, Iginiyagala and Nuwara Eliya aquaculture development centres will be developed with modern technology. Two fish hatchery centres will be developed in affiliation with the Dambulla and Udawalawa aquaculture development centres.
- Private entrepreneurs will be encouraged through marketing and financing facilities, in the promotion of the inland fishery industry including ornamental fish production.
- The Ginigathhena and Rambadagalle ornamental fish breeding and training centres will be developed as pioneer bodies where aquarium fish are bred, reared and exported as lovable pets with inter links to local producers and exporters.

Activity Output Matrix: Development of Fisheries and Aquatic Resources

| Policy thrust | Strategies/ Activities | Indicator | Present status | Anticipated achievement by | |
|--|--|--|-------------------|----------------------------|----------|
| | | | | 2015 | 2020 |
| Promotion of deep sea and offshore fishing | Increase multiday fishing fleets | No. of deep sea multiday boats (Nos) | 2934 | 5250 | 8000 |
| | | No. of boat manufacturing yards | 29 | 35 | 45 |
| | | No. of Fishing gear factories | 6 | 8 | 11 |
| | Develop infrastructure facilities | No. of modernized major fishery harbours | 8 | 13 | 18 |
| | | No. of active ice plants (Nos) | 75 | 85 | 100 |
| | | Marine fish production (mt/yr) | 296,000 | 625,000 | 1100,000 |
| Reduction of post harvest losses | Introduce better fish handling techniques and modern landing facilities. | Post harvest losses (%) | 30 | 15 | 5 |
| | | Increase the share of skilled fish handlers (%) | 10 | 50 | 100 |
| Promotion of ornamental fish, inland fisheries and aquaculture | Develop inland fisheries in reservoirs, tanks and ponds | Inland fish production (mt/yr) | 43,000 | 80,000 | 130,000 |
| | | Production of fingerlings (million) | 26 | 50 | 80 |
| | | Coverage of water bodies with proper management (%) | 20 | 40 | 80 |
| | | No. of aquaculture centres | 4 | 7 | 10 |
| | | No. of ornamental fish breeding and training centres (Nos) | 2 | 4 | 6 |
| | | No. of new cage farms | 150 | 2000 | 5000 |
| Enhancement of processing and value addition | Increase fish processing zones and storage capacities to reduce the import of fish | No. of fish processing zones | - | 4 | 9 |
| | | Share of storage capacity | 30% | 50% | 80% |
| | | Quantity of import (mt) | 75,500 | 40,000 | 500 |
| Expansion of foreign and local market | Increase the quality of export | Quantity of export (mt) | 18,500 | 240,000 | 530,000 |
| | | Certification and standardization of fish processing factories | 5% | 50% | 100% |

2.3 Self Reliance in Livestock Industry

Only 15 percent of the domestic demand for milk is met by local production. We have to change this unfortunate situation. Instead of enriching multinational companies by granting subsidies on imported milk powder, every effort will be made to ensure self sufficiency in milk production.

(Mahinda Chintana– 2005, p 51)

Overview

The livestock sector consists mainly of the dairy and poultry sub-sectors, which are considered as priority areas for future growth, employment generation and increasing income of rural farmers. Developing the livestock sector is also a very cost effective way of decreasing the under-nutrition among rural families. The livestock sector accounted for about 1 per cent of GDP in 2009. About 670,000 smallholders are engaged in the sector. Between 30-60 percent of their farm income is generated from livestock activities.

At present, 33 percent of the national milk requirement is met through local production. The consumption of milk and other dairy products is expected to increase over the next few years, with increasing per-capita income and living standards of people.

The poultry sector has shown the highest growth during last few years and has developed from semi-intensive production to intensive systems of production.

The main policy objectives of the livestock sector are to achieve a higher level of self - reliance in milk and

livestock produce, provide them to consumers at an affordable price for improving their nutrition status and tapping its potential for creation of employment. Livestock policy encourages the private sector to get engaged in commercial operations while public sector investment will gradually be directed to regulatory activities, research and extension services to the areas where returns on investment are not attractive to the private sector but are essential to the development of industry.



Improved breeds, the availability of quality fodder/ pasture and concentrates, better animal health, proper collection and processing network, research and extension, are important factors in increasing production. Therefore, future strategies for increasing livestock production will concentrate on improvements in these areas, which will be implemented through both public and private sectors.

Policy Direction

The dairy sector will be considered as the priority sector for public investment recognizing its contribution to the national economic development process. The Government also recognizes that there should be no restrictions on the rearing of animals for meat (goats, swine, rabbits etc) and meat processing by the private sector.

The private sector needs to assume greater responsibility in developing the poultry sector. The

role of the public sector in poultry development will be a regulatory function focusing on animal disease prevention and quality assurance.

Strategies and Programmes

Promotion of Dairy Industry

In the early 70s, local milk production met 80 percent of local consumption needs. But the open economic policy and a growing demand resulted in a sharp increase in imports of milk and milk products. As of 2009, local milk production covers only 33 percent of the national consumption. 63,876 mt of milk and milk products valued at over Rs. 30 billion (US\$ 296 mn.) has been imported in 2009 and it represented 2.1 percent of Sri Lanka's food imports. Hence, with the aim of reducing the drain on the country's foreign exchange resources and supporting employment generation and family income, dairy industry will be promoted as complementary economic activity across the wide section of the population by introducing improved breeds, feed resources, better animal health, a well developed collection and processing network, good research and extension services.

The income the dairy farmers earn from their cows' milk depends on the market and the collection systems. Based on the available data, the formal dairy processing industry collects only around 50-60 percent of the total production. In most areas, milk is collected once a day due to unavailability of a proper cold chain. Thus, the milk marketing and processing at all levels needed to be developed through establishing proper cold chains with the support of the private sector and private public partnerships. With this effort, the total milk production will be increased to the level of self sufficiency.



Table: 2.3.1
Key Targets of the Livestock Sector

| Indicator | 2005 | 2009 | 2015 | 2020 |
|---|--------|--------|---------|--------|
| Self sufficiency in milk (%) | 15 | 33 | 55 | 100 |
| Milk Production (mn. ltrs) | 193 | 233 | 500 | 750 |
| Imports of milk and milk products (mt) | 68,100 | 63,800 | 33,375 | 500 |
| Imports value of milk and milk products (US\$ mn) | 133 | 296 | - | - |
| No. of cattle with high production capacity | 1.0 mn | 1.5 mn | 2.0 mn. | 2.5 mn |
| Chilling centres | 60 | 80 | 150 | 300 |
| Collecting centres | - | 2542 | 5000 | 10,000 |
| Processing centres | - | 2563 | 5000 | 10,000 |

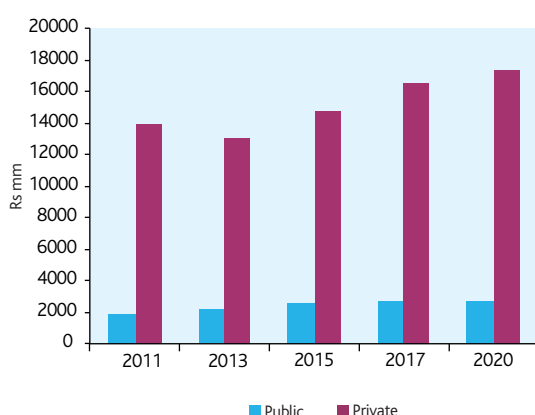
Modernize Large Scale Dairy Farms with Private Sector Participation

Modernized large-scale dairy farms will be established with the private sector and public private partnership investments. This will be achieved by creating a conducive environment for investors by providing land, banking facilities, infrastructure, quality service delivery system and tax concessions. Further, facilities will be provided for processing and value addition to milk-related products aimed at domestic and export markets.

Enhance Production of Breeding Materials

The shortage of breeding materials has been identified as a major constraint in the development of the dairy industry. With the aim of addressing this issue, importation of high yielding cattle breeds, strengthening artificial insemination programmes and establishment of breeder farms with the support of the private sector will be undertaken.

Chart: 2.3.1
Investment 2011-2020



Promote Poultry Production

The private sector engagement in the poultry industry will be promoted further to enhance the contribution of the poultry sector. The current domestic production of poultry will be doubled through the encouragement of capital intensive breeder farms, hatcheries, feed mills and processing units. This will enable the poultry industry to develop a commercial intensive system of production. Pure-line and grand-parent breeder operations will be supported and encouraged so as to increase the self-reliance of day old parents required for the poultry industry.

Strengthen Animal Feed Production

The shortage of animal feed production increase the cost of production of all livestock products. Thus, animal feed production factories will be established at strategic places with the support of the private sector.

Improve Service Delivery System

The service delivery system for the livestock sector is not in a position to meet the demand of the livestock industry. Hence, the service delivery system will be strengthened by establishing Veterinary Offices, Veterinary Investigation Centres, Animal Hospitals and developing the capacity of the human resources in the sector.



Promote Research and Development

The Government will promote research and development through the private sector and universities in the areas of production of high yielding breeds, fodder, grasses, processing and value addition by providing research grants, venture capital and incentives to use modern technologies. Based on the research findings, the government will set and enforce quality standards for dairy plants and livestock products, particularly with regards to hygiene and safe products in order to create a quality culture.

Popularize Liquid Milk Consumption

The steps have already been taken by the government to encourage liquid milk consumption and the marketing of fresh milk with the aim of ensuring availability of nutritious food for the people. However, available facilities for fresh milk distribution are not adequate in the rural and urban areas. Therefore, automatic milk dispensing machines will be established at railway stations, city bus stands, schools, hospitals,

airports and office premises with the aim of providing fresh liquid milk to all consumers at all times. With the aim of providing safe liquid milk in the rural areas, a UHT plant will be established.

The livestock sector will be integrated with the crop agriculture which will provide symbiotic relationship for improving the productivity of both sectors.

Livestock as a Backyard Business and Livelihood for Households

Livestock is also promoted as a small enterprise and backyard economic activity in many rural areas to diversify their sources of income and to promote off farm activities. It will also provide food security for the rural families.

The following matrix indicates the main issues, strategy, activities and expected targets to be achieved in the planned period.

Activity Outcome Matrix: Development of Livestock

| Policy Thrust | Issues/ Challenges | Strategy/Activity | Indicator | Present Status | Anticipated Achievement | |
|-------------------------------------|---|---|---|-----------------------------|-----------------------------|-------------------------------|
| | | | | 2009 | 2015 | 2020 |
| Achieve self sufficiency in milk | Inadequacy of local production of milk to meet the national requirement | Development of national herd with high yielding cattle through importation of cattle and strengthening artificial insemination. | Proportion of local production to the total national requirement No. of cattle with high production capacity No. of calves produced/ yr | 30% 1.5 mn 50,000 | 50% 2.0 mn 75,000 | 100% 2.5 mn 120,000 |
| | | Establishment of private breeder farms | No. of farms | 323 | 500 | 1000 |
| | | Improvement of NLDB for providing breeding material to the farmers | No. of farms No. of calves/heifers/yr | - 10,000 | 5 50,000 | 10 60,00 |
| | | Development of the NLDB farms on the basis of public-private partnership | No. of farms developed /yr | 0 | 10 | 20 |
| | | Providing support for small scale farmers through dairy village programmes | No. of dairy villages | 720 | 2000 | 5000 |

| Policy Thrust | Issues/ Challenges | Strategy/Activity | Indicator | Present Status | Anticipated Achievement | |
|--|---|---|---|-------------------|----------------------------|---------|
| | | | | 2009 | 2015 | 2020 |
| Strengthen the service delivery system | Poor management practices and low productivity | Improvement of service delivery system through providing required physical and training facility to the regional level officers. | No. of well equipped offices | 9 | 15 | - |
| | | | No. officers trained | 100 | 300 | 500 |
| Improvement of network of distribution | Poor marketing and distribution network at regional level | Improvement of marketing, processing and value addition through the establishment of collection, chilling and processing centres at strategic locations | Establishment of collection centres at regional level | 2542 | 5000 | 10,000 |
| | | | No. of UHT plant at regional level | 3 | 5 | 9 |
| | | | No. of small scale processing units (yogurt, cheese, curd etc.) | 2563 | 5000 | 10,000 |
| Promotion of the private sector for engagement in the poultry and meat industry. | Inadequacy of parent stocks and day old chicks for poultry industry | Strengthening of pure-line and grand-parent breeder operations through improving the quarantine system | No. Day old chicks production/yr | 6.0 mn. | 6.5mn | 7.0 mn |
| | | Development of backyard poultry systems in the rural sector | share of back yard poultry in the total production | 5% | 15% | 25% |
| | | Improvement of local production of raw materials for poultry feed | Maize production (mt/yr) | 120,000 | 200,000 | 300,000 |
| | | | Soybean (mt/yr) | 6000 | 12,000 | 15,000 |

THE GAMA NEGUMA

EMPOWERING THE RURAL ECONOMY

KEY MESSAGES

Government strategies place the agriculture and rural sector soundly at the core of its development plans. Prioritizing agriculture and rural development is crucial to raise income of the majority of people and maintain urban and rural equity. 80 percent of the people live in rural areas and 70 percent of the people work in agriculture. Accounting for one fifth of GDP and one third of export revenues, a vibrant agriculture sector can also be a driving force for economic growth over the coming decade. Four pressing imperatives can be derived from Government strategic targets in this sector.

(a) Intensifying agricultural production to increase output by 6 percent per annum

Only 4 percent of the recent growth in agricultural GDP can be explained by the application of new technology. To achieve the targeted growth in agricultural output, will require greater investments in high yielding seeds and planting materials, credit, research and extension. Measures are also being introduced to make agricultural input and output markets more competitive and efficient to bring considerable benefits to farmers. Improving the availability of technical and market information in rural areas will be essential to explore full potential of both farmers and entrepreneurs. Intensification of agricultural research and technology development will be a national priority.

(b) Diversifying agricultural production to raise livelihood activities

Rice is currently grown on 40 percent of all agricultural land. Use of paddy land during off seasons into higher value commodities is central to raising agricultural productivity and incomes. Non paddy and un-irrigated lands need to be encouraged to cultivate maize, soya beans, cowpea, curakan, onions, chilies and wide range of fruits and vegetables. Prospect for import substitution in these areas is immense. Hi-tech green houses, drip irrigation and solar power irrigation methods help putting un-irrigated lands into better use. Floriculture in intermediate zones can be a great source of income to emerging generation. Home garden and backyard agriculture are the other important sources to meet household daily needs.

(c) Creating opportunities for off-farm employment

There is a very real need for a supportive environment for enterprise development which encourages the growth of labour-intensive industry in rural areas. Investments in national and provincial roads, irrigations and storages are measures which will strongly support the development of dynamic rural sector activities, both on and off the farm through well connected market network.

(d) Rural infrastructure expansions

Rural and farm land access roads (Maga-Neguma), electrification at village level, telecommunications, minor irrigations and community water supply projects are central components of rural infrastructure drive of the Government in order to empower rural economy and make better living. Diversion of resources need to recognize these priorities and community owned implementation.

2.4 Irrigation – Water is Our Heritage and Life

By 2020, the irrigation sector will become a key driving force in agricultural development with the supply of water in adequate, equitable and reliable quantities and in a sustainable, efficient and eco-friendly manner”.



Throughout the history of Sri Lanka, water has played a key role in development of the country and economic status of its people, and in shaping its culture and the tradition. For more than 2500 years, our civilization, which developed on the basis of irrigation technology, inherited a legacy of unsurpassed know-how in the technology of building tanks and irrigation canals. The well known wording of King Parakramabahu “Utilize Every Drop of Water Coming from the Rain without Letting it to Waste into Sea” is also an admirable lesson for our nation from the history. In line with these, water resources in the country, have been intensively used for securing the livelihoods of the rural community and the food security of people. However, this situation at present is being changed and the demand for water is heavily derived from other sectors in addition to the water requirement in the agriculture.

At present, of the total land area under cultivation (1.9 mn. ha), paddy and other food crops (except tea, rubber, coconut and other export crops) which essentially require irrigation facilities, occupy a land extent of above 1 mn ha. Of this, 70 percent is paddy. The remaining area is under other food crops. The available reservoirs at present provide water to an extent of more than 0.6 mn ha. Of this, about 400,000 ha are fed by the major and medium scale reservoirs. The remaining 200,000 hectares is fed by the minor tanks. Irrigation schemes in the country are managed by three

main institutions. All major (> 200 ha) and medium (80-200 ha) irrigation schemes and the inter-provincial rivers are managed by the Department of Irrigation. At present, the Department manages 102 major tanks (69 tanks and 33 anicuts) and 230 medium tanks (152 tanks and 78 anicuts). The Mahaweli Authority of Sri Lanka (MASL) manages reservoirs located in the Mahaweli zones and this includes 8 macro irrigation systems (Kotmale, Polgolla, Victoria, Randenigala, Rantambe, Bowatenna, Samanalawewa and Udawalawe) and 19 major schemes. In addition, the MASL manages more than 100 medium and minor tanks in different Mahaweli systems. It has also been estimated that there are more than 10,000 operational minor tanks (below 80 ha) scattered all over the island. These schemes are managed by the respective Provincial Councils.

The performance of many irrigation schemes has not yet reached its threshold over the last few years. Therefore, the returns on investments in most schemes remain low and inconsistent. Improving the performance of available systems has therefore become a felt need. In view of this, the future of the irrigation sector has been set out in a way to promote agriculture productivity by increasing the availability of new water resources and enhancing the present level of water use and conveyance efficiencies to an optimal level.

Policy Direction

At present, over 80 percent of the surface water in the country is used by the irrigation sector. The remaining 20 percent is used by all other stakeholders. The new policy in the water sector is therefore aimed at reducing the level of water usage by the irrigation sector to around 60 percent. This will create pressure on the irrigation sector to develop its water use efficiency and also will allow the other sectors to expand and meet the emerging needs of the economy.

Keeping in line with the national water policy, the irrigation policy would mainly aim at providing water in adequate quantities to lands which are going to be newly cultivated and ensuring water availability to existing lands to enable them to cultivate throughout the year. This will be achieved through five main drives; (1) Water resources development and management (2) Improvement and the modernization of irrigation infrastructures (3) Watershed management (4) Institutional reforms (5) Research & Development.

1. Water Resources Development

Water resources development will further be strengthened through the augmentation of number of mega projects to harness the optimum use of surface and ground water resources. This will be continued to a level where there is an adequate and reliable source of water for cultivation. While preserving the ground water table and the environment, priority will be given

to harvest run off water that runs wasted into the sea. Under New Water Resources Development Programme, large scale development programmes which have already been started (eg. Moragahakanda & Kaluganga Reservoirs Development Project, Deduru-Oya Reservoir Project, Uma Oya Hydropower Diversion Project, Rambukkan Oya Project) will be expedited, resolving technical and financial constraints over the medium term.



A number of new projects will also be undertaken to provide water for agriculture and other water uses. Among them, Gin/Nilwala Diversion Project, System B (Maduru Oya) RB Development Project, Malwatu Oya Diversion Project, System L (Weli Oya) Development Project and Construction of the NCP Canal are given high priority. These projects will also be undertaken in parallel to the on-going projects and are expected to be completed by 2018.

Table: 2.4.1
On-going Irrigation Projects

| The Project | TEC (Rs. mn) | Location | Completed by | Financial Support by |
|--|--------------------------|--------------------------|--------------|-----------------------|
| Deduru-Oya Reservoir Project | 6,500 | Puttalam Kurunegala | 2013 | GOSL |
| Moragahakanda and Kaluganga Reservoirs Development Project | 62,000 | Matale | 2015 | JBIC, SFD KFAED, OPEC |
| Rambukkan Oya Project | 2,500 | Ampara | 2012 | GOSL |
| Uma Oya Hydropower Diversion Project | 60,280 (US \$ 548 mn) | Moneragala Hambantota | 2015 | Iran |
| Mahaweli System B (LB) Development Project. | 16,000 | Batticaloa, Trincomalee | 2013 | GOSL |
| Heda Oya Development Project | 4,200 | Moneragala /Ampara | 2014 | GOSL |
| Yan Oya Development Project | 8,700 | Pangurugas wewa, A'pura. | 2014 | GOSL |
| Urawa Diversion | 2,200 | Matara | 2012 | GOSL |

Table: 2.4.2
New River Basin Diversions

| The Project | TEC (Rs. mn) | Location | Completed by |
|--------------------------|--|--------------------------------|--------------|
| Gin/Nilwala Diversion | Rs. 18000 mn (Rs. 450 mn for feasibility) | Galle/Matara | 2016 |
| Kalu Ganga Diversion | Rs. 20000 mn (Rs. 325 mn for feasibility) | Ratnapura | 2018 |
| Malwatu Oya Diversion | Rs. 14000 mn (Rs. 250 mn for feasibility) | Mannar, A'pura | 2018 |
| Ma Oya Diversion Project | Rs. 18000 mn (Rs. 250 mn for feasibility) | Puttalam | 2017 |
| System B (Maduru Oya) | Rs. 22500 mn | Batticaloa | 2018 |
| System L (Weli Oya) | Rs. 6570 mn | A'pura, Vavuniya, Mullativu | 2018 |

Rehabilitation of 10000 Tanks "Dahasak Maha Weu Programme"

Under the new water resources management programme, the "Dahasak Maha Weu Programme" will be expedited with the participation of farmer community in order to complete the rehabilitation of 10,000 tanks by 2020. It is expected that 1000 tanks will be completed every year from 2010 at an annual estimated cost of Rs. 500 mn. Under this programme, about 200,000 acres will be provided with assured supply of water and will enable an increase in the cropping intensity of existing lands and productivity of new cultivable lands.

Under new water resource management programme, an additional land extent of 100,000 ha is expected to be cultivated by 2018. Most of these lands are in dry areas in the North, North Central, East, Uva, Wayamba and Southern Provinces.

Required investment for new water resource development will be done by the government with the support from overseas countries. Among the projects which are on-going, Moragahakanda and Uma oya projects are funded by donors while a substantial contribution to design and preliminary studies is being made by the government. The funds for proposed projects are expected from prospective donors. Private sector investors will be encouraged to invest in areas eg. eco-tourism and agri-business where return on investment is attractive.

2. Rehabilitation and Modernization of Irrigation Infrastructures

In order to increase the water use efficiency and to ensure the effectiveness of water usage, rehabilitation and upgrading of head works and water conveyance systems will be expedited to achieve better efficiency and to reduce water losses. Of the available major dams (80), 32 are being rehabilitated under the Dam Safety and Water Resources Management Project. Rehabilitation and modernization of the remaining 48 dams, will be done by 2020.

The rehabilitation of canals, which includes (a) cleaning and de-silting (b) lining (c) installation of modern gauging/meteorological information equipment, will be undertaken with the participation of farmer communities. Water conveyance canals will be equipped with modern gauging equipment to measure and update water usage and the flow level. All main canals and selected branch canals will be lined without affecting the ground water table.

This will also lead to minimizing water related risks (dam failure) and give guaranteed early warnings on sudden threats; floods, rise in water level, etc. This work is expected to be completed in 6 years from 2011. The operation and management expenses of head works and water conveyance systems are financed by the government and the private sector. Private-public partnerships will also be encouraged in areas where there is high return on investment. For minor schemes, farmers will make a meaningful contribution



in the form of labour, with the major proportion of the finances being provided by the government or other agencies such as NGOs and the private sector.

3. Watershed Management

To ensure the integrity of ecosystems through good water resources management, it is essential to maintain the sustainability of water resources as well as its development. Deforestation, agricultural and aquaculture activities and un-planned construction have been the main reasons for the degradation of watersheds. Under the watershed management, conservation and protection of ecosystems will be given priority and carried out with the participation of relevant line agencies. Green environmental friendly ecosystems will be established in each basin/cascade to protect water resources on a sustainable basis.

Table: 2.4.3
Investment Opportunities for the Private Sector

| Area/Project | Description & Location |
|---|---|
| Eco-tourism | <ul style="list-style-type: none"> ■ Sea plane landing & boat services in Victoria. ■ Promotion of eco-tourism in Randenigala, Rantambe & Polgolla. ■ Eco-tourism promotion from system L to Kokilai lagoon and in Uda Walawa. |
| Agri-business ventures in river basins. | <ul style="list-style-type: none"> ■ Banana fibre & pulp industry in Uda-Walawe ■ Bamboo related industries in Mahaweli & Kotmale river basins ■ Rice bran oil manufacturing in Mahaweli System C ■ Inland fisheries and ornamental fish breeding in Kiralakele and Kokilai. ■ Promotion of dairy farming in Mahaweli systems. |
| Mini-hydropower generation | <ul style="list-style-type: none"> ■ Development of low-head hydropower generation in reservoirs, eg. Parakrama Samudraya, Rajanganaya, Lunugamwehera, Ratkinda etc |

4. Institutional Reforms

The importance of a single institutional body will be emphasized with a given mandate for the development and management of surface and ground water resources.

Under the new policy in the irrigation sector, the existing national level agencies which are mandated for any sort of activity related to irrigation and water management will be merged into a single national body which will be mandated for the development and the management of the surface and ground water resources in the country. This will avoid duplication and enable the improvement of efficiency and effectiveness.

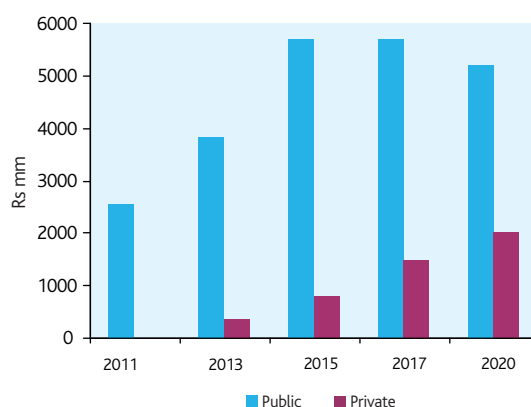
5. Research and Development

Research through many agencies such as National, Provincial, Private and International will be encouraged to work in collaboration with the rural society as a supportive mechanism for the formation of national policies in the irrigation sector. These researches will mainly focus on development and the exploitation of surface and ground water, maintenance of the water quality and the supply of water for social, economic and environmental needs on sustainable basis.

Public Investment in Irrigation

The total investment requirement in the irrigation sector over the period from 2010 to 2020 is estimated at Rs. 277.5 bn. Of this, Rs. 186.7 bn is expected from foreign sources. The remainder will be financed mainly by the government with the support of the private sector.

Chart 2.4.1
Investment in Irrigation 2011-2020



2.5 Plantation Economy



By increasing blending and packaging of tea locally, I propose to make Sri Lanka a hub for the tea trade. I will provide incentives for popularizing instant tea. In order to increase productivity, I will take steps to introduce improved cultivation strains of tea, rubber, coconut and other export crops



(Mahinda Chintana 2010, p 91)

Plantation crops, mainly tea, rubber and coconut, are grown in an extent of 0.74 million hectares or 12 percent of the country's land area. Apart from the major plantation crops, supplementary plantation crops, viz cashew, sugar and palmyrah and export agricultural crops also deserve a large potential to expand further.

The sector plays a dominant role in the economy while providing livelihood and earning foreign exchange. It provides employment to about 1.5 million persons and contributes 23 percent to agricultural production. About 20 percent of export earnings are generated by the plantation sector.

The policy thrust of the government in the plantation sector over the next ten years is to increase production and export earnings by 35 and 40 percent, respectively while increasing productivity and profitability of both corporate and small holding sectors on a sustainable basis.

Enhancement of Productivity

It is necessary to improve the production and productivity of the plantation sector through an increased rate of replanting as well as new planting. Introduction of new clones and innovation of modern technology is also envisaged.



Increase of the Annual Rate of Replanting

The production in plantation sector was mostly affected and declined during the last decade due to the poor rate of replanting. In order to maintain the replanting of tea at a rate of 3 percent per annum, seedling tea will be replaced with vegetative propagated tea. Marginal tea lands will be considered for conversion to organic tea producing lands until replanting is done. Home gardens will be encouraged in coconut, providing seedlings and necessary extension activities.

Table: 2.5.1
Annual Rate of Replanting of
Major Plantation Crops

| Sector | Present Status 2009 | Anticipated Achievement | |
|---------|------------------------|-------------------------|-----------|
| | | 2010-2015 | 2015-2020 |
| Tea | 0.5% | 2% | 3% |
| Rubber | < 1% | 3% | 5% |
| Coconut | < 1% | 2% | 3% |

Promote New Planting in Non-traditional Areas

Rubber cultivation is further expanded from traditional growing areas to new areas particularly targeting the Eastern Province and areas in the dry zone—Moneragala, Hambantota, Vavuniya and Mullaitivu. The soil factors coupled with favorable weather conditions that prevail during most months in the year in these areas are conducive to rubber cultivation.

New planting of coconut will be further intensified by providing inputs, viz seedlings, fertilizer and required technological knowhow. In the process of boosting the production of coconut, it is expected to increase the extent of coconut in non-traditional areas, eg. Mahaweli region and the settled areas in major irrigation schemes.

Table: 2.5.2
Expected Extent of Major Plantation Crops

| Sector | 2009 | 2015 | 2020 |
|--------------|---------|---------|---------|
| Tea (ha) | 222,000 | 225,000 | 225,000 |
| Rubber (ha) | 120,000 | 165,000 | 230,000 |
| Coconut (ha) | 395,000 | 450,000 | 510,000 |

Research and Development

Research and development programmes will be strengthened to produce improved varieties and new products and the findings will be disseminated among growers.

The facilities in nurseries will be increased to meet the growing demand for improved varieties and new clones. Public nurseries will be developed to compete with private sector nurseries while the private sector will lead in providing the quality and improved planting materials.

The people in non traditional areas do not have sufficient knowledge of the cultivation of rubber/coconut. Hence, in the process of new planting, adaptive research programmes will be conducted and knowledge transfer will be done efficiently to cater to the needs of growers.

The tea, rubber and coconut factories are modernized with the accreditation of internationally accepted standards; ISO, GMP and HACCP.

Intercropping

Annual and biennial fruit crops such as Passion Fruit, Plantain and Pineapple will be intercropped at early stages of rubber and coconut plantations to increase land productivity.

Value Addition and Brand Promotion

Sri Lanka will be a pioneer for Ceylon branded value added products in the world market. In this regard, a system will be established for pluralistic extension in which para-extension aides, private advisory personnel, and private sector extension agencies are actively involved in widening the scope and dissemination of technology to provide an effective and efficient service to growers regarding value addition.

Of the total tea production, only 42 percent is marketed at present in value added form. The value addition to tea is expected to increase to 75 percent by 2020. Brand promotion will also be strengthened to remain in the global market competitively while getting a higher price for tea.

Development of Supplementary Plantation Crops

This sector has an emerging potential to harness benefits through the improvement of livelihoods of people. It is expected to revitalize the production of these crops under the new vision of Mahinda Chinthanaya over the period of next ten years.

Sugar

In the sugar sector, relatively low yields, low sugar recovery rate and the absence of required factory capacity have resulted in low production which leads to only eight percent of the total requirement is met domestic production. The domestic sugar production will be increased to 40 percent by 2020 to cut down the cost of import which was around US\$ 248 million in 2009. The sugar recovery rate and average cane yield will also be increased to 20 percent and 40 percent respectively by establishing improved varieties, better management practices and modern technology.

Table: 2.5.3
Key Indicators of Sugar Production

| Description | 2009 | 2015 | 2020 |
|---|-------|--------|--------|
| Total extent (ha) | 7,400 | 15,000 | 30,000 |
| Percentage of domestic sugar production (%) | 8 | 35 | 40 |
| Annual production of sugar mt | 1200 | 1600 | 2300 |
| Productivity (mt/ha) | 56 | 70 | 100 |

The new planting extent of sugar cane will be increased by 30,000 ha under irrigation water arrangements in Kantalai and Higurana. Continuous efforts will be made to revitalize the sugar industry by refurbishment and modernization of existing factories and addition of new factories.

Cashew

Table: 2.5.4
Key Indicators of Cashew Production

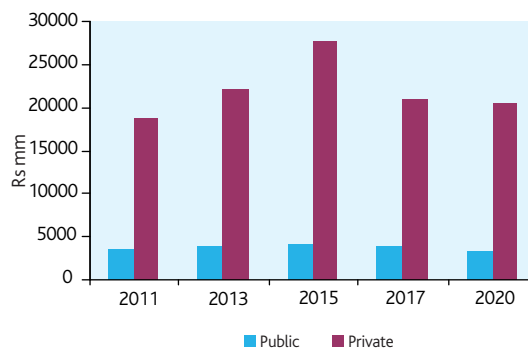
| Description | 2009 | 2015 | 2020 |
|-----------------------------------|--------|--------|--------|
| Total extent (ha) | 41,000 | 60,000 | 90,000 |
| Annual production (mt) | 8,600 | 15,000 | 28,500 |
| Productivity (kg/ha) | 350 | 500 | 750 |
| Modernized processing units (No.) | - | 15 | 25 |

Cashew has a great potential to develop as a cash crop and it is planned to increase the extent on a sustainable basis to 80,000 ha. The cashew extent will be increased by 30,000 ha through new planting in the North and East. The cashew productivity will also be increased from 350 kg/ha to 750 kg/ha by providing necessary facilities and required inputs. Cottage level cashew processing units will be promoted and established with ISO standards aimed at export and niche markets.

Palmyrah

In the development process of the cultivation of palmyrah, the community will be organized through awareness programmes to make it aware of the value of palmyrah. The extent of palmyrah will be increased by 20,000 ha through new planting in North and East. Promotion of private nurseries and enhancement of palmyrah based products will be promoted jointly with the private sector.

Chart: 2.5.1
Investment 2011-2020



Spices – Export Agricultural Crops

Sri Lanka was a pioneer exporter of natural spices to the world market and will continue to maintain its century old reputation for spices in international markets.

According to the policy in agriculture, the extent of export agricultural crops will be doubled by 2020 giving an additional boost to the export agricultural sector. Most spices will be exported in value added form rather than as primary products which will place the country's spices at a higher position. Research and development in this regard will also be given heavy emphasis over the next decade.

Table: 2.5.5
Production and Production Targets of Export Agricultural Crops

| Export Agricultural crops | Production (mt) | | Target (mt) | |
|---------------------------|-----------------|--------|-------------|--------|
| | 2005 | 2009 | 2015 | 2020 |
| Cocoa | 900 | 1,752 | 3,250 | 5,500 |
| Cinnamon | 14,450 | 14,599 | 19,500 | 25,000 |
| Pepper | 14,270 | 25,302 | 34,000 | 43,000 |
| Cloves | 6,080 | 3,789 | 5,000 | 6,500 |
| Cardamoms | 80 | 479 | 650 | 820 |
| Nutmeg and Mace | 1,860 | 4,702 | 6,300 | 8,000 |

Activity Outcome Matrix: Development of Plantation Sector

| Policy thrust | Strategies/ Activities | Indicator | Present Status 2009 | Anticipated Achievement | |
|--|--|---|---|--|--|
| | | | | 2015 | 2020 |
| Enhancement of productivity of tea, rubber and coconut | <ul style="list-style-type: none"> ■ Increase the annual rate of replanting to a healthy level ■ Promote new planting in non-traditional areas ■ Introduce new clones and improved varieties to increase annual production ■ Introduce modern technology through strong research bodies to increase productivity | Annual rate of replanting | Tea -0.5% Rubber -< 1% Coconut -< 1% | Tea -2% Rubber -3% Coconut -2% | Tea -3% Rubber -5% Coconut -3% |
| | | Cumulative result of the newly added extent | Present extent: Tea -222,000 ha Rubber - 120,000 ha Coconut - 395,000 ha | Tea-3000 ha Rubber- 45,000 ha Coconut- 55,000 ha | Tea -8,000 ha Rubber- 110,000 ha Coconut- 115,000 ha |
| | | Annual production | Tea-290mn.kg Rubber-137mn.kg. Coconut -2762mn. nuts. | Tea -320mn.kg Rubber - 160mn.kg. Coconut -3600mn. nuts | Tea-330mn.kg Rubber-190mn. kg. Coconut - 4200mn.nuts |
| | | Productivity | Tea -1400kg/ha Rubber -1300 kg/ha Coconut -7600 nuts/ha | Tea -1500kg/ha Rubber -1500 kg/ha Coconut 9000nuts/ha | Tea-1600kg/ha Rubber -1600kg/ha Coconut-10000nuts/ha |
| Promotion of value addition of tea, rubber and coconut | <ul style="list-style-type: none"> ■ Promote brand to remain in the global market competitively in tea ■ Strengthen Research and development programmes ■ Refurbish and modernize factories with modern technology | Percentage of exports of value added tea | 38% | 55% | 75% |
| | | Imports of coconut oil | 800 mt | 400 mt | No imports |
| | | Imports of natural rubber sheets | 2,800 mt | 1000 mt | No imports |
| Development of physical/ social infrastructure of estate workers | <ul style="list-style-type: none"> ■ Construct individual houses for estate workers ■ Accelerate programmes by integrating health and education services | Number of houses | - | 25,000 | 50,000 |

| Policy thrust | Strategies/ Activities | Indicator | Present status 2009 | Anticipated Achievement | |
|--|--|---|------------------------|-------------------------|--------------|
| | | | | 2015 | 2020 |
| Enhancement of Sugar productivity | <ul style="list-style-type: none"> ■ Increase extent of new planting ■ Develop management practices and modernization of technology ■ Establishing improved varieties to increase cane yield ■ Refurbishing and modernizing of factories and augmentation of new factories | Total extent | 7,400 ha | 15,000ha | 20,000 ha |
| | | Percentage of domestic sugar production | 8% | 25% | 40% |
| | | Annual production of sugar | 1200mt | 1600 mt | 2240mt |
| | | Productivity | 56 mt/ha | 70mt/ha | 100mt/ha |
| Enhancement of productivity and value addition of cashew | <ul style="list-style-type: none"> ■ Increase new planting ■ Strengthen research and development programmes to produce improved varieties ■ Promote cashew processing units to achieve ISO standards | Annual production | 8500 mt | 11500 mt | 15600 mt |
| | | Productivity | 350 kg/ha | 500 kg/ha | 750 kg/ha |
| | | Number of modernized processing units | - | 15 | 25 |
| Enhancement of productivity of palmyrah | <ul style="list-style-type: none"> ■ Increase new planting ■ Establish the private nurseries through community participation | Total extent | 11 mn. trees | 15 mn. trees | 20 mn. trees |
| | | No. of new nurseries | - | 5 | 10 |

3. ENTERPRISES WITH STRENGTH TO CONQUER THE WORLD

- Electricity for Everybody, Everyday
- Well-Established Telecommunication Facilities
- User-Friendly Modernized Postal Sector
- Water Services Perspective
- Industry Sector: Towards Global Competitiveness
- State-Owned Enterprises to Become Strategic

3.1 Electricity for Everybody, Everyday

The thermal power plants including coal-fired ones, and the hydro power plants will be constructed expeditiously according to the generation plans of the Ceylon Electricity Board, while taking into consideration the social problems and environmental implications.

(Mahinda Chintana 2005, p 62)

I will take the necessary steps to provide 100 percent of households with continuous electricity by the end of 2012 and steps will be taken to meet the increasing electricity demand until year 2020 by constructing all necessary power stations on the basis of minimum cost generating plans.

(Mahinda Chintana 2010, p 44 & 45)

Electricity is an essential requirement for rapid economic and social development of the country. At present, 88 percent of total households in the country have electricity. The national grid provides electricity to 84 percent of the total households and the remainder of the households is served by off grid facilities.

Demand Forecast

The current plan for the development of the electricity sector has been designed to provide the entire community with a high quality and uninterrupted supply of electricity by 2012.

The electricity sector development will be focused on the sustainable development of energy resources, conversion facilities and delivery systems to improve the accessibility to the energy services and ensure the delivery of such services at a regionally competitive price.

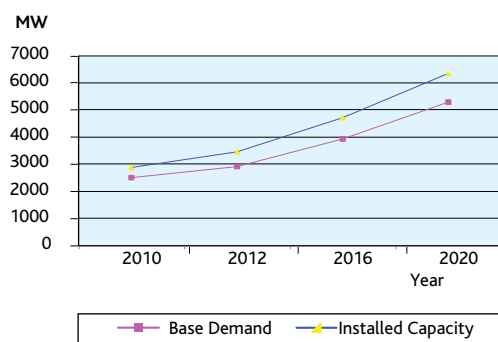
Table 3.1.1
Trends in the Electricity Sector

| Category | 2005 | 2010 | 2012 | 2016 | 2020 |
|-----------------------------|------|------|------|------|------|
| Electrification Coverage(%) | 75 | 88 | 100 | 100 | 100 |
| Base Demand(MW) | 1768 | 2517 | 2921 | 3943 | 5306 |
| Installed Capacity(MW) | 2409 | 2891 | 3470 | 4732 | 6367 |
| System Losses(%) | 16.7 | 14.5 | 14 | 13 | 12 |

Policy Direction

Diversification of energy resources used in the country will be encouraged and the future energy mix will be rationalized to minimize fuel fired power generation. Management and operation of energy supply systems of the country will be made ensuring efficient utilization and conservation of energy.

Chart 3.1.1
Growth of Base Demand and Installed Capacity



Pump Storage Hydro Power Plant

With the construction of Upper Kotmale hydro power plant, 150 MW will be added to the national grid by June 2011.

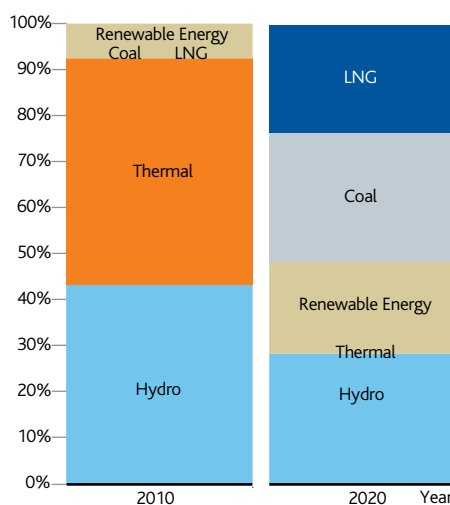
Strategies

Electricity Generation

In view of the growing demand for electricity, it has been planned to increase the electricity generation sufficiently. Accordingly, the capacity of electricity generation will be increased to 3470 MW in 2012 and 6367 MW in 2020. At present, the electricity generation in Sri Lanka is mainly dependent on crude oil and about 60 percent of the electricity requirement is generated using thermal power. Due to this fact, the cost of the electricity generation has risen over the years. Setting up of coal fired power plants and hydro power plants to promote low cost electricity will be encouraged in the bid to avert this adverse situation.

In order to realize this purpose, hydro power projects of 35 MW at Broadlands, 120 MW at Uma Oya, 27 MW at Moragolla and 49 MW at Gin Ganga will be implemented. The existing hydro power plants will also be rehabilitated to stabilize their capacity of 1115 MW. Pump storage hydro power plants will be set up to stand by as a supportive source of electricity, which will be utilized during peak hours.

Chart 3.1.2
Composition of Future Energy Mix



The construction of 300 MW coal power plant at Puttalam is expected to be completed in 2010 and add to the national grid. The construction of second stage of Puttalam coal power plant generating 600 MW is expected to be completed by end of 2012. A coal fired power plant with 500 MW capacity at Trincomalee is expected to be completed by 2014.



Upper Kotmale Hydro Power Plant

The high cost oil fired operation technology in thermal power plants will be replaced with low cost LNG technology. In addition, new LNG power plants will be established.



Introduction of low cost LNG technology

A feasibility study examining the possibility of establishing the nuclear power plants in the country will be carried out.

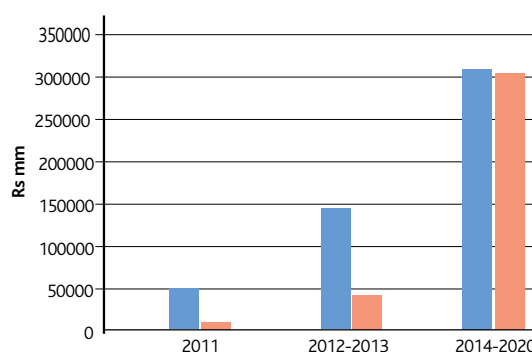
Electricity Transmission

Parallel to the development of electricity generation, the existing transmission system will be improved so as to provide the consumers with a quality, reliable and uninterrupted power supply. This transmission development programme consists of the expansion of transmission lines, augmentation of grid substations and other transmission facilities. The transmission system will be upgraded to facilitate the absorption of the electricity generated by means of renewable energy sources to the national grid.

For the development of the transmission system, a total investment of Rs 146,473 mn is expected to be made during the period between 2011 and 2020.

The new transmission facilities will be established to absorb the power which will be generated by the new power plants. A high voltage transmission line of 400 MW capacity between India and Sri Lanka is to be erected for the purpose of exchanging electricity.

Chart 3.1.3
Investment on Electricity Development



A new system control centre at Sri Jayewardenepura will be established to ensure efficient real time network operation.

Electricity Distribution

All households in the country will be provided with electricity through an accelerated electricity distribution system by the end of 2012. Relevant steps will also be taken to develop and improve the medium and low voltage network in order to provide a quality, reliable and uninterrupted power supply.

For the convenience of consumers, a new electricity connection will be provided within 24 hours upon request. The existing distribution network in Urban Council areas will be replaced with an underground system that ensures more protection to both the system itself and the environment.

System Losses

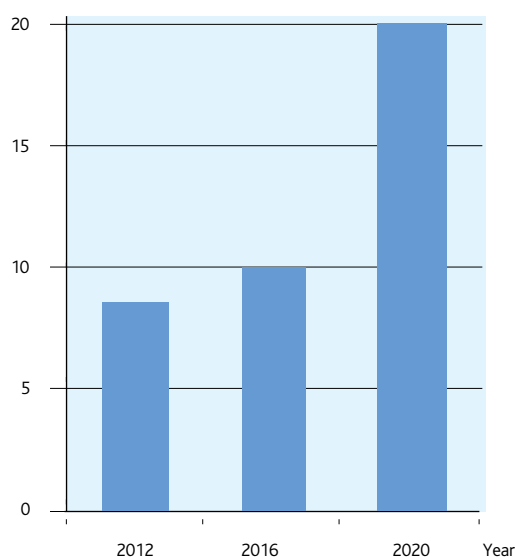
The system losses will be reduced to 13 percent by 2016 and to 12 percent by 2020. For this purpose, electricity network studies will be conducted. Commercial losses will be reduced by improving metering efficiency with an improved

management system. Technical losses will be minimized by identifying sections of the network where losses are high, and improving such cables and transformers and reorganizing supply arrangements.

Renewable Energy Development

By 2020, about 20 percent of electricity supply is expected to be generated by the renewable energy. For this purpose, sufficient investment will be made on development of renewable energy sector with wind, dendro, solar and mini hydro power plants.

Chart 3.1.4
The Share of Renewable Energy on Grid



Solar power parks are to be established and steps will also be taken to establish wind power parks for the purpose of generating renewable energy.



Solar Power Generation Plant



Wind Power Generation System

State of the art solar home systems incorporating high efficiency LED light sources with reduced system costs will be deployed to serve households which are not served through the national grid.

Energy Conservation

With the long-term objective of reducing 8.7 percent of energy consumption by the year 2020, under the power conservation and management programme, energy conservation activities will be implemented at household as well as industrial and commercial consumer levels.

For the promotion of energy saving, use of energy efficient bulbs, labeling electrical appliances and application of energy saving designs in building construction will be encouraged. All new construction will be undertaken ensuring energy efficiency.

A comprehensive mechanism to deliver energy efficiency services will be developed to curtail energy waste in industrial and commercial sectors. Through this mechanism, all major energy consumers will designate an energy manager for the efficient operation of processes and buildings.

Electricity usage will be reduced through the installation of LED lighting, solar and wind power systems in place of the existing street lights.

Electrification of rail transportation will be pursued, with the intention of gaining independence from the total dependency of the sector on liquid fossil fuels.

Table 3.1.2 Investment Plan - Electricity Sector (2011-2020) - Rs. mn.

| Category | 2011 | 2012-2013 | 2014-2020 | 2011-2020 |
|----------------------------|--------|-----------|-----------|-----------|
| Generation | | | | |
| Foreign | 40,066 | 104,690 | 300,000 | 444,756 |
| Domestic | 7,650 | 28,099 | 176,000 | 211,749 |
| Total | 47,716 | 132,789 | 476,000 | 656,505 |
| Transmission | | | | |
| Foreign | 8,020 | 13,197 | 22,000 | 43,217 |
| Domestic | 11,213 | 20,043 | 72,000 | 103,256 |
| Total | 19,233 | 33,240 | 94,000 | 146,473 |
| Distribution | | | | |
| Foreign | 8,141 | 17,075 | 21,397 | 46,613 |
| Domestic | 4,288 | 7,324 | 32,000 | 43,612 |
| Total | 12,429 | 24,399 | 53,397 | 90,225 |
| Energy Conservation | | | | |
| Foreign | 1,827 | 2,952 | 13,603 | 18,382 |
| Domestic | 456 | 1,214 | 20,000 | 21,670 |
| Total | 2,283 | 4,166 | 33,603 | 40,052 |
| Grand Total | 81,661 | 194,594 | 657,000 | 933,255 |

Activity/Outcome Matrix

| Sector Priorities | Strategy | Indicator | Target 2012 | Target 2016 | Target 2020 |
|--------------------------------------|--|---|---|--|--|
| Electricity Generation Development | <ul style="list-style-type: none"> ■ Setting up of coal fired power plants and hydro power plants. ■ The high cost oil fired operation technology in thermal power plants will be replaced with low cost LNG technology. ■ New LNG power plants to be established. ■ The existing hydro power plants will be rehabilitated to stabilize their capacity. ■ A feasibility study examining the possibility of establishing the nuclear power plants will be carried out. | Capacity of the entire system | 3470 MW | 4732 MW | 6367 MW |
| Electricity Transmission Development | <ul style="list-style-type: none"> ■ The new transmission facilities will be established to evacuate the power which will be generated by the new power plants. ■ Existing transmission lines will be expanded and grid substations will be augmented. ■ The transmission system will be upgraded to facilitate the absorption of the electricity generated by means of renewable energy sources to the national grid. | Compliance with reliability indices and statutory limits on quality of supply | Essential reliability level will be established | Endeavour to reach international norms of reliability and supply quality | Endeavour to reach international norms of reliability and supply quality |
| Electricity Distribution Development | <ul style="list-style-type: none"> ■ Distribution network will be developed to provide electricity to all by the end of 2012. ■ The exiting distribution network in urban council areas will be replaced with an underground system. ■ Medium and low voltage network will be developed. | Access to electricity | 100% | 100% | 100% |

| Sector Priorities | Strategy | Indicator | Target 2012 | Target 2016 | Target 2020 |
|------------------------------|---|---|-----------------------|-----------------------|-----------------------|
| Reduction of System Losses | <ul style="list-style-type: none"> Electricity network studies will be conducted. Commercial losses will be reduced by improving metering efficiency with improved management system. Technical losses will be minimized by identifying sections of the network where losses are high, and improving such cables and transformers and reorganizing supply arrangements. | Total system loss | 14% of net generation | 13% of net generation | 12% of net generation |
| Renewable Energy Development | <ul style="list-style-type: none"> Sufficient investment will be made on development of renewable energy sector with wind, dendro, solar and mini hydro power plants. | Share of Renewable energy on grid | 8.5% | 10% | 20% |
| Energy Conservation | <ul style="list-style-type: none"> Use of energy efficient bulbs, labeling electrical appliances and application of energy saving designs in building construction will be encouraged. All new constructions will be undertaken ensuring the energy efficiency. A comprehensive mechanism to deliver energy efficiency services will be developed to curtail energy waste in industrial and commercial sectors. LED lighting, solar and wind power systems will be introduced in place of the existing street lights. | Energy saving potential to the actual consumption | 4.3% | 6.4% | 8.7% |

3.2 Well Established Telecommunications Facilities

The young generation of Sri Lanka needs to be broadly empowered with modern information and communication technology. The future market for employment will depend entirely on these skills. For these reasons, our youth will be given more opportunities to improve their knowledge in these areas and information and communication technology will be introduced for accessing all services in the country.

(Mahinda Chinthana 2010, p 45)

Sri Lanka's telecom sector has shown a significant expansion. At present, nine fixed and mobile operators and about 40 other companies are involved in a variety of telecommunication services around the country. These companies have recorded a growth of 40-60 percent over the last few years.

By 2020, Sri Lankans will be empowered with world-class telecom infrastructure, to make available its services when and where needed.

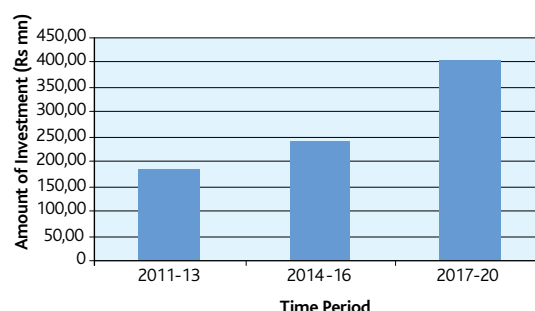


Communication Satellites

The government will take relevant steps to encourage public and private sector investments to enhance telecom infrastructure. It is also expected to expand the capability of users for quick adaptation to digital technology, create partnerships with the private sector to improve information and knowledge sharing,

upgrade the telecommunications services to meet the expectations and requirements of government, business communities, international communities and general public and minimize the regional disparity of telecommunication facilities. The telecommunications sector will lead to facilitate industries which use modern techniques of telecommunication.

Chart 3.2.1 Increase of Investment in Telecommunication Industry



Larger investments will go for the improvement of infrastructure facilities to enhance the coverage on all fixed and mobile networks and to increase the efficient use of capacity.

Ensure Quick Access to Information

Developing the capability of users for quick adaptation to digital technology will assist them to grasp new technological innovations, thus empowering the users with modern technologies.

Measures will be taken to establish a mechanism to coordinate and integrate government information technology and telecommunications for the benefit of public and private sectors. It will be realized through the launching of "Government Net," which will be working throughout the day to ensure improved access to government information and decisions.

By conducting awareness programmes and establishing an online service centre working throughout the day, it will realize the aforesaid policy and the strategy.

Table 3.2.1 Expected Targets for the Next Ten Years

| Category | 2010 | 2015 | 2020 |
|--|------|------|------|
| Fixed access services (mn) | 3.5 | 6 | 10 |
| Cellular mobile subscribers (mn) | 16 | 18 | 20 |
| Public pay phones ('000) | 7 | 12 | 15 |
| Internet and e-mail (mn) | 0.4 | 5 | 10 |
| Telephone density (%) (Mobile and fixed) | 93 | 95 | 98 |

Strengthen the private sector partnerships to improve information and knowledge sharing

The private sector is encouraged to set up Information and Communication Technology institutes for local and foreign students to produce skills required by the industry. In terms of research and development programmes, it is expected to introduce best practice models and demonstrations of the application of technologies to stakeholders in the telecommunications industry.

Establishment of world renowned communication and information technology faculties and production of internationally reputed IT specialists will be realized through appropriate strategies.

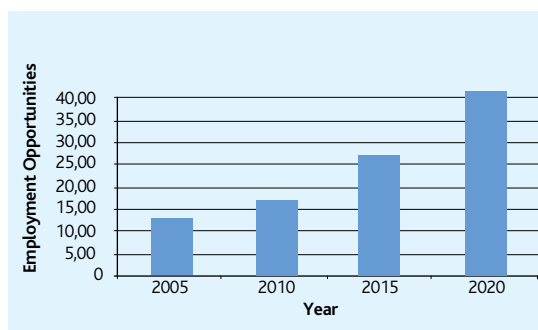
Upgrade the Telecommunication Services

Upgrade the telecommunications services to meet the expectations and requirements of government, business communities, international communities and general public.

The development of space technology in Sri Lanka will be a salient feature of the telecommunications sector of the country. In line with this, communication satellites will be launched in selected areas. It will lead to the utilization of satellite communication for transmission facilities in the telecommunications sector. Also, the utilization of satellite phones will become more popular with the general public. Encouraging utilization of satellite phones and launching telecommunications satellites in selected areas will ensure the said policy and the strategy.

Further, special projects for PSTN network expansion, CDMA network expansion, ADSL network expansion and MPSTL network expansion will also be carried out.

Necessary steps will be taken to introduce the tower sharing methodology in telecommunications preventing the proliferation of towers.

Chart 3.2.2 Growth of Employment Opportunities in Telecommunication Sector

Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) industries will be encouraged to ensure efficient service delivery.

Minimizing the Regional Disparity of Telecommunication Facilities

Conducting awareness programmes to promote the use of e-mail, broadband internet, satellite TV and International Direct Dialing by the general public will help to achieve the objective.



IPTV Technology

Relevant measures will be taken to further improve the telecommunications infrastructure, creating a conducive environment for investment. This will be accomplished along with the establishment of dedicated telecommunications zones.

Most of the households will have TV facilities through the IPTV (Internet Protocol Television) technology or satellite communication.

IPTV technology will deliver digital TV, movies on demand, viewing the stored programmes and personalized programme guides. Introduction of digital technology for television broadcasting will be commenced in near future and finalized in 2015.



Digitization of Televisions

Broadband technology will be widely popularized among people. This makes for easy access to telemedicine, teleworking, distance learning, information gathering, e-government, e-commerce and entertainment. Appropriate action will be taken to expand broadband technology and facilities throughout the country.

Facilitate Industries which use Modern Techniques of Telecommunication

Facilitate industries which use modern techniques of telecommunication and promote the use of digital technology by each and every sector.

Telecommunication service parks and dedicated economic zones will be established in major cities in order to expand the provision of services.



A Telecommunications satellite

By introducing best practice models, demonstrating the application of technologies to stakeholders and arranging workshops with policy makers, regulators, operators and the International Telecommunication Union, the above mentioned policy and strategy will be implemented.

Necessary measures will be taken for strengthening the rules and regulations to ensure cyber security. In relation to this, a network will be established in collaboration with the relevant agencies, to assure online protection of children and young persons who use cyberspace.

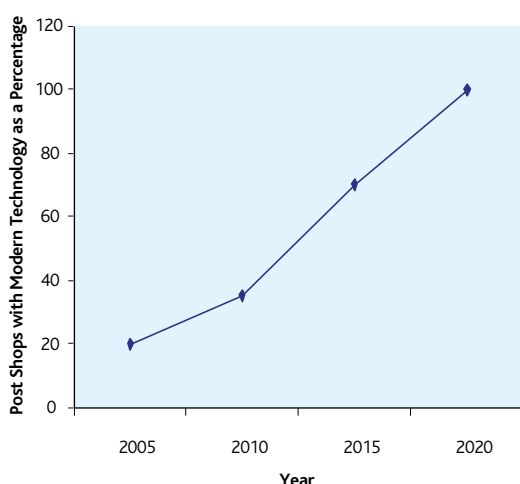
Table 3.2.2 Summary of Sector Strategies and Activities

| Policy | Strategy | Activities | Time line |
|---|---|---|-------------|
| Enhance the capability of the user and ensure the quick access to information | Launch "Government Net" | <ul style="list-style-type: none"> ■ Conduct awareness programmes ■ Establish an online service centre working throughout the day | 2011 -2014 |
| Strengthen the private sector partnerships to improve information and knowledge sharing | Encourage private sector to setup information and communication technology institutes | <ul style="list-style-type: none"> ■ Establish world renowned communication and information technology faculties ■ Production of internationally reputed IT specialists | 2012 - 2016 |
| Upgrade the telecommunications services | Development of space technology | <ul style="list-style-type: none"> ■ Launch Telecommunication satellites in selected areas ■ Encourage utilization of satellite phones | 2011-2020 |
| Minimize the regional disparity of telecommunication facilities | Improve access to telecommunication facilities | <ul style="list-style-type: none"> ■ Introduction of IPTV technology ■ Improvement of infrastructure facilities to enhance coverage ■ Conduct capacity building programmes ■ Expand Broadband technology and facilities | 2011 -2014 |
| Facilitate industries which use modern techniques of telecommunication | Establish dedicated economic zones and telecommunications service parks | <ul style="list-style-type: none"> ■ Introduce best practice models and demonstrations of the application of technologies to stakeholders ■ Arrange workshops with policy makers, regulators, operators and with the International Telecommunications Union ■ Ensure cyber security through strengthened rules and regulations | 2011 -2020 |

3.3 User Friendly Modernized Postal Sector

The Sri Lankan postal service needs modernization to match with global trends. The Government has the prime responsibility of developing the postal sector as the driving force of communications to serve people in every corner of Sri Lanka at an affordable price.

Chart 3.3.1 Introduction of Modern Technology to the Post Shops



Ensure a Better Quality Service

A better quality service with a mixture of business activities and service obligations will be introduced and steps will be taken to introduce the "Post Shop Concept". Such post shops should be equipped with automated structures and enriched with all the facilities available in the "one stop shop" like internet, e-mail, fax, graphical design facilities and stationery.

Reduce Operational Deficit and Ensure Quick Service Provision

Reducing the operational deficit by ensuring increased revenue and strict expenditure management is necessary to revitalize postal service. In a rapidly changing communications environment the postal sector is a challenging one. To survive in this challenging environment, the postal sector itself should cut down its unnecessary expenditure.

To reach the aforesaid policy, it is necessary to develop selected sub post offices as courier service centres, establish main post shops in every district and create links with the business communities to stimulate the postal sector commercialization process.

Diversify the Service Provision

Deviate from over dependence on core business activities to more diversified ones like financial and banking activities. Conversion of homogeneous services to heterogeneous services will diversify the postal service.

Each and every customer will be expected to open a postal account at the relevant post shop. This postal account will be used for transactions like bill payments and money transfers (e.g. the Western Union money transfer).



A modern looking Post Office

Absorb around 7,000 existing postmen as service providers to the customers especially in rural areas. They will be engaged in activities such as bill settlement, mobile reload and tax collection.

Suitable measures will also be taken to introduce e-grams instead of telegrams.

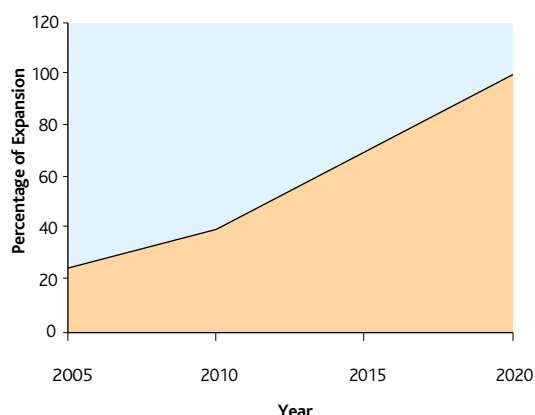
Expand the Postal Market

Expand the postal market and introduction of new services. Creation of links with international agencies and privately owned agencies will expand the postal sector.

The above policy will be realized with the following strategies:

An international courier service will be established for the benefit of Sri Lankan Diaspora.

Chart 3.3.2 Expansion of the Postal Market



Measures will be taken to establish main post shops in every district to perform in an attractive environment.

Automatic Teller Machine facilities will be established at post shops and credit and debit cards will be issued.

By establishing a strong relationship with the Universal Postal Union and promoting necessary structural changes to tie-up Sri Lanka Posts with private sector on contract, partnership or joint venture basis it is possible to accomplish the above objective.

The regulatory framework will be strengthened to regularize the entrance of local courier service providers and mail operators into the market.

Create a Conducive Working Environment

Necessary steps will be taken to create a conducive working environment for privately owned agency post shops. Accordingly, license will be issued and legitimate rights will be provided to them to work freely. A strong relationship will be created between international courier service providers and privately owned post shops.

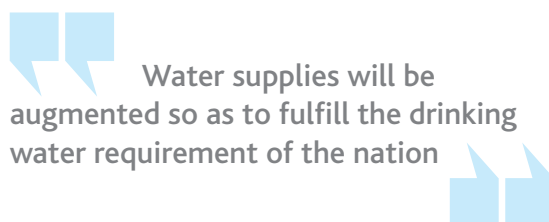


Inside of a fully automated post shop

Summary of Sector Strategies and Activities

| Policy | Strategy | Activities |
|---|---|--|
| Ensure a better quality service | Introduction of "Post Shop Concept" | <ul style="list-style-type: none"> Establishment of "one stop shop" with all facilities Implement human resource development programmes |
| Reduce operational deficit and ensure quick service provision | Establishment of courier service centers | <ul style="list-style-type: none"> Development of selected sub post offices as courier service centers Establishment of main post shops in every district Create links with the business communities to stimulate the postal sector commercialization process |
| Diversify the service provision | Disseminate modern technologies applicable to postal service | <ul style="list-style-type: none"> Introduce e-grams Encourage customers to open a postal account Establish Automatic Teller Machines in selected post shops |
| Expand the postal market | Establish an international courier service and enhance public private partnership | <ul style="list-style-type: none"> Establish a strong relationship with Universal Postal Union Promote necessary structural changes to tie-up Sri Lanka posts with private sector on contract, partnership or joint venture basis |

3.4 Water Services Perspective



Water supplies will be augmented so as to fulfill the drinking water requirement of the nation

(Mahinda Chintana 2010, p 42)

Access to water supply and sanitation is a pre-requisite for achieving the desired economic successes of the country. On the way to achieving the goal of an emerging economy status, a rapid growth and expansion of economic activities both in urban and rural areas are expected. Availability of sustainable and efficient water supply and sanitation services especially in townships of different levels is vital to keep up the pace of development in a strategically driven economic environment in the country. Access to safe drinking water supply and sanitation is also one of the indicators in the Millennium Development Goals.

Overall Target: To provide access to safe drinking water for all citizens over the medium term.

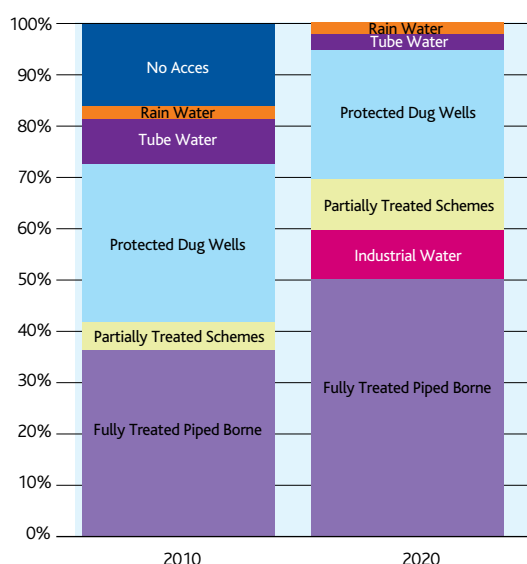
Table 3.4.1 Safe Water and Sewerage Coverage

| Year | 2005 | 2009 | 2015 | 2020* |
|---|------|-------|-------|-------|
| Safe water coverage (%) | 80 | 85 | 94 | 100 |
| Pipe borne water availability (%) | 29 | 37 | 44 | 60 |
| Water Connections (NWSDB schemes) (000) | 907 | 1,267 | 1,600 | 3,000 |
| Pipe borne sewerage coverage (%) | 2.0 | 2.5 | 3 | 7.0 |

Source: Annual Report 2009, Ministry of Finance and Planning

* Projections

Chart 3.4.1
Towards the Best Mix of Water Service Modes



A more than two-fold increase in per capita income will create a demand for improved water supply services in terms of quantity, quality and reliability. Continued investment will ensure 100 percent access to safe water. Meanwhile, there will be a new demand for industrial water which will be tackled through the recycling of wastewater and rain water.

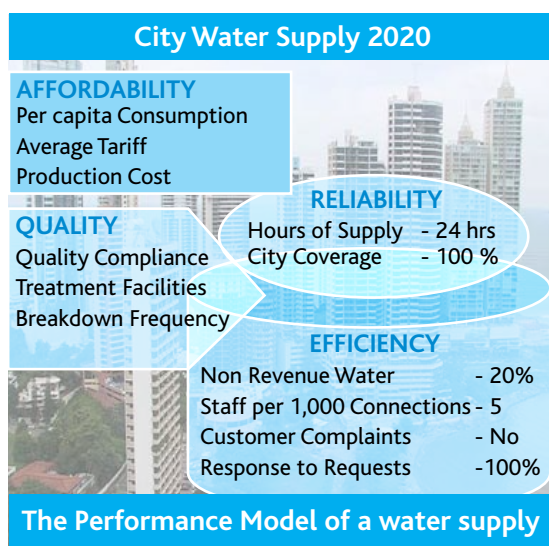
Strategic Approach

Water supply and sewerage services island-wide will be streamlined in a well-planned three-pronged strategic framework.

1. Long Term Water Supply and Sewerage Service Needs in Large Cities

The emerging metro centres such as Kandy, Hambantota, Trincomalee, Dambulla, Jaffna, Galle, Gampaha, Kurunegala and Nuwara Eliya as well as large townships such as Vavuniya, Badulla, Matara, Anuradhapura and Ratnapura will attract a substantial portion of the population and increase economic activities in the coming years. Water supply and sewerage related infrastructure assets will be created to cater to the long-term and growing demands in these cities through schemes with economies of scale.

A part of non-domestic water requirement in these cities will be met by the recycling of domestic wastewater. By 2020, all these cities will also have centralized sewerage systems, which in turn will ensure environmental sustainability.



2. Needs of Small Townships

In the context of a rapidly changing economic landscape in the country, the role of many small townships will be revitalized to act as local service centres to the hinterland. Water supply and sanitation

services in these towns will have to be fully upgraded and augmented to a level that can be managed locally.

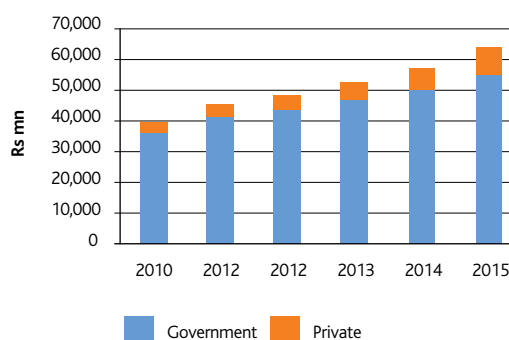
Schemes already initiated in this regard include Valachchenai, Anamaduwa, Pathadumbara, Dambadeniya, Padaviya, Thambutthegama, Warakapola Badalkumbura and Alawwa- Polgahawela.

3. Rural Water Supply and Sanitation

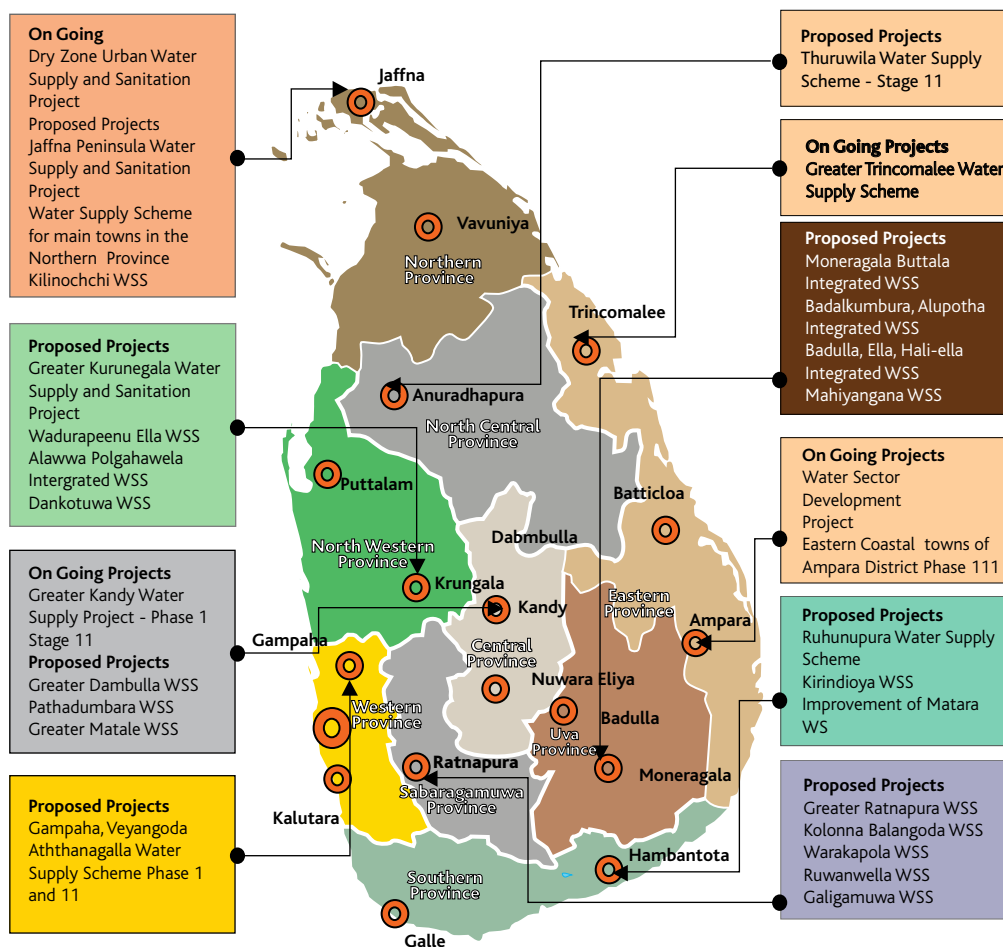
The main mode of water for rural areas is protected dug wells. However, depending on the population density of villages, small scale pipe borne schemes will be implemented under the purview of the respective Local Authorities.

The areas with a comparatively dense population, will be provided on-site sewerage facilities.

Chart 3.4.2 Planned Investment in the Water Supply and Sewerage 2010-15



Full Coverage of Pipe-Borne Water for Cities and Townships



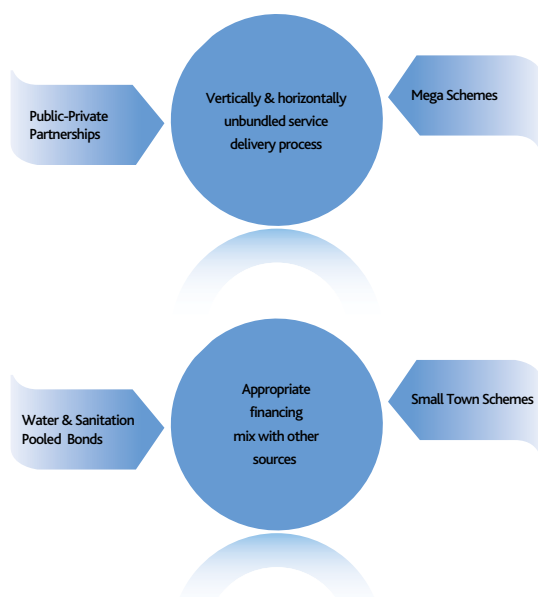
| Water Supply Connections in Main Townships | | | | | | | | | | | | | | | |
|--|------------|--------|------------|--------------|--------|----------|---------|--------|---------|--------|--------|--------|----------|------------|----------|
| City | Hambantota | Jaffna | Kurunegala | Nuwara Eliya | Kandy | Dambulla | Gampaha | A'Pura | Badulla | Ampara | Galle | Matara | Puttalam | Moneragala | Vavuniya |
| 2010 | 8,000 | 2,500 | 36,000 | 6,000 | 29,000 | 3,000 | 4,000 | 10,000 | 11,000 | 7,000 | 20,000 | 18,000 | 10,000 | 3,500 | 1,300 |
| 2020 | 30,000 | 33,000 | 60,000 | 15,000 | 45,000 | 15,000 | 30,000 | 20,000 | 25,000 | 10,000 | 30,000 | 30,000 | 20,000 | 22,000 | 8,000 |

Institutionalizing and Financing



- The National Water Supply and Drainage Board (NWSDB) will be transformed into a commercially profitable institution with a positive balance sheet. Cost effective planning technologies and viable business models will be adopted.
- A suitable tariff scheme based on the principles of recovery of the cost of service delivery and the customer's ability to pay will be developed to ensure financial sustainability.
- The efficiency of Provincial and Local Authorities will be enhanced in terms of managerial, technical and financial capacities rendered towards local water supply and sewerage service delivery.
- The current practice of relying on foreign funding to finance water and sewerage infrastructure will be supplemented by innovative financing strategies to achieve the set targets.

- A multiple utility institutional structure will be established in an unbundled service delivery process, which will lead to create a better and competitive performance culture finally benefiting the consumer.
- Required regulatory reforms will be introduced to create a favorable investment climate for the private sector to engage in the supply of industrial water.
- The financial sustainability of institutions involved in drinking water supply and sewerage sector at national, provincial, and divisional levels will be enhanced through improving self-financing performances.
- Community involvement in managing community water supply schemes is ensured.
- Rural water supply units established under the regional support centres of the NWSDB will facilitate proper operation and maintenance of rural schemes in collaboration with Local Authorities.



Sustainability Issues

Assets Management

Current level of total assets of the NWSDB is about Rs 150 billion. This will further increase substantially in the coming years as on-going large-scale schemes are commissioned. In this context, the strategic target will be comprehensive asset management aimed at minimizing total cost of acquiring, operating, maintaining, replacing, and disposing of a utility's assets.

Improving Quality of Water Produced

While enhancing the capacity of water production, increased attention has to be paid on improving quality. Chemical and micro biological contamination of water is reported in some areas. Due to urbanization and increased industrial activities, water sources will be more susceptible to contamination. Therefore, while reducing sources of contamination, treatment facilities will be improved to meet the new requirements.

About sixty existing water supply schemes, which have partial treatment facilities will be upgraded to schemes with full treatment facilities on priority basis under the supervision of NWSDB. In addition, a well-planned water quality surveillance system will be established with modern equipment.

Table 3.4.3
Water Quality Surveillance Coverage

| Year | 2005 | 2010 | 2015 | 2020 |
|-----------------------|------|------|------|------|
| Surveillance coverage | 30% | 37% | 50% | 65% |

Improvement of Sewerage Facilities

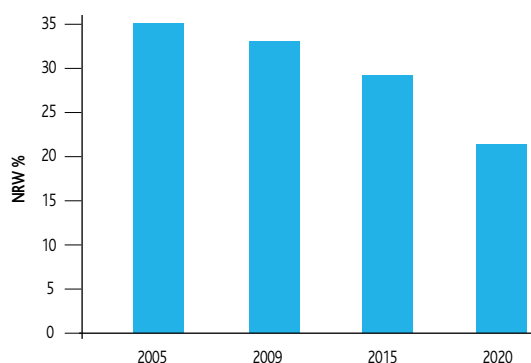
In the context of increased environmental pollution, systematic sewerage facilities will be promoted along with the water supply as these two sectors are mutually inclusive. Highly populated and industrialized towns and areas such as Galle, Hambantota, Trincomalee, Jaffna, Kandy, Kurunegala, Sri Jayawardanapura Kotte, Kataragama sacred city, and Kaththankuddy will be facilitated through centralized wastewater purification systems on a priority basis.

Prevention of Pollution

An integrated water pollution prevention mechanism will be implemented. Apart from taking steps to minimize the depletion of catchment areas, the existing catchment areas will be developed in collaboration with the farmer organizations, Department of Irrigation, Local Authorities, the Mahaweli Authority, and the Ministry of Environment.

Non-revenue Water Reduction

Chart 3.4.3 NRW Targets



Non Revenue Water (NRW) percentage of water supply schemes will be reduced to an internationally accepted level from the present level. In this context, a programme will be implemented by NWSDB in collaboration with Local Authorities.

A water efficiency culture will be introduced. In this regard, appropriate standards and star grading systems for water efficiency of instruments will also be established with the supervision of NWSDB.

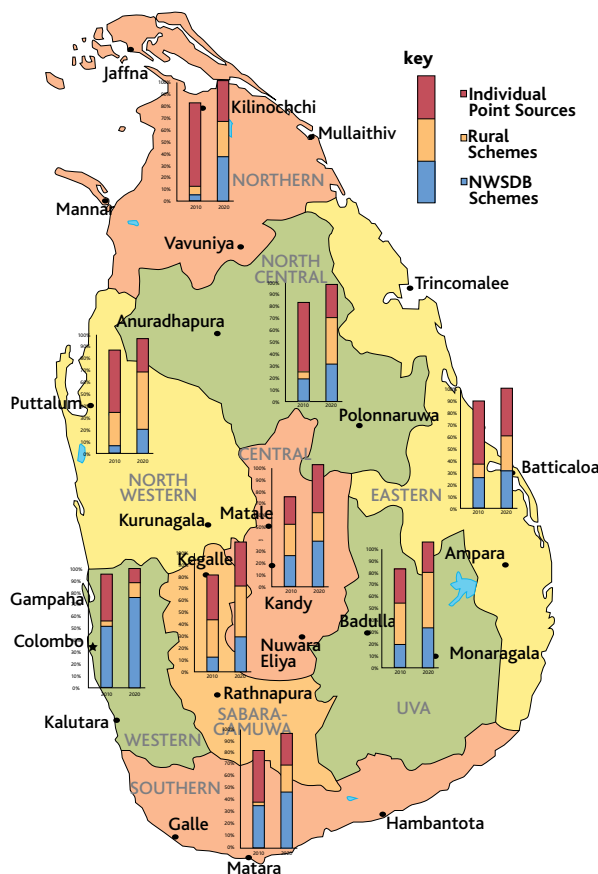
Research and Development in the Water Management Sector

Research and development will be promoted to increase and disseminate knowledge, innovative methods, and tools to facilitate the understanding of the complex water system, to forecast its long-term dynamics and to compare the impact of various policies and management approaches with the institutional framework. Water Resources Board and NWSDB will be facilitated in this regard.

Water Resource Mapping and National Data Base on Water Usage

Water resource mapping of the country and preparation of a national database will be carried out by the NWSDB, Water Resources Board and the Department of Irrigation. A better combined land and water planning procedure will be introduced to assure the sustainable water supply for existing and new urban areas.


Reaching the Households Island Wide



Activity Output Matrix: Water Supply Services Sector


| Policy | Strategy | Activities | Period |
|--|---|---|-----------|
| Sustainable safe drinking water for all at an affordable price | <ul style="list-style-type: none"> ■ Confronting long term water supply and sewerage service needs in large cities ■ Tackling needs of small towns ■ Enhancement of rural water supply and sanitation facilities | <ul style="list-style-type: none"> ■ Implementation of large scale water supply schemes in large cities such as Kandy, Kurunegala, Hambantota, Trincomalee, Dambulla, Matale and Jaffna ■ Provision of sewerage systems to highly populated and industrialized cities such as Kandy, Galle, Negambo, Kaththankuddy, Jaffna, Hambantota, Ekala, Kurunegala, Jaela, Ratmalana and Sri Jayawardanapura ■ Implementation of medium scale water supply schemes in small towns such as Polgahawela, Warakapola, Kilinochchi, Ratnapura, Alawwa, Pathadumbara, Badulla, Moneragala, Badalkumbura and Dankotuwa ■ Construction of small and rural water supply schemes depending on the population density of the villages ■ Augmentation of existing water supply schemes in order to widen the capacities in terms of both quality and quantity ■ Facilitation of construction of protected and tube wells in villages ■ Promotion of rain water harvesting technology ■ Construction of centralized sewerage systems in hospitals which do not possess a pipe borne sewerage systems | 2011-2018 |
| | <ul style="list-style-type: none"> ■ Institutionalizing and financing | <ul style="list-style-type: none"> ■ Capacity development in terms of managerial, technical and financial agencies involved in providing drinking water supply and sanitation facilities including at national, provincial and divisional levels ■ Introduction of necessary institutional and regulatory reforms to enhance private sector participation in the sector ■ Establishment of multiple utility structures to create a better and competitive performance culture ■ Institutionalizing of rural water supply schemes under the regional support centres of NWSDB ■ Introduction of a suitable tariff scheme for drinking and sewerage systems | 2011-2018 |
| Sustainable safe drinking water for all at an affordable price | <ul style="list-style-type: none"> ■ Improving quality of water produced | <ul style="list-style-type: none"> ■ Rehabilitation of about 60 existing water supply schemes with partial treatment facilities to full treatment facilities ■ Introduction of water quality surveillance systems in collaboration with local authorities, NWSDB and the Ministry of Health ■ Expansion and enhancement of water quality testing facilities throughout the country | 2011-2017 |
| | <ul style="list-style-type: none"> ■ Water conservation culture | <ul style="list-style-type: none"> ■ Implementation of non-revenue water (NRW) reduction programme to minimize the NRW rate up to 20 percent ■ Introduction of standards for water efficiency instruments and promotion of their use | 2011-2020 |
| | <ul style="list-style-type: none"> ■ Prevention of pollution of water bodies | <ul style="list-style-type: none"> ■ Implementation of a pollution prevention mechanism and catchment areas protection programme in collaboration with NWSDB, farmers' organizations, Department of Irrigation, Local Authorities, the Mahaweli Authority and the Ministry of Environment | 2011-2020 |

3.5 Industry Sector – Towards Global Competitiveness



A national economic policy will be formulated by integrating the positive attributes of the free market economy with domestic aspirations in order to ensure a modern and balanced approach where domestic enterprises can be supported while encouraging foreign investment.

(Mahinda Chintana 2005, p 39)



I am hoping to establish Sri Lanka as one of Asia's foremost commercial centres in the field of commercial services, international banking and international investment.

(Mahinda Chinthana 2010, p 15)

Industrial development is a prime force of value creation in economic development. Sri Lanka's industrial sector accounts for nearly 30 per cent of GDP and employs about 25 per cent of the workforce. The manufacturing sector which accounts for 61 percent of the output of the industrial sector, includes food and beverages (48%), textile and leather products (23%), chemical, petroleum, plastic and rubber-based products (15%) and metal products and machinery (9%) etc.

The government has invested in large-scale infrastructure development projects such as power generation, roads, transport development, port

services and irrigation to provide necessary facilities to develop an industrial economy. Equally, the skills base is also being promoted in support. Knowledge-based industries which utilize high technologies and require highly skilled labour such as advanced electronic manufacturing and high value added activities will lead the economic expansion.

The strategy of the government ensures that by 2020, Sri Lanka's industrial sector will be a highly value added, knowledge-based, internationally competitive and diversified sector which employs a highly paid, skilled workforce. The sector is expected to mobilize more local raw material and have a large value creation particularly for a growing economy. The government is also promoting environmental sustainability and green technology in industrial activities.

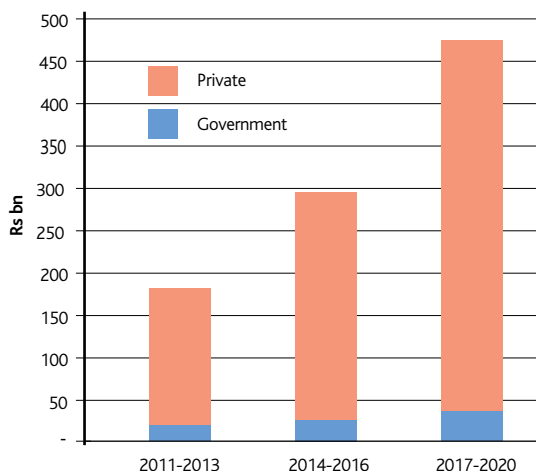
The industry sector is expected to record an average growth rate of about 11 per cent per annum, raising its contribution to GDP to near 40 per cent by 2020. The sector will employ about 3.5 million. The value of industrial exports will reach up to US\$ 25 billion.

Productive Investments

In 2009, the Board of Investment (BOI) attracted US\$ 601 million worth of Foreign Direct Investments (FDIs), of which US\$ 163 million was directed to the manufacturing sector. It has been targeted to attract productive FDIs worth US\$ 15 billion per annum by 2020. The competitive capability of Sri Lanka in the region to attract FDIs will be strengthened. Promotional efforts will focus more on massive economic powerhouses such as India and China. Provision of investor facilitation, legal services and simplification of existing rules and regulations will be undertaken in order to build an investor-friendly environment.

Investment approval procedure will be accelerated. Speedy approval and procedures will be ensured to accelerate the implementation of investment proposals and reduce the new business start-up time.

Chart 3.5.1
Investments in the Industry Sector



Entrepreneurs will be encouraged to integrate with regional and global production networks and supply chains through the establishment of joint ventures with multi-national companies. Local manufacturers will be given tax concessions on their imported raw material and other inputs.

Measures will be taken to encourage and build confidence among multinational companies to establish and expand their operations in Sri Lanka. Benefits of investing in Sri Lanka will be popularized at local and international level.

Government facilitation for the establishment of public-private partnerships based investments will be strengthened.

Balanced Regional Development

Existing infrastructure in less developed areas will be improved. This includes development of the telecommunications network, well-maintained highways, provision of stable power supply and transport facilities.

The existing twelve Investment Promotion Zones of BOI will be fully utilized. Industrial estates will be established covering all districts, ensuring that

industrial growth contributes towards equitable distribution and more balanced regional development.

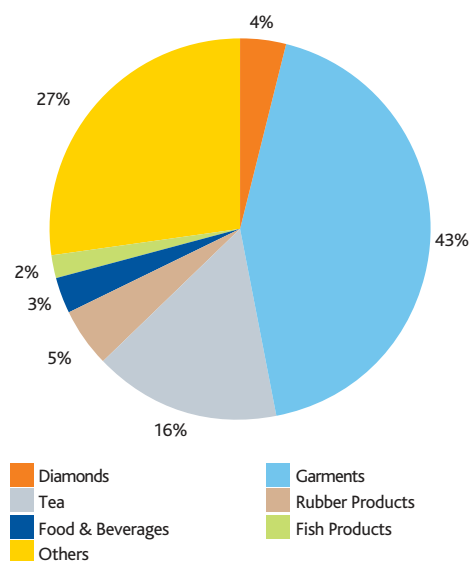
A Demand Driven Marketing Strategy

An effective and efficient paperless trade facilitation system will be implemented. The creative and skilled manufacturers will be identified to be developed as potential exporters.

High Export Income

Industrial exports of US\$ 5,153 million account for nearly 73 per cent of total export value. Major exports include garments, rubber-based products, processed foods and processed diamonds. Industrial strategy aims at raising value of annual industrial exports to US\$ 25 billion. In this process, more attention will be paid to value addition and diversification of the export portfolio. A greater institutional support will be provided to facilitate exporters.

Chart 3.5.2
Composition of Exports by Products – 2009



The export sector will be supported through a more conducive tax regime. Steps will be taken to facilitate more market access via multilateral and bilateral trading arrangements.

An Educated and Skilled Human Capital

The capacity of the public and private sectors to manage industrial development will be developed. Continuous training and retraining of workers will be carried out to create a qualified workforce in relevant disciplines. A workforce equipped with the contemporary technical skills and knowledge will be created through advanced vocational training. A proper mechanism to encourage collaboration between training institutes and industry will be established to optimize the utilization of available human resources.

SME and Micro Industries

Small and Medium Enterprises (SMEs) account for 80-90 percent of the total number of enterprises in Sri Lanka. An SME will be any enterprise with an annual turnover of more than Rs. 100 million and less than Rs. 2,000 million or with fixed assets worth more than Rs. 10 million and less than Rs. 400 million.

The micro industries sector and the SME sector have been identified as important strategic sectors for promoting regional growth and social development. Accordingly, these sectors will be given support for development.

SMEs nurture entrepreneurial talents and form a good ground for training employees. Entrepreneurship development programmes will be conducted island-wide to create an entrepreneurial business climate. The sector will be stimulated by improving marketing opportunities through promoting backward and forward linkages with large scale enterprises and foreign enterprises. Development of subcontracting arrangements will form these linkages and will facilitate SMEs to expand their operations. Financial assistance will be given to SMEs through formal institutions. A sustainable savings-based business finance system will be implemented.

Necessary action will be taken to address major issues related to the SME sector. Accordingly, a credit guarantee scheme will be introduced to ensure easy access to finance. Quality standards, environmental standards and appropriate tariff measures will be adopted to overcome unfair competition from cheap, low quality imported articles.

Skills development and training programmes will be conducted in order to create adequate technological, marketing and managerial skills and awareness of global best practices.

High Value Addition and Productivity

Utilization of local raw material and value addition will be promoted. Special incentives for commencement of new industries, based on local raw material, will be introduced to maximize the utilization of local raw material. Relevant natural resources will be exploited profitably to obtain commercial products while ensuring maximum value addition and resource sustainability.

Necessary measures will be taken to improve the productivity and branding of Sri Lankan products with a view to expanding the overseas markets as well as the domestic market. Special emphasis will be given to product diversification.

Technology-intensive Industries

Adoption and application of advanced technologies by industries will be promoted. A legislative basis for growth of high-technology industry will be provided through means such as national banking regulations, low-interest loans, tax incentives, and duty-free import of selected capital goods. Support will be given for application of advanced technologies in industry including biotechnology and nanotechnology. High-tech industrial parks with requisite modern physical infrastructure facilities will be established.



Application of Advanced Technology

More emphasis will be placed on compliance with international production/service standards to ensure high quality production in all local industries with the aim of attracting the quality conscious foreign

market. All industries will adhere to the environmental friendly concepts. No industry should release any harmful wastes, gases or effluent into the environment. Necessary regulatory measures will be put in place in order to guarantee the conformity with these standards.

Traditional Industries

The traditional industry sector will be transformed into a dynamic and powerful sector in the economy which contributes immensely to the national income. The traditional skills and arts will be preserved for succeeding generations. The traditional craftsman will be linked with local and international markets and new design concepts will be introduced targeting the current market trends.

Key Economic Areas

Apparel Industry

Textile and apparel industry is one of the most significant contributors to Sri Lanka's overall economy. It is the leading net earner of foreign exchange in the country recording a 46 per cent (US\$ 3,262 million) of the total export value in 2009.

The challenges before the apparel industry are to achieve quality, timely delivery and matching international standards to meet the high international competition in the global market to remain as an industry with growth and profitability. Innovation plays a key role in this effort and local apparel manufacturers should attempt to develop innovative products to face global competition. The industry aims to be a US\$ 4 billion industry by 2015.

Necessary measures will be taken to improve the productivity of the industry through awareness programmes on efficient manufacturing operations, right sewing systems and the use of ICT. Branding of Sri Lankan garments will be improved by introducing effective and strong branding strategies with a view to expanding the overseas markets as well as the domestic market.

Three textile-processing zones will be established in order to enhance the value addition in apparel exports. Special emphasis will be paid to product diversification and to produce raw fabrics, other raw materials and accessories to feed the apparel industry.



Export Quality Garments

The handloom sector will be assisted in the form of finance, technology and markets.

IT/BPO Industry

Sri Lanka is an emerging global IT/BPO (Information Technology/Business Process Outsourcing) destination in a number of key areas such as telecommunication, banking, financial services, insurance and software testing.

The BPO sector has developed a reputation in the fields of customer support, software development and accounting services. Cheap labour, low operating costs and the geographical situation in the advantageous time zone are the main attractions of Sri Lanka for the BPO business.

The software industry has been identified as a key industry with a high potential. There are about 100 software development companies and the total workforce exceeded 44,000 by 2008. Multinational companies around the world have utilized locally developed software in their business processes due to superior quality. The industry is considered as the fifth largest foreign exchange earner at present with US\$ 275 million earnings and it is expected to exceed US\$ 1 billion by 2016.

Lack of a talented work force is the main impediment faced by the industry. The country needs to employ at least 500,000 people to develop the industry in the medium term. Recognizing the potential of this sector, steps will be taken to fast track the development through providing fiscal and other incentives and concessions. A new tax regime will be developed to generate a high growth and investment in the IT/BPO sector.



Fashion Jewellery

Gem and Jewellery Industry

Sri Lanka retains a world market position as a producer of fine quality gems. Sri Lanka is gifted with over 150 varieties of gems and these gems are deposited in a small area with a relatively higher density. The gem and jewellery sector contributes immensely to foreign exchange earnings and accounted for US\$ 400 million worth exports in 2009. Diamond re-exports account for nearly 80 per cent of this.

The gem industry has a high potential for value addition, profitability and employment generation and these untapped potentials will be developed. Heat treatment technology will be promoted and an investment promotion zone for value addition and processing of gems and diamonds will be established. A state-of-the-art gem testing laboratory of international standards will be established. This will help to elevate Sri Lanka as a gem and jewellery trading hub claiming varieties of gemstones, latest designs and worldwide trusted customers.

Practice of environmental friendly gem mining techniques will be ensured and necessary enforcement activities will be regularized and expedited.

The jewellery manufacturing industry will be promoted and jewellery designing and pattern making will be encouraged targeting both Western and Asian markets. An internationally accepted assaying and hallmarking system will be established to ensure that Sri Lankan products get better prices in international markets.

Rubber-based Industry

The rubber-based industry benefits around 300,000 Sri Lankans. Latex crepe, created in Sri Lanka to be used for the manufacture of clear adhesives and light-colored articles, is considered the “champagne” of natural rubber and has historically fared well in international markets. The raw rubber production shows a growing trend since year 2000 and recorded a total production of 137 million kilograms in 2009. Rubber product manufacturers in Sri Lanka consume around 60 percent of this for value added products such as tyres, gloves, mats, automotive parts and foam rubber and the remainder is exported as raw rubber. At present, the rubber industry earns US\$ 385 million from exports. Rubber tyres and tubes account for 54 per cent of this.

The target is to increase the country’s raw rubber production by twofold by 2020 and the entire rubber production in the country to support value added manufacturing activities. Targeted export earnings are in excess of US\$ 1.2 billion.

The supply side expansion of rubber plantations will be strengthened and small rubber holders will be empowered. Small tyre enterprises and rubber compound manufacturers will be promoted. The Rubber Research Institute will be reinforced and application of nanotechnology for the development of the industry will be encouraged. The country will enter into appropriate trade and business arrangements with major competing countries such as China and India. Regular industry forums and exhibitions will be conducted to form intra-industry partnerships and generate public-private dialogues which will be instrumental in modernizing processing plants, providing relevant training and setting up of procedures to deliver more top-grade latex crepe that satisfies consumer demand. Meanwhile more emphasis will be placed on product diversification.

Value-added Tea Industry

The earning from the Sri Lankan tea industry shows a remarkable growth. Being a large plantation business, it plays a major role in the national economy. The industry recorded legendary earnings by achieving a total value in exports of over US\$ 1,180 million in 2009. Having identified the potential to reach US \$ 5 billion in export earnings by 2020, steps are being taken to overcome the existing labour and financial related obstacles and fast track the development.

Industry standards will be developed and the production of value added tea (instant tea, packeted tea, green tea, flavored tea and bio tea) will be promoted over the export of bulk tea. The production and productivity of tea smallholders will be uplifted.

Electrical and Electronic Industry

The increase in income and living standards of the community, increases the demand for electrical and electronic goods particularly consumer electronic products, globally. Design, development and engineering of cutting-edge products in conformity with leading international standards, coupled with continuous improvement of methods and systems throughout the business process are the keys for development of an electrical and electronic industry which successfully competes in the global market. Currently, Sri Lanka is more into assembling components of a sub-part of a major product design of the multinational companies.



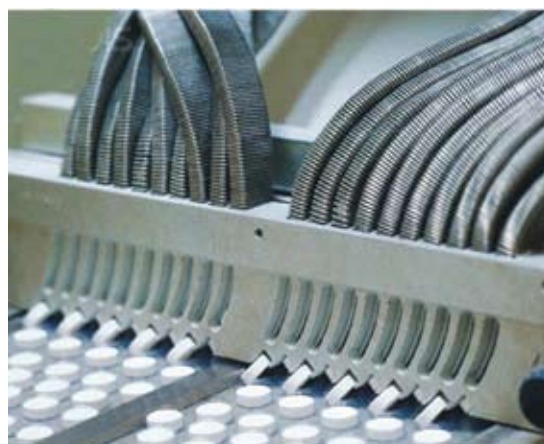
Advanced Electronic Manufacturing

However, Sri Lanka has the potential for rapid development in the electronics industry in the South Asian region. Sri Lanka has extensive deposits of high quality minerals which could be used as the base material for electronic products. These resources will be optimally utilized for the production of electric appliances locally while creating an educated workforce and continuing investment on research and development in the field. Sri Lanka will be a home to multinational electric and electronic manufacturing companies from the world over. Factories for

assembling electric and electronic appliances will be set up at high tech industrial estates. By 2020, 70 percent of the domestic requirement of electric appliances will be manufactured locally.

Pharmaceutical Industry

The Sri Lankan pharmaceutical sector heavily depends on imports. Local manufacturers comprising both government and private sector, contribute only 14 per cent of local medicinal needs. The value of medical and pharmaceutical products imported exceeds US\$ 185 million. The target of 2020 is to increase the local manufacturing share up to 50 per cent and consequently save a substantial amount of foreign exchange.



Pharmaceutical Manufacturing

The potential for manufacturing medical devices for the local market as well as to set up auxiliary industries (producing glass bottles, plastic containers, disposable syringes) will be explored. Special incentive packages and concessions will be provided and access to credit facilities will be improved.

An independent laboratory will be set up to facilitate local industrialists to carry out analysis and research. Training institutes will be set up to produce the manpower requirements. Sri Lanka is in a satisfactory position in healthcare facilities with highly qualified medical specialists and treatment protocols that are in line with the West. This is a good opportunity to become a major player in the international drug development and clinical research fields and it will be a major source of revenue for the country. This will create new career opportunities for medical professionals.

Heavy Industries

Small scale ship building plants, ship repairing plants and industrial machinery manufacturing plants will be established adjacent to major sea ports. The Trincomalee harbour is one of the few harbours in the world that can allow large ships to enter. Taking this advantage, a dedicated industrial estate for heavy industries will be established at Trincomalee.



Automobile Manufacturing

Automobile assembling industry is relatively a new industry developed in the country. The manufacturers will be encouraged to use locally produced spares and accessories. Setting-up of automobile assembling plants will be promoted, especially in the investment promotion zones.

Mineral Industry

Radioactive minerals, iron ores, mineral sands, ilmenite, rutile, zircon, high purity silica sands, limestone, clays, deposits of inland coral, seashells, granite, marble, and quartzites will be optimally utilized while ensuring resource sustainability. Steps will be taken to establish a value added mineral production facility at Trincomalee. The establishment of an offshore-sand industry will be encouraged.

The phosphate fertilizer requirement of the country will be supplied by Eppawala rock phosphate deposits with the improvement of the quality. Titanium will be extracted from the ilmenite sand deposit at Pulmoddai for producing paint, paper, plastic, parts of high-performance military aircrafts and rockets, space capsule skins, armour plate, aircraft firewalls, jet engine components, landing gears, submarines and engine parts (as an alloy) locally.

The management of mineral resources will be integrated into the overall strategy of development. The mining of resources will be undertaken in an environmentally and socially acceptable and sustainable manner. Procedures will be simplified to encourage private investment in mining. A profile of national mineral resources will be developed within the context of reserves, location and quality. This profile will be made readily available to investors in the world over.

The ceramics sector stands on top in meeting with value addition criteria and moves up the value chain with strong backward integration within the country. Sri Lanka is the leader in supplying ceramics to the world market and the annual export earnings is approximately US\$ 40 million.

Tableware, ornamental ceramics and tiles industry has captured the foreign markets by supplying quality goods in a competitive manner. Raw material of ceramic industry such as kaolin, ball clay, feldspar, silica, quartz and dolomite are readily available in Sri Lanka with high purity and quality.



Elegant Designs of Tableware

Necessary support will be given to the relevant industrialists to make Sri Lanka a leading supplier of tableware and ceramics to the global market. Industrialists will be made fully aware of modern manufacturing techniques and quality assurance

methods for efficient and cost effective production. The Sri Lanka Ceramic Research and Development Centre will be strengthened.

Other Potential Industries

The construction industry which provides physical infrastructure essential for the country's development is largely dominated by micro, small and medium scale enterprises. Over 1.5 million people are directly and indirectly engaged in the construction industry. Measures will be taken to expose them to overseas companies, enabling them to acquire modern technology for developing their employability in the international market.

Sri Lanka has traditionally been known for its spice and culinary herb production. Sri Lanka received foreign earnings worth US\$ 230 million from exporting agricultural crop products such as spices, coffee, fresh fruits, cut flowers and foliage, essential oils, etc. The necessary facilitation will be extended towards increasing the value of these exports to over US\$ 1 billion. Commercial cultivation of these crops will be encouraged to meet required quantities for the international market. Assistance will be provided to improve value chain efficiency through upgrading the production process. Special attention will be given to promote value addition and encourage PPP investments.



Chemical Manufacturing Plant

Chemical and plastic products, footwear and leather, paper products, processed food and beverages, giftware and toys and base metal products are the other industries with high export potential. These product sectors will be supported and given full support for expansion and value addition.

Chart 3.5.3
Imports of Selected Commodities, 2005 - 2020

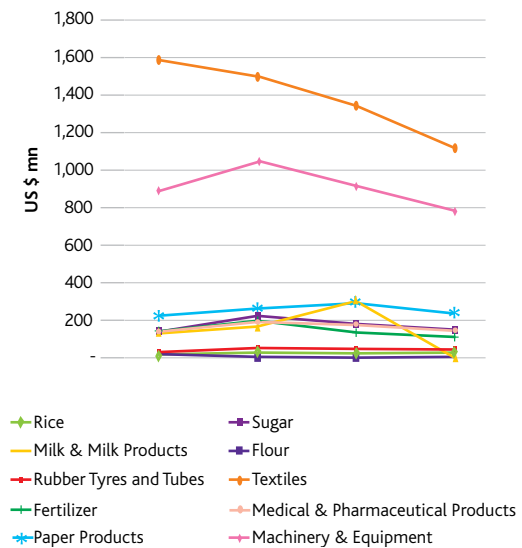
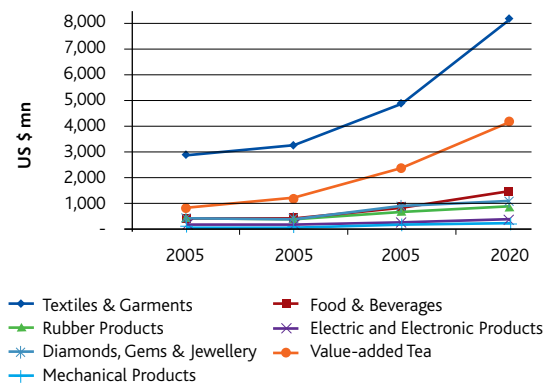


Chart 3.5.4
Exports of Selected Commodities, 2005 - 2020



INVESTMENT STRATEGY

Background

The private investment of around 18-20 percent of GDP is targeted to rise to around 22-24 percent of GDP. This includes the Foreign Direct Investments (FDI) of around two percent of GDP at present which is expected to be progressively increased to five percent of GDP within a six year timeframe to sustain economic growth in excess of eight percent. The incentives for investment will shift from an over dependence on tax and duty concessions to genuine business opportunities that will emerge and evolve in an environment of peace, availability of quality infrastructure, stable financial environment and the optimization of the use of educated and skilled workforce.

The Board of Investment (BOI) will be positioned to be the premier investment promotion agency profiling the bigger opportunities that exist in partnership with line agencies, obtaining necessary clearances of forecasting investment requirements to facilitate speedier investment approvals and implementation. Strategic investment promotion will focus on the following :

IT/BPO Sector

With the educated pool of talent available in the country and the expansion of IT education in all parts of the country, the IT/BPO sector which currently exports services to the value of US\$ 300 million is targeted to increase to a billion dollar industry in five years time. This sector will absorb a talent pool in excess of 25,000. High profile international BPO operators will be attracted in addition to the few that are already present in the country. IT training is recognized for skills developments and in education to support this thrust sector.

Urban Township Development

The city of Colombo as well as the principal cities of the country are identified for development. The Urban Development Authority, Tourism, Ports, and the Board of Investment will work together to attract suitable investors for the development of hotels, mixed development for housing, shopping and other public services.

Leisure and Tourism

Tourism, which has already shown an upsurge, is planned to be increased to 2.5 million tourists and positioned as a US\$ 2-3 billion economic activity. In order to accommodate and increase diversified numbers, hotels and other facilities such as air

and road linkages, infrastructure and other leisure related activities are being made available for potential investors, preserving bio diversity and unique destinations for a range of investments in eco tourism, wildlife, business, sea, mountains and culture.

Import Replacement Industries

With the expansion of the construction and services sectors there is an increased demand for ceramic ware, furniture, steel, cement etc. We aim to expand our industry base to further strengthen our capability by bringing these industries to international standards so that in the longer term, in addition to serving the domestic industry initially, great potential in textiles, leather, pharmaceutical, fertilizer, cement and renewable energy, food processing etc, exist for import replacement.

High Value Added Exports

The US\$ 3.5 billion apparel industry is expected to be a strong value added industry becoming a US\$ 4.5 billion with backward and vertical integration and favouring up-market products. Value added Sri Lankan branded tea, rubber products, cinnamon and spices, gems and jewelry, ceramics are projected to be over a billion US\$ industry each.

Agriculture and Agro Farms

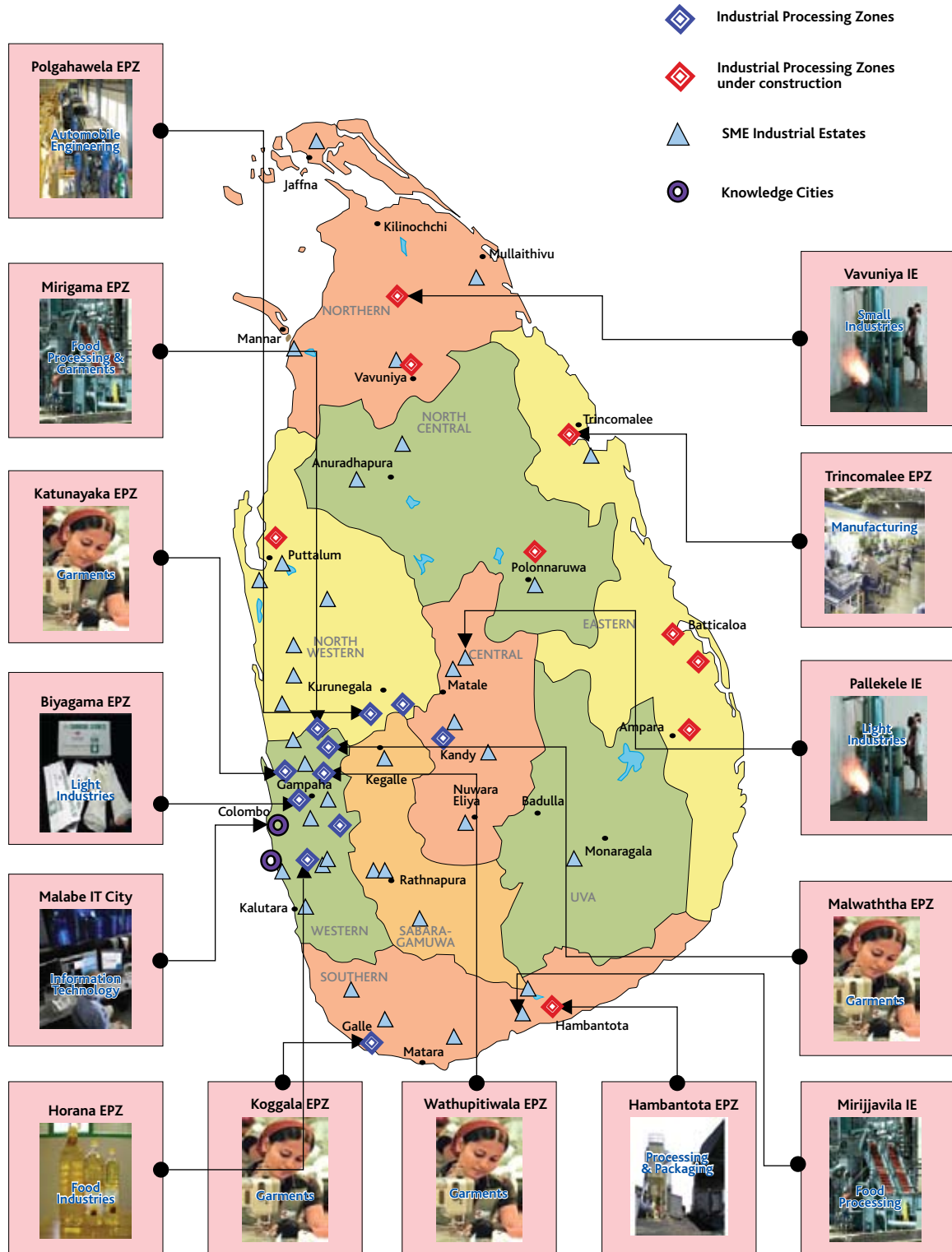
The Livestock and Dairy sector covering eight farms in North Central, North Western and Southern Provinces covering a land area of 1750 hectares, will be put into productive use through partnership arrangements in order to support the national drive for self sufficiency in milk. This, together with addressing other constraints such as the quality of the cattle stock, quality of animal feed as well as modern techniques and know how will also be for new investment opportunities which will be profiled for potential investors.

Industrial Zones

The 12 BOI zones will be transformed within a three year time frame into model zones depicting the country's expectations for standards in regard to environment, infrastructure, employee relations and technology improvements. New dedicated zones will also be established with private investments in IT parks and knowledge based service centres, to generate exports and technology, and knowledge based economic activities. These zones will be linked for skills development, advanced research activities, high value product creation and other commercial operations.

The unutilized space in an extent of two acres provides new investments in well over 40 factories which will be made available to potential investors.

Industrial Processing Zones and SME Industrial Estates



KEY MESSAGES

CREATING SUPPORTIVE CLIMATE FOR ENTERPRISES

The policies that were implemented in the last five years will take place in the early years of the coming decade to meet the Mahinda Chintana development goals (MCGs) of growth, employment and poverty reduction include the following:

(a) Integrating into the world economy

Sri Lanka's exports of goods and services are equivalent to 22 percent of GDP and share of manufactured exports has risen to 70 percent today. By deepening FTAs, Sri Lanka has made commitments to move to an environment of low tariff rates. This regime will encourage greater efficiency in exporting and import competing sectors, increase productivity and give producers access to global markets and technology.

(b) Encouraging the private sector

The private sector has been encouraged in every spear of economic activities. Creating a level playing field for the private sector will require active support and encouragement. The private sector will also benefit from public investment in power generation, ports expansion, road and expressway development, irrigation and water. Investment priorities in the private sector have been targeted in Tourism IT and skilled development, urban development, telecommunication, ports and aviation services, agriculture, renewable energy and waste disposal etc. Foreign Direct Investments as well as public private partnerships are prioritized. Regulatory framework, macro policy environment and taxation policies and institutional arrangements are redefined to encourage private investments.

(c) Reforming state owned enterprises

The achievement of Sri Lanka's economic goals will be supported by improving strategic state owned enterprises. The government plans to reduce losses and improve their performance through management centric reforms, public equity participation and exposing to greater competition: procurement, financial management and human resources based reforms are vital to strengthen state owned enterprises. They are encouraged to be budget independent through improved corporate practices.

(d) Strengthening the banking system

Sri Lanka's banking system has improved considerably and non-performing loans and management improvements have promoted better mobilization of savings and its allocation for efficient investment opportunities. Planned reform measures include supervisory improvements under the Central Bank regulatory framework, restructuring and raising capital base and leveling of the playing field for all banks. Regulatory requirements will be further strengthened in non-bank financial institutions and specialized financial institutions requiring public listing and increased capital requirements for systems stability.

(e) Ensuring fiscal stability

Broad based efforts are contemplated on the revenue front to ensure fiscal stability in the medium to long-term. Productivity improvements in recurrent expenditure and generation of revenue surplus are the key thrust areas in the fiscal reform process towards lower deficit and stable public investment.

**Indicative Investment Opportunities
Export and Import Replacement Enterprises**

| Industry | Present Level (US\$ mn) for 2009 | |
|---|----------------------------------|----------|
| | Import | Export |
| SME | | |
| ■ Handloom | 3.27 | 16.27 |
| ■ Surgical Gauze | 2.52 | 0.46 |
| ■ Paper labels | 16.01 | 7.57 |
| ■ Motor spare parts | 65.88 | 3.93 |
| ■ Brass products | 0.67 | 3.02 |
| ■ Cane furniture | 0.09 | 0.01 |
| ■ Gem and jewellery | 275.17 | 434.04 |
| ■ Costume jewellery | 1.49 | 3.33 |
| ■ Cut flower and foliage | 0.37 | 11.47 |
| ■ Packaging materials | 25.89 | 8.56 |
| ■ Rubber components based auto products | 5.93 | 10.26 |
| ■ Ceramic figurines | 0.36 | 0.02 |
| ■ Coir products | 1.62 | 809.65 |
| ■ Fruit products/Agri based food products | 263.85 | 111.96 |
| ■ Fresh water fish | 0.47 | 8.50 |
| | | |
| Light Industries (High Value Added) | | |
| ■ Tea | 24.48 | 1,185.43 |
| ■ Cinnamon | 0.10 | 74.18 |
| ■ Food and Beverage Processing | 16.21 | 57.16 |
| ■ Dairy | 164.92 | 1.21 |
| ■ Apparel | 76.58 | 3,124.40 |
| ■ Footwear | 6.90 | 17.20 |
| ■ Fabric processing | 1,427.87 | 95.77 |
| ■ Leather products | 4.85 | 13.22 |
| ■ Rubber based products | 51.96 | 255.01 |
| ■ Furniture | 10.21 | 11.44 |
| ■ Herbal and Ayurvedic products | 1.20 | 1.29 |
| ■ Nutritional Food (Thripasha) | 8.80 | 0.92 |
| ■ Assembly of motor cycles & Three wheelers | 120.22 | 0.00 |
| ■ Paints | 8.90 | 1.36 |
| ■ Detergents | 23.49 | 1.02 |
| ■ Printing materials | 217.00 | 0.75 |
| ■ Corrugated cartons | 0.81 | 0.06 |
| ■ Aluminum extrusion | 51.87 | 2.86 |

| Industry | PresentLevel (US\$ mn) for 2009 | |
|--|---------------------------------|--------|
| | Import | Export |
| ■ PVC products | 120.92 | 12.50 |
| ■ Steel tubes & ducts | 54.67 | 0.44 |
| ■ Electrical accessories | 359.66 | 83.11 |
| ■ Tempered glass | 15.51 | 1.40 |
| ■ Stationary | 17.79 | 4.93 |
| ■ Toys | 3.90 | 18.40 |
| ■ Glassware | 9.60 | 12.10 |
| ■ Bottled water | 0.03 | 0.16 |
| ■ Bags and luggage | 2.19 | 13.60 |
| ■ Rice based products | 11.28 | 24.42 |
| ■ Fabric / yarn | 100.05 | 4.10 |
| ■ Sugar | 215.23 | 0.09 |
| ■ Spices and oils | 51.70 | 123.00 |
| ■ Transmission apparatus | 7.54 | 0.00 |
| ■ Medical instruments | 41.32 | 0.07 |
| ■ Chemicals | 295.28 | 53.22 |
| ■ Apparel trims and accessories | 40.36 | 2.72 |
| ■ Canned fish | 32.16 | 0.41 |
| ■ Batteries | 0.19 | - |
| ■ Garden accessories | 1.60 | - |
| ■ Sports goods | 4.37 | 14.00 |
| High Tech Industries | | |
| ■ Pharmaceutical | 173.91 | 2.00 |
| ■ Clinical research | 3.62 | - |
| ■ Electronics and telecommunication | 150.93 | 59.90 |
| ■ Precisions tools | 9.06 | 2.49 |
| ■ Manufacture of computers | 60.92 | 3.61 |
| ■ Mobile phones | 14.77 | - |
| ■ Manufacture of smart cards | 3.21 | - |
| ■ Cosmetics and beauty care products | 14.51 | 7.29 |
| ■ Baby care products | 0.37 | 0.01 |
| ■ Aero plane spare parts | 56.76 | 0.81 |
| ■ Engineering tools | 11.70 | 0.02 |
| Heavy Industries | | |
| ■ Steel | 349.77 | 5.61 |
| ■ Cement | 168.51 | 0.02 |
| ■ Petroleum, crude oil & Petroleum Gases | 1,789.32 | 2.10 |
| ■ Fertilizer | 193.21 | 0.35 |

| Industry | PresentLevel (US\$ mn) for 2009 | |
|---------------------------------------|---------------------------------|--------|
| | Import | Export |
| ■ Machinery (Assembling) | 12.67 | 8.68 |
| ■ Paper | 203.72 | 0.69 |
| ■ Mineral products | 6.62 | 8.13 |
| ■ Ceramics (Tiles, sanitary ware) | 15.50 | 7.06 |
| ■ Boat manufacturing | 0.07 | 36.01 |
| ■ Ships Building | 4.17 | 20.80 |
| ■ Manufacture of roofing sheets | 13.81 | - |
| ■ Iron & Steel structures | 92.76 | 2.92 |
| ■ Agricultural machinery, water pumps | 28.58 | 0.9 |
| ■ Refrigerators, washing machines | 22.11 | 25.49 |
| ■ Harvesting equipment | 7.48 | - |
| ■ Porcelain & Tableware | 3.40 | 24.17 |
| Services | | |
| ■ IT/BPO | | 394.00 |

Table 3.5.1 Summary of Sector Priorities, Strategies and Targets

| Strategies | Activities | Outcome / Target by 2020 |
|--|---|---|
| Promote industrial development | <ul style="list-style-type: none"> ■ Establish a conducive business environment. ■ Entrepreneurship development. ■ Improve access to finance. | <ul style="list-style-type: none"> ■ Achievement of an average annual growth rate of 11% for industry sector. ■ Contribution of industrial sector to GDP increased to 40%. |
| Increase Industrial Export Earnings | <ul style="list-style-type: none"> ■ Extend a greater institutional support to exporters. ■ Increase contact between overseas business associations. ■ Introduce a conducive tax regime. | <ul style="list-style-type: none"> ■ Industrial exports increased to US\$ 25 billion. ■ New markets created through preferential and non-preferential trading arrangements. |
| Promote Productive Foreign Direct Investments | <ul style="list-style-type: none"> ■ Simplify existing rules and regulations. ■ Ensure speedy approval procedures. ■ Implement investment promotion campaigns. | <ul style="list-style-type: none"> ■ Inflow of FDI increased to US\$ 15 billion. ■ Confidence built among overseas business community on investing in Sri Lanka. |
| Expand Domestic Private Investment and Promote PPPs | <ul style="list-style-type: none"> ■ Facilitate expansions. ■ Encourage integration with global production chains. ■ Promote outward investments. ■ Extend government facilitation for PPPs. | <ul style="list-style-type: none"> ■ Domestic private investment approvals - BOI projects increased up to Rs. 310 billion |
| Strengthen and Expand SMEs | <ul style="list-style-type: none"> ■ Improve marketing opportunities through promoting backward and forward linkages. ■ Develop sub-contracting arrangements. ■ Improve access to finance. ■ Enhance productivity. ■ Introduce modern packaging techniques | <ul style="list-style-type: none"> ■ Percentage contribution of SMEs to total industrial output increased. ■ Productivity of SMEs enhanced |
| Increase Industrial Employment | <ul style="list-style-type: none"> ■ Facilitate commencement of industries ■ Facilitate expansions | <ul style="list-style-type: none"> ■ 1.6 million employment opportunities created in the industrial sector. |
| Reduce Rural / Urban Imbalance of Industrialization | <ul style="list-style-type: none"> ■ Fully utilize existing Investment Promotion Zones of BOI ■ Establish industrial estates ■ Grant special incentives for industry relocation in backward regions | <ul style="list-style-type: none"> ■ Percentage contribution to industrial sector by provinces other than Western Province increased. |
| Human Resource Development | <ul style="list-style-type: none"> ■ Conduct continuous training and retraining programmes ■ Empower work force with technical skills and knowledge ■ Encourage collaboration between industry and training institutes | <ul style="list-style-type: none"> ■ Number of graduates produced per year increased. |
| Adopt Advanced Technologies | <ul style="list-style-type: none"> ■ Provide a legislative basis for high technology industry growth ■ Establish high-tech industrial parks | <ul style="list-style-type: none"> ■ Number of operating high tech industries increased. |
| Promote Diversification and High Value Addition in Industry Sector | <ul style="list-style-type: none"> ■ Grant special incentives | <ul style="list-style-type: none"> ■ Overall value addition in manufacturing sector increased three times. |
| Develop the Traditional Industry Sector. | <ul style="list-style-type: none"> ■ Educate on new market trends ■ Link local with international markets ■ Introduce new design concepts ■ Preserve traditional skills and arts for succeeding generations. | <ul style="list-style-type: none"> ■ New employment opportunities created ■ Value of sales increased. |

3.6 State-Owned Enterprises to Become Strategic

The Mahinda Chintana policy framework does not believe that privatization of state owned enterprises (SOEs) is the only strategy for economic reforms. Emphasis has been placed on improving their performance through management reforms as an alternative policy strategy to privatization. Reforms in all SOEs are designed to bring in dividend income to the government while engaging social responsibilities and strategic role in the economy.

- **Expected growth** - The annual turnover of 127 commercial SOEs is expected to raise from 19 percent of GDP in 2009 to 22 percent of GDP in 2016 and 26 percent of GDP in 2020.
- **Return on Investment (ROI)** - All SOEs are being reformed to pay dividends / levy not less than 30 percent of their distributable profits or 15 percent of equity whichever is higher. The present ROI of 0.2 percent is targeted to increase to five percent in 2020.
- **Non reliance on Treasury funding** - All SOEs are reengineered to generate surpluses utilizing their resources to its optimum and rely on the national budget only for socio economic activities undertaken on behalf of the Government.
- **Economic and development cost reflective pricing structure** - Unlike private sector, SOEs have to consider national interests and economic and social benefits to the society while considering financial benefits.
- **Scale of operation** - SOEs will confine themselves only to strategic commercial businesses which have a socio economic significance or to any business which cannot be undertaken by the private sector due to their scale, risk or technological complexity. Existing SOEs that are very small in scale and not viable to operate as commercial entities and that do not have any social, economic or strategic importance will be merged or amalgamated to bring to a viable scale.
- **Facilitating private sector** - SOEs are in the best position to facilitate private sector to increase investment. Investment of 25 percent of the GDP in 2009 is expected to increase to 30 - 35 percent of GDP in 2020. SOE's are encouraged to explore innovative Public - Private Partnership (PPP) as well as Public - Public Partnership (PubP) strategies to act as catalysts in development.
- **Innovative financing** - SOEs will be encouraged to explore all innovative financing mechanisms such as debentures, bonds and securitization and the capital market.
- **Performance contracts** - All Board Members of SOE's will be required to enter into performance contracts with the Treasury.
- **Board room practices and governance** - Government will ensure that professionally competent appointments will be made to Board of managements in order to improve efficiency, board room practices and governance.
- **Corporate planning** - All SOEs will operate within a corporate vision developed under the mandate of the enterprise and should not undertake business activities outside their scope, compromising competitive advantage.
- **Public accountability** - All SOEs should ensure that their activities are properly disclosed to the public by adopting a sound reporting system based on international best practices and ensure full compliance.

Strategic State-Owned Enterprises

The government's strategy is to utilize SOEs as the catalyst in executing the development in the country. In this context, the following SOEs that have significant impact in achieving the strategic targets of the country are expected to play a pivotal role;

- **Bank of Ceylon (BOC)** will be a fully IT driven Rs. 2 trillion bank that would preserve its number one position among all banks operating in Sri Lanka. This would be supported by around Rs. 1.6 trillion customer deposits and diversified global and domestic financial services.
- **Peoples' Bank (PB)** will be a Rs. 2 trillion bank targeting a unique rural and middle income centric clientele base adopting cutting edge technologies.
- **National Savings Bank (NSB)** will be consolidated as the premier savings bank with a deposit base of more than Rs. 1 trillion and dominating the market share of the banking industry in respect of deposit mobilization.
- **Regional Development Bank (RDB)** will be the leading development banker and micro financier which is engaged in developing small and medium level entrepreneurs. The RDB will convert 5000 small entrepreneurs to the level of medium scale annually while introducing 500 of its own customers to the commercial banking sector as large scale entrepreneurs.
- **Sri Lanka Insurance Corporation Limited. (SLIC)** will build itself to international standard with the capability of providing any type of insurance needs of the country in partnership with highly rated international insurance providers expanding its operation to global trade and services. The net asset of SLIC will be increased from Rs.10 billion to 40 billion in 2020.
- **National Insurance Trust Fund (NITF)** will increase its reinsurance market from 20 percent to 35 percent, fishermen insurance to 40 percent, self-employees insurance to 50 percent and pensioner insurance to 20 percent. The NITF has been established under the Mahinda Chinthana to meet insurance needs of specific segment of the society including public officers, fishermen, and self-employees and pensioners and also to introduce re-insurance market in Sri Lanka.
- **Ceylon Electricity Board (CEB)** will be one of the main drivers in positioning Sri Lanka as a viable energy hub in the region and its net assets will be increased from Rs. 275 billion to Rs. 1000 billion by 2020. Based on the twin principle of low cost and reliable generation, the generation mix of the CEB will be driven predominantly by coal. But at the same time, in order to support the global efforts, an aggressive renewable energy generation program will be implemented to generate 10 percent of its power from renewable sources though possible global assistance such as Clean Development Mechanism (CDM) under the Kyoto Protocol. Sri Lanka's first nuclear power plant is expected to be commissioned in 2020. It will also be the regional powerhouse in providing consultancies for designing and building power grids and systems in the South Asia and Africa, which has huge demand for electricity. The CEB, as a responsible utility service provider, will continue its policy of supporting the lower segment of society, government schools and hospitals and micro and small business sector by providing reduced competitive tariff rates.
- In establishing and maintaining Sri Lanka as an energy hub, the role of the **Ceylon Petroleum Corporation (CPC)**'s will be pivotal, especially with a positive outcome in the context of oil exploration activities and expects to increase its net asset from Rs.13 billion in 2009 to Rs. 50 billion by 2020. With the upgrading of the Sapugaskanda oil refinery and the commissioning of a state of the art oil refinery, CPC will be a competitive force in the region for export of refined products and caring shipping and aviation needs.
- **National Water Supply and Drainage Board (NWSDB)** will have significant partnership via private sector to construct sewerage treatment plant and industrial water schemes. The quality, safety and reliability in supply will be the theme of the NWSDB. Access to clean water will increase from 65 percent to 90 percent in urban areas and 30 percent to 90 percent in rural areas in 2020. Further, non revenue water will be reduced to 20 percent and the total net asset of the board is expected to increase from Rs. 92 billion in 2009 to Rs. 350 billion in 2020.

SRI LANKA MAKES HEADWAY IN PUBLIC PRIVATE PARTNERSHIPS (PPP) IN INVESTMENT PROMOTION

Sri Lanka has made a considerable progress in implementing PPP projects as a part of its investment strategy towards higher capital formation in infrastructure development. The ongoing PPP project, the Colombo South Harbour project (CSHP), is designed to uplift the facilities of the Colombo port to accommodate increasing demand for port services. The CSHP involves dredging an approach channel and inner harbour basin, and the construction of a breakwater sufficient to build three new terminals on staggered basis. Under the PPP arrangement of the CSHP, the government provides basic infrastructure, including the construction of the breakwater, and the private sector is expected to develop the terminals. Phase I of the project is expected to cost US\$ 780 million of which the public sector component is estimated to be US\$ 480 million. This is financed by a loan of US\$ 300 million from the Asian Development Bank (ADB) and the balance by the government of Sri Lanka. The private sector investment in the first terminal in which the concession agreement has been executed under the PPP arrangement, will be US\$ 300 million. The phase I of the CSHP is expected to be completed by 2013.

The Government, as a part of its investment strategy for higher capital formation, is supporting similar arrangements in Power, Industrial Infrastructure and Waste Disposal etc. Line ministries are being geared to model their commercial investment opportunities on this basis to ensure strategic involvement of the government is secured. On this basis, the second coal power plant with 500 MW at Trincomalee has been launched with the long term financial arrangements from India. Under this arrangement, NTPC and CEB will undertake a joint investment in power generation project with an estimated investment of US\$ 500 million in two stages while the government will build necessary infrastructure consisting of terminal facility for coal import and transmission line for power distribution to the national grid at an estimated cost of US\$ 150 million.

- **Sri Lanka Transport Board (SLTB) -**

The government recognizes the significant role played by the SLTB in providing reliable and all time transportation facilities to the nation by taking a market share of 40 percent in the commercial passenger transportation and off-hours, rural and other uneconomical routes transportation, considering social benefits. The complementary co-existence between public and private passenger transportation services is promoted as the strategic role of SLTB.

- **Sri Lanka Ports Authority (SLPA) -** The SLPA will be positioned as Modern Technological Transshipment Hub in Asia by 2020 having increased its net assets from Rs. 78 billion to Rs. 200 billion. It will have the capacity to receive the largest ships in the world. Private sector participation in port related industrial activities will be a dominant feature of SLPA. Port sector is expected to be a key priority area for PPP based investments.

- **Sri Lanka Telecom plc (SLT),** which is a public listed SOE, will be a key partner in creating a knowledge hub of the country by taking the lead to bridge the ICT gap between urban cities and the rural villages by using latest and next generation technologies.

- **SriLankan Airlines Ltd (SLA) -** Sri Lanka being a country aspiring to be a regional aviation hub, the SLA will be the premier national carrier reaching 50 international destinations and feeding 14 domestic destinations through Mihini Lanka Ltd using state of the art 30 modern aircrafts. Mihini Lanka Ltd. will be the leader in budget airline. The SLA will be operating as a holding company under which five subsidiary companies, SLA, Mihini Lanka Ltd., Sri Lankan Catering Ltd, Sri Lankan Engineering and Maintenance Ltd, and Airport and Aviation Services Ltd. will provide a variety of air services to position the country as an emerging Aviation Hub. The net asset of SLA is expected to reach Rs. 50 billion in 2020 from Rs. 15 billion in 2009.

- **Airport and Aviation Services**

(Sri Lanka) Ltd (AASL) will be the key infrastructure provider in creating and maintaining Sri Lanka as the aviation hub of the region having ownership and managing two International airports and 14 domestic airports with modern facilities.

- **Milk Industries Lanka Ltd. (Milco) and National Livestock Development Board (NLDB)**

will make effort to increase the supply from 30 percent to 60 percent of the domestic milk consumption demand at an affordable price by introducing international expertise in the market industry and through PPP.

- **State Pharmaceuticals Corporation (SPC)**

and State Pharmaceuticals Manufacturing Corporation (SPMC) will be jointly strengthened with capacity to locally manufacture at least 30 percent of the total essential drug requirements at an affordable price and to maintain a sufficient stock in order to maintain uninterrupted supply of medicines and provide best and affordable healthcare services in the country.

- **Lanka Phosphate Limited (LPL)**

will be able to meet the entire local requirement of rock phosphate and will increase the value addition by 50 percent by producing products such as Single Super Phosphate and pay 20 percent of net assets as ROI to the Treasury.

- **Lanka Mineral Sands Limited (LMSL)**

will be the premier SOE promoting value added mineral sand and high quality value added input for manufacturing sector for local and international market and pay at least 20 per cent as ROI to the Treasury.

4. DEVELOPED ROAD NETWORK AND TRANSPORT SYSTEM

- Towards a Modern Road Network
- Transportation Hub

4.1 Towards a Modern Road Network

My intention is to provide a satisfactory transport service to the people of our country

(Mahinda Chintana 2005, p 65)

Overview

Roads are the dominant mode of transport in Sri Lanka and have evolved over more than one century. About 90 percent of passengers and 98 percent of freight are carried by the road. The road network is dense and well laid-out providing basic spatial coverage to the country's population and centres of economic activity. The network's density is among the highest in Asia, as the ratio of road kilometers to population exceeds the related indicators in the neighboring countries.

Table 4.1.1 Comparative Transport Network Indicators, 2009

| Country | Population Density | Road Density | |
|------------|--------------------|----------------|----------------------------|
| | | km/1000 people | km/km ² of land |
| Sri Lanka | 311 | 5.50 | 1.71 |
| India | 361 | 3.00 | 1.12 |
| Bangladesh | 1126 | 2.00 | 1.79 |
| Pakistan | 212 | 1.69 | 0.32 |

The road network of the country consists of 112,997kms. Roads are divided into National, Provincial, Rural and other roads in terms of the responsibility.

Development of the roads infrastructure contributes to the acceleration of economic growth and balanced regional development. Roads improvement will also open up opportunities for national integration and political stability. Therefore, the Government has accorded the highest priority to improving entire network of roads in the country with modern technology during the period 2011 – 2020.

Table 4.1.2 Classification of Roads

| Category | Class | Length (km) | % Paved |
|------------------|----------------|----------------|---------|
| National Roads | A & B | 11,922 | 99 |
| Provincial Roads | C & D | 15,975 | 70 |
| LA Roads | E | 80,600 | 13 |
| Other Roads | Not Classified | 4,500 | - |
| Total | | 112,997 | |



The continual increase in investments in the road sector will ensure that the road network will be planned, maintained, constructed and developed to:

- Meet current and expected future demand in the transport of passengers and freight and ensure utilization of resources.

- Improve the quality of roads by using effective and innovative modern techniques of design, construction and maintenance.
- Reduce travel time and operating costs while facilitating greater mobility and improving accessibility.
- Support economic development of the country by considering future socio-economic development plans and policies of the Government.
- Assess the existing capacity of the infrastructure and add capacity to the road network through widening, improving and new road construction.
- Improve institutional capacities of the road administration.
- Ensure that the required actions are taken to protect the environment.
- Develop the local road construction industry.

It is planned that, by 2020, Sri Lanka will have a modern network of roads throughout the country which will enable the acceleration of the economic growth with reduced travel time, cost and improved safety.

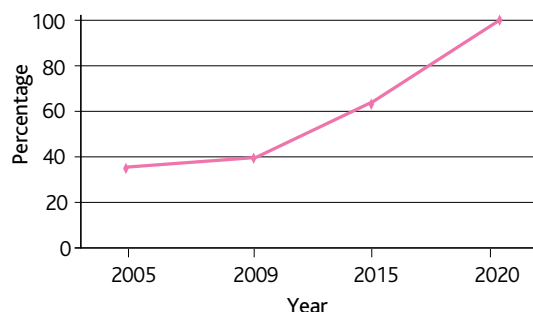


Addressing Network Deficiencies and Improving Road Sector Financing

The existing levels of the road network will be evaluated and a multi-faceted approach will be adopted in the development of the road network in

the country. This approach includes road planning and engineering, investment and financial analysis, economic evaluation and traffic engineering.

Chart 4.1.1 Percentage of National Roads in Good Condition/



An expressway network with a well connected national road network will be developed as the back bone of the movement of inputs and outputs of economic activities. To support this development of expressways, inter-regional national highways and provincial roads have been targeted as a priority.

Colombo – Katunayaka Expressway, Outer Circular Highway and Colombo – Matara expressway are expected to be fully completed by 2013. Further, the Colombo – Kandy Expressway, the Northern Expressway (Ambepussa – Jaffna) and the Dambulla - Trincomalee Expressway will be constructed. This will be a prelude to a new era of connectivity between the regions of the country. The Southern Expressway will be extended from Matara to Hambantota in order to improve the connectivity between Western and Southern Provinces.

Rapid growth in demand for transport will be met with a four lane road network. Also, new links, particularly in the areas of industrial growth, will be provided.

The network of rural roads will be completed to fulfill this task and provide important linkages to growth centres. In supporting the expected township development as in Colombo, Dambulla, Hambantota, Trincomalee, Anuradhapura, Polonnaruwa, Jaffna



Southern expressway, nearing completion

and Kegalle, the road network within the areas will be converted into four lane standard. The proposed National, Provincial and Rural roads will be as follows :

Table 4.1.3 Target Lengths of Roads

| Type of the roads | Length (km) 2010 | Length (km) 2015 | Length (km) 2020 |
|-------------------|------------------|------------------|------------------|
| National | 2,723 | 7,200 | 12,900 |
| Provincial | 1,706 | 7,900 | 17,000 |
| Rural | 20,000 | 30,000 | 40,000 |

Land use patterns play an important role in the provision of road links. Therefore, they will be assessed from time to time to improve connectivity. To overcome the immense economic cost of building and maintaining road infrastructure, knowledge sharing will be undertaken between relevant parties with great experience.

Enhancing Institutional Capacities to Improving the Performance of the Road Sector

Steps have already been taken to modernize and improve institutions' performance covering their activities so that they keep pace with new developments and requirements. These efforts will be further strengthened. Reforms in the regulatory framework of these agencies will be undertaken. Special attention will be paid for the development of man power such as managers, engineers and

technicians who hold responsibility for development of the road sector. This will solve the problem of dearth of skilled personnel in the industry. The Universities of Moratuwa, Ruhuna, Peradeniya and the Open University will be provided with the financial and other required facilities for conducting research for development of roads with modern technology.

Private Contractors are Encouraged to Contract out Maintenance and Operations

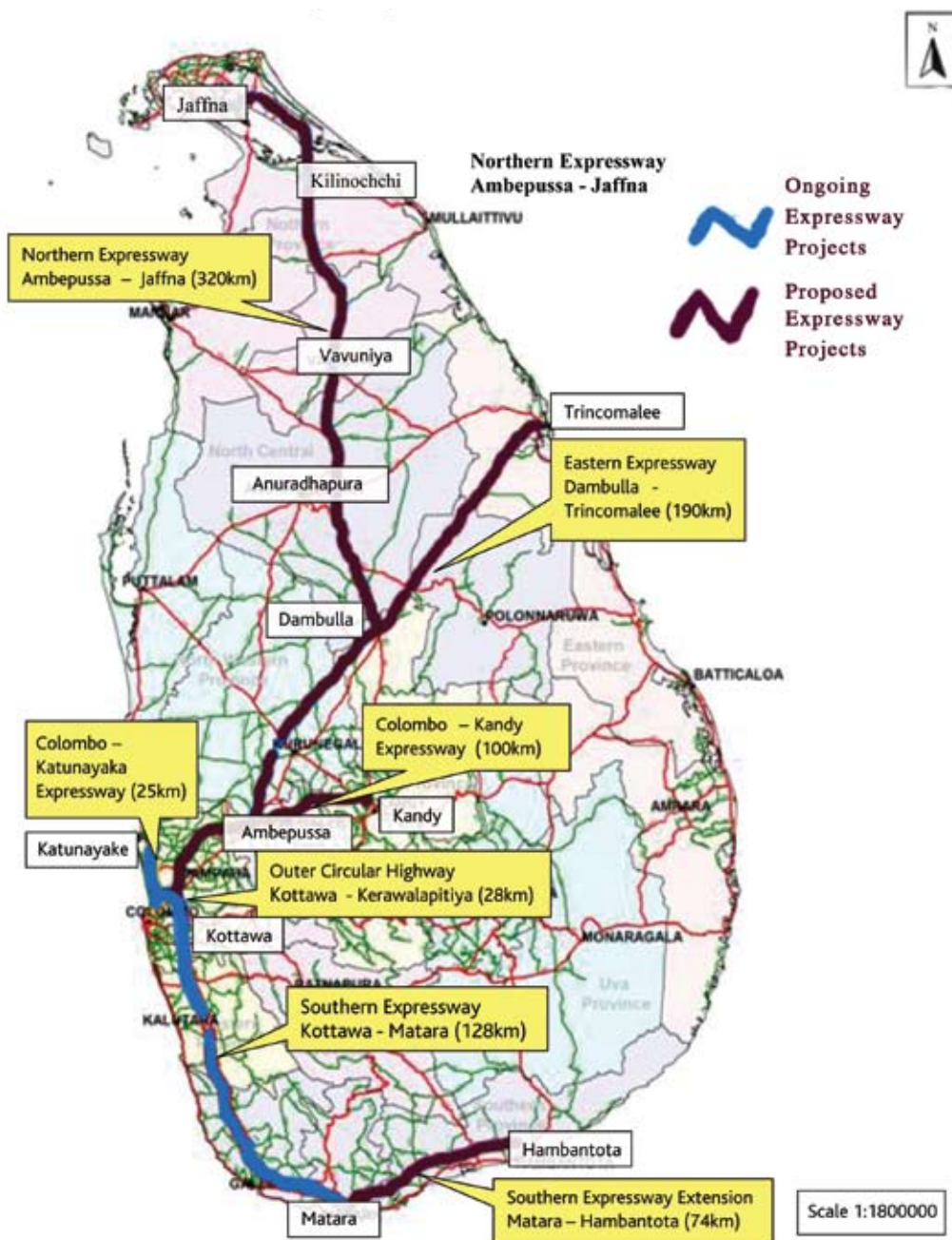
Use of more modern technologies for road development will be ensured by encouraging private sector involvement in the road development industry. Investment opportunities for public-private partnerships for expressway development will be opened. Tolling, a common method of collecting revenue, will be used to finance road construction. New methods such as the use of the Global Positioning System (GPS) will be introduced to make this an even more practical tool.

Establishing Appropriate Social and Environmental Management Policies and Practices

More efforts will be made to improve the environmental friendliness of road materials such as asphalt. Increasing awareness of the environmental effects of pollution will lead to a strong and growing demand for technologies that offer the highest in environmentally safe products.



Expressway Network in Sri Lanka



THE STRATEGIC POSITIONING OF THE COUNTRY'S ROAD NETWORK

Mahinda Chintana Development Strategy recognizes the strategic co-relation between the investment in roads and economic growth. Public investment in road sector expanded from Rs. 18.8 billion to Rs. 100.4 billion between the years 2005 and 2009. This investment enabled the country to witness the emergence of a modern road sector with the completion of 2,900km of national highways, 1,706km of provincial roads and 35,755km of rural roads. Over the next five year period, the public investment in road sector is expected to gather further momentum with the investment of Rs. 128 billion in 2011, moving up to Rs.174 billion by 2013 and sustain a public investment level of Rs. 175-200 billion, which would thereafter help develop and maintain the modern road network. The development of an islandwide road network at national, provincial and rural level is given priority to ensure that connectivity is established at all levels to enable the entire community to benefit. The underlying strategic features in the road sector development strategy for economic growth are the following:

- The completion of the national expressway (181km) connecting the two international airports located at Katunayake (close proximity to the capital city of Colombo) and at Mattala (close proximity to the emerging port city in Hambantota) bypassing Colombo via Kadawatha, Kaduwela and Kottawa the three emerging outer Colombo townships and passing through Galle and Matara, the two Southern provincial cities in 2012.
- Widening the Colombo-Kandy road to a four lane expressway with a number of bypasses to avoid inter-cities to ensure that the traffic to the Northern and Up-country provinces from the capital city move smoothly.
- Expanding existing roads in major townships particularly in Colombo to six lanes, four lanes, two lanes and where necessary introduce bypasses, flyovers, and underpasses to meet the growing traffic demand in urban areas.

- The development of an outer circular four lane road network in major townships such as Kandy, Trincomalee, Kurunegala, Anuradhapura and Badulla etc., to expand the provincial urban development frontiers.
- All existing national roads to be upgraded to a modern standard together with the parallel development in provincial roads to establish the necessary connectivity to improve the mobility and traffic efficiency.
- Implementing the Maga Neguma, the rural development initiative to develop all rural and agricultural road networks, to improve rural infrastructure setting as an integral part of empowering the villages (Gama Neguma programme).
- Bulk of the financing for road sector is raised from bilateral and multilateral sources on long term credit at low rates of interest. Such funding have been mobilized from the World Bank, Asian Development Bank, Japan, China, Korea, Kuwait and several other bilateral sources.
- Domestic private sector construction companies are also encouraged to enter into road construction on a turnkey basis and through long term funding arrangements.
- The provincial and rural road funding is largely undertaken through National Budget supports.
- The feasibility studies are also being undertaken to structure alternative financing for public private partnership arrangements to develop selected roads.
- Allocations of resources to Road maintenance Trust Fund will be augmented to ensure adequate funds are channeled for road maintenance.

Environmental degradation will be limited by planning to accommodate the specific ecosystems where roads are constructed and maintained. Studies will be done to ascertain information on how roads may affect the ecosystem.

For the prevention and mitigation of adverse impacts of road construction, operation and maintenance, appropriate social and environmental management policies and practices will be established. Both sides of the roads will be adorned with the planting of eco friendly trees.

Developing and Implementing High Sustainable Standards of Road Safety

Monitoring of patterns of poor conditions and dangerous traffic areas will be continued to identify hazardous road and traffic conditions. Road safety audits will be repeated throughout the process of design, construction and maintenance. Analyzing of road accident data and traffic patterns will allow better road management. At the same time, high priority will be accorded to maintenance and rehabilitation of the existing road network paying attention to pedestrian safety.

Introducing Proper Traffic Management Systems

Traffic management methods, such as construction of flyovers, grade separator interchanges, traffic signaling systems and pedestrian facilities, will be continued in urban areas in particular. Further, an Area Traffic Control System (ATC) will be established. Average speed of vehicles inside the urban areas is expected to be increased by using such methods since the low speeds of vehicles cause the emission of harmful gasses and loud noises. Unnecessary traffic of the highly congested towns will be reduced by city outer circular roads. Traffic condition surveys and data collection will be carried out to identify the need of such alternatives.

Considering the current level of traffic, outer city circular roads will be constructed around Kandy, Hambantota, Kegalle, and Kurunegala cities. The outer circular roads which are being constructed around Colombo and Trincomalee will be completed by 2013.

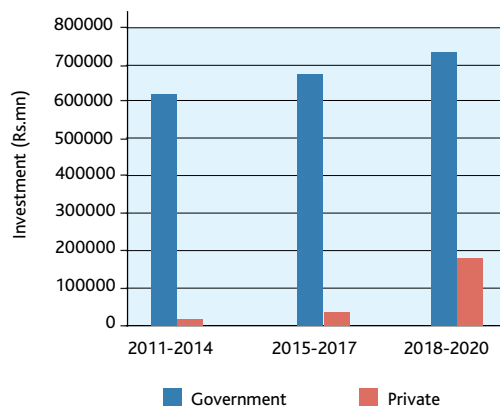


Grade separator interchange as a useful traffic management tool

Ensuring on Time Completion of Road Projects

On time completion of road construction projects will be ensured with the supply of required material, machinery and manpower. The existing capacity of road sector contractors will be increased by providing proper training opportunities and ensuring the usage of new technology.

Chart 4.1.2
Road Sector Investments: 2011 – 2020



| Activity / Outcome Matrix of Road Sector | | | |
|--|--|---|---------------------------------------|
| Policy | Strategy | Activity | Time line |
| Addressing network deficiencies and improving road sector financing | <ul style="list-style-type: none"> ■ Development, construction, rehabilitation and maintenance of expressways, interregional national highway and other roads will be continued. The entire national road network will be upgraded to solid condition. Provincial roads connected with growth centres will be converted into national level roads. Other provincial level roads will be rehabilitated to facilitate the demand ■ New links, particularly in areas of industrial growth and agriculture development centres will be introduced to speed up movement of materials and products ■ Connection to the missing links, bridges and cross-drainage works will be provided ■ The existing road network, built 50 years ago, will be converted to the modern standards ■ The development of rural roads will be continued ■ Carefully selected and economically maintainable new four lane roads will be built | <ul style="list-style-type: none"> ■ Identify future land use pattern ■ Propose new links to identify regional hubs and take action to realize them ■ Compare availability with required road capacity ■ Assess adequacy of the national road network and provide new links where necessary ■ Simulate traffic growth and flows ■ Assess funding requirements of road sector developments ■ Conduct condition surveys ■ Identify links to be widened and carry out improvement ■ Prepare traffic forecasts ■ Adopt a road maintenance management system | <p>2011 - 2016</p> <p>2011 - 2020</p> |
| Enhancing institutional capacities to improve the performance of the road sector | <ul style="list-style-type: none"> ■ Reforms of road sector institutions will be undertaken. Special attention will be paid on man power development | <p>Determine strategic objectives</p> <p>Determine staff strength and skill mix</p> <p>Provide training in critical areas</p> | 2011 - 2015 |
| Encouraging private contractors to contract out maintenance and operations | <ul style="list-style-type: none"> ■ Investment opportunities for the public-private partnership for expressway development will be opened | <p>Define role of private sector</p> <p>Develop and pilot test PPP models</p> | 2015 - 2020 |
| Minimizing detrimental impacts on the environment | <ul style="list-style-type: none"> ■ Appropriate social and environmental management policies and practices for prevention and mitigation of adverse impacts of road construction, operation and maintenance for the protection of environment, communities and public life will be established | <ul style="list-style-type: none"> ■ Carry out EIA studies ■ Implement a code of practice for environmental protection | 2011 - 2016 |

Activity / Outcome Matrix of Road Sector

| Policy | Strategy | Activity | Time line |
|---|---|---|-------------|
| Providing an acceptable level of safety to road users | <ul style="list-style-type: none"> ■ High priority will be accorded to maintenance and rehabilitation of the existing road network paying attention to pedestrian safety | <ul style="list-style-type: none"> ■ Provide road signs and markings ■ Implement road safety programmes to reduce black spots | 2011 - 2020 |
| Introducing proper traffic management systems | <ul style="list-style-type: none"> ■ Traffic management measures such as road pricing, construction of flyovers, fixing of signal lights and the construction of grade separator interchanges will be introduced as they will avoid unnecessary delays | <ul style="list-style-type: none"> ■ Identify and improve junctions with roundabouts signalization and flyovers, and pedestrian facilities | 2012 - 2016 |
| Ensuring on time completion of road projects | <ul style="list-style-type: none"> ■ The existing capacity of road sector contractors will be increased by providing proper training opportunities and ensuring the usage of new technology | <ul style="list-style-type: none"> ■ Determine the work that can be performed by domestic contractors ■ Study of the domestic contracting industry ■ Take measures to promote domestic contractors | 2011 - 2015 |

4.2 Transportation Hub

I am determined to make our country the centre of the Asian silk route once again taking advantage of its unique geographical location. I intend to develop it into a navigation, aviation, trading and commercial centre linking the East and the West

(Mahinda Chintana 2005, P 63-66)

I will transform all transport services including train, bus and three wheelers, into an efficient, well regulated, modern and important services. Information technology will be introduced as the backbone of the public transportation providing maximum benefits to the passenger.

(Mahinda Chintana 2010, p 48)

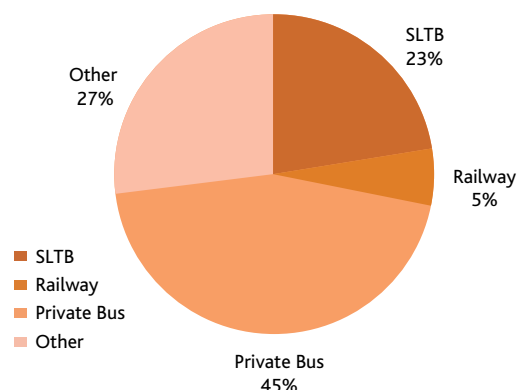
The transport network plays a vital role in supporting economic growth, by linking people to jobs, delivering products to markets and supporting domestic and international trade. Transport also promotes social cohesion, by providing access to key services, such as health and education services, shops and leisure facilities. At the same time, transport has a significant impact on the environment, particularly through carbon emissions from petrol and diesel engines.

Sri Lanka is an island strategically located on the main international shipping routes with great potential to consolidate its position as a maritime and aviation hub.

The national policy of the government in the first place is to ensure that transport infrastructure facilities and services are adequately developed to meet the demand of the community. The second aspect of the policy is to provide a reliable, safe and speedy transport system which is comfortable and affordable to the community and thereby contribute to the growth of the economy.

National transport includes all the modes of transport including land, sea and air. At present, the bus service, which counts both the state and private buses, accounts for about 68 percent of the total transportation and carry about 1728 mn passengers per annum. Sri Lanka Railways accounts for around five percent of the total transportation carrying about 98 mn passengers per annum. The remaining 27 percent is shared between sea, air and other modes of transport, carrying about 686 mn passengers per annum.

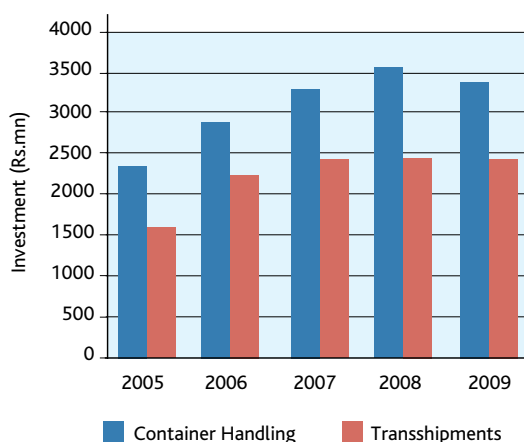
Chart 4.2.1 Distribution of public transport



Port Facilities

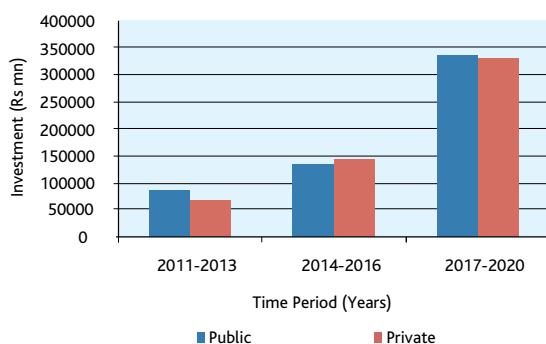
The island has six major ports; Colombo, Hambantota, Galle, Trincomalee, Kankasanthurai and Olivil. Development of port infrastructure has been given the highest priority in recent years. Key port developmental projects in progress are Colombo South Harbour Project (CSHP), Hambantota Port Development Project, Olivil Port Development Project and Galle Tourist Port Development Project. The completion of these projects will increase the cargo handling capacity by 4.5mn tons per annum.

Chart 4.2.2 Port Performance in Container Handling and Transshipments



To keep up with the planned development activities, the budgetary allocations to the Port sector for the next few years show an increasing trend.

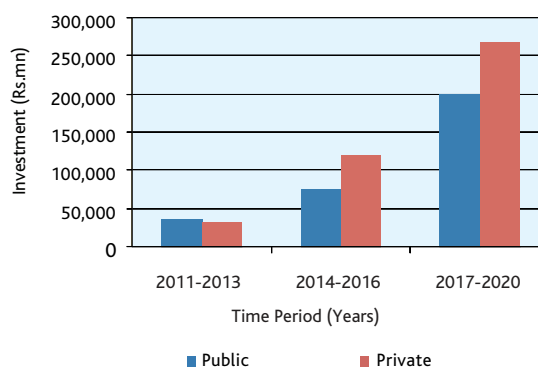
Chart 4.2.3 Expected Public and Private Investment in Ports



Airport Facilities

Sri Lanka's aviation sector consists of one international airport and 12 domestic airports. Bandaranaike International Airport (BIA) is the only international airport in the country at present which handles around 4.5mn passengers per year. The modernization and expansion work on BIA has been continuing for several years and the construction of a new international airport at Mattala (with a 4km runway) has already been commenced. Budgetary allocations on aviation sector for the period of 2011-2020 show a higher participation by the private sector.

Chart 4.2.4 Expected Public and Private Investment in Aviation



Main Ports and Airports in Sri Lanka



Railway Facilities

The railway network consists of 1447km rail track, 172 major stations and 161 minor stations. Limited railway network and low quality of the services make it an unattractive mode of transportation to both passengers and freight. Annually, 7-8 percent of train services are cancelled and only a mere 30 percent arrive on time. However, with the extending and upgrading of the network, the average travel speed has improved up to 35-40kmph.

Existing and Proposed Railway Network in Sri Lanka



Bus Facilities

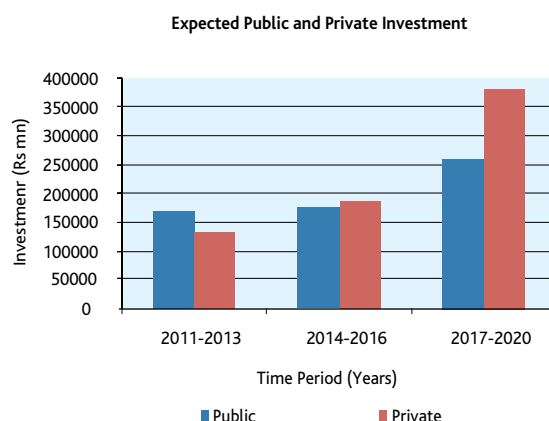
The Sri Lanka Transport Board (SLTB) is one of the main state organizations that provide a public service 24 hours every day through its institutional network spreaded throughout the island covering all parts of the country. SLTB maintained the state contribution in passenger transport which was 24 percent in 2009 and action will be taken to increase the contribution further to 25 percent in year 2020. Currently, there are 5,000 state and 17,500 private buses contributing to passenger transportation.

Three Wheelers Facilities

The three wheelers were introduced to the country in 1978 and there are 450,000 at present. Among them, less than 300,000 are with four stroke engines.

The budget investment in the transport sector shows an increasing trend.

Chart 4.2.5 Expected Investment in Transport



Key development projects in progress are shown in annex 4.2.1.

Infrastructure and Services

In the process of ensuring adequate transport service at both intra and extra island level, the infrastructure facilities including transport networks, ports and airports will be strengthened through new additions as well as expansion of existing facilities. Strategies to improve the infrastructure are:

- Investment in the infrastructure and allocations for operation and maintenance for the entire next ten year period (2011-2020) is set at Rs. 3,226 billion. This is Rs. 3,000 billion more than that of the past ten year period, representing an increase of 98 percent.
- Private sector participation will be enhanced by strengthening Public-Private Partnerships (PPPs).
- Foreign Direct Investments (FDIs) will be encouraged to invest in the transport sector, especially in the development of infrastructure and services.
- All the railway lines will be upgraded to double tracks and the existing railway network will be extended to connect commercial ports and the most important places in the country. A new railway line will be constructed to connect Talaimannar and South India.
- All the main railway stations will be rebuilt with luxury shopping complexes, food cafes and internet cafes.



Underground station

- Mass Rapid Transit Underground rail system will be constructed in the city limits connecting other rail lines thereby linking all parts of the country.
- Multistoried parking for buses and private vehicles including three wheelers will be provided.
- Buses with a greater seating capacity, television, radio and internet facilities will be introduced.
- All ships travelling to Europe, the Far East, Middle East, Africa, Australia and the Pacific Rim countries will be served by the Hambantota and Colombo ports while the capacity in these ports will be enhanced to accommodate modern container vessels.
- Cargo villages will be developed in the vicinity of Colombo, Hambantota, Galle, Trincomalee, Kankasanthurai and Point Pedro ports.
- Bandaranaike International Airport will be developed with modern terminals with state-of-the-art facilities with every conceivable service including banking, business and IT, shopping, medical centres, rest and relaxation facilities such as swimming pools, praying and meditation rooms, entertainment facilities in the nature of cinemas, mini golf courses, play areas for children, casinos, night clubs and general facilities as in world class modern airports today.

Utilization of Existing Resources

The optimization of resource utilization will be initiated in the use of existing resources. Integrating all modes of transportation so as to make the best use of the routes

available and thereby reducing the total travel distance will be encouraged by providing a strong coordinating mechanism for transport planning and management.

In addition, coordination among relevant authorities involved in the transport sector will enhance the cost effectiveness of the planned transport system. The quality of the present modes of transportation will be improved.

Shuttle services between airports, bus stations and railway stations will be introduced.

Better inland water and coastal water transportation system will be introduced to exploit the enormous natural resources available. Air Taxis which take off from a water base either Negombo lagoon, the Kelani River, Koggala or Bentota will be introduced to transport visitors from airports to destinations of their choice and



Air Taxis

to both reveal and showcase the beauty of the country.

Improvement in Safety and Security

To improve the safety and the concerns of all users, safety standards will be established to minimize both the occurrence of accidents and prevalence of passenger injuries per vehicle – kilometer. The total number of persons killed or seriously injured in road / rail accidents will be reduced by at least 95 percent by 2020 compared with that of 2005.

New technology (Intelligent Transport System, ITS) in traffic control and the road system will be introduced to reduce the number of accidents. Accordingly, the

old signaling system will be replaced with Electronic Signaling and Global Positioning Systems (GPS).

With regard to security, a surveillance camera system in public transport services will be introduced which will be connected to a central control facility through a wireless link.

Infusion of Capital into New Developments

The infusion of capital into new developments will be done in a more systematic way to increase the return on investment.

As an initiating step, a governing body for all transport operations and infrastructure provision will be established to coordinate all aspects in the transport sector to increase overall efficiency.

All new investments will follow preset standard procedures and a monitoring and regulating system will be developed to assure the standards of the transport sector.

Provision of a Choice on Modes of Transport

Compared with the past, the choices available to today's users on the mode of transport have developed considerably. The different modes include pipelines for the transportation of liquids, aircrafts for high speed long distance travel and trains for lower cost, luxury buses offering comfort, speed, flexibility and three wheelers for door to door services. Depending on the spending capacity, nature, distance of travel as well as other circumstances, these provide a choice of the mode of transportation.

Complementary public transport systems like Bus Rapid Transit (BRT), Light Rail Transit (LRT) and Mass Rapid Transit (MRT) systems will be introduced to Colombo and suburbs providing more choices of different modes.

A monorail transport system for Colombo and the suburbs will be introduced as a high speed transportation mode.



A Monorail

The demand for any mode of transport will be balanced by an increase in vehicle fleet, increase in domestic light passenger transport and provision of rolling stocks, which will indirectly increase the number of choices.

In addition, time tables of arrivals and departures of the different modes of transportation will be displayed using electronic display boards to improve the communication information to enable general public to make the best choice.

Competitiveness among Modes and Providers

In most economic activities, competitiveness creates an improved product or a service. Transportation, which is one of the key service sectors of the economy, will also adopt the same concept to improve the services provided by creating competitiveness among the modes of transportation and service providers.

Improved customer satisfaction will be created by providing better facilities and more options to the user and a significant shift in private to public transportation will be experienced by 2020.

The railway system will be improved to facilitate the transportation of goods/cargo, thereby reducing the movement of containers and easing the burden on roads as well as creating competitiveness between different modes. Competitiveness will be enhanced though encouraging private sector participation and foreign direct investments.

Continual Development and Modernization

The process of ensuring continuity of systematic planning and research for the continual development and modernization will be assisted by providing resources to conduct research in areas related to transport.

Railway stations and main bus stands will be upgraded to act as commercial centers with shopping complexes, hotels and other luxury facilities, including wireless internet access. The sector will introduce self operated e-ticketing system and develop the existing SMS-ticketing to reduce long queues and ticket less travel.

In addition to the railway stations and bus stands, the wireless internet access facility will be introduced into the mobile units where the passengers could carry out their normal daily activities as well as entertainment throughout the journey.

Development of Human and Physical Resources

Implementing state of the art systems in the sector will necessitate development of human and physical resources to a higher level. In the process, an institutional reform programme will be introduced by upgrading the capacity of the workforce to deliver a better service within the government system.

A Maritime Training and Education Institute will be established to train professionally qualified seafarers giving them the opportunity to become high ranking officers in the maritime field.

A research station will be established under the Ministry of Transport to carryout research on finding out the innovative modern technologies, use of low cost, high quality local materials in the manufacturing process.

Improved Sustainability

Sustainability is considered as one of the most critical factors in implementing new systems in any sector. In the transport sector, sustainability could be segmented into different areas; environment, project and user sustainability.

Environmental sustainability will be achieved through the use of electric vehicles and hybrid vehicles in the transport sector to increase the efficiency and reduce pollution. Current vehicle emission standards will be reviewed and the standards will be made more stringent to make for a better environment.

Project financial sustainability will be achieved through the Congestion Pricing or Congestion Charges which is a system of surcharging users of a transport network in periods of peak demand to reduce traffic congestion. This includes some toll-like Electronic Road Pricing (ERP) fees, and higher peak charges for utilities, public transport and airports. This variable pricing strategy regulates demand, making it possible to manage congestion without increasing supply.



Electronic Road Pricing system

In addition to all these measures, sustainability of the users will be achieved through encouraging public to use public transportation services instead of private vehicles and encourage walking and cycling as transportation modes which will enhance the economic and health aspects of the user. In this context, new footpaths and bicycle paths will be established.



Pedestrian and cyclist paths

Sectorial Integration

The interdependent nature of development activities encourages ensuring the integration of land use development, employment policies and use of information and communication technology to reduce the demand for travel. E-mail and internet have already enabled the users to do their day-to-day activities from home around the clock rather than running around in the busy congested transportation systems during working hours.

Activity Outcome Matrix of Transport Sector

| Sector Priorities | Strategy | Activities | Outcome Indicators |
|---|---|---|---|
| Infrastructure and services | <ul style="list-style-type: none"> Strengthen infrastructure through new addition and expansion of existing facilities. Encourage Public-Private Partnerships (PPPs) Encourage Foreign Direct Investments (FDIs) | <ul style="list-style-type: none"> Upgrade rail lines as double tracks Construct new rail link between Talaimannar and South India. Construct Mass Rapid Transport system (MRT) under the ground in city limits Provide multistoried parking Introduce buses with a greater seating capacity | <ul style="list-style-type: none"> No. of new additions Handling capacity Private sector investment No. of parking facilities Utilization ratios New employment |
| Utilization of existing resources | <ul style="list-style-type: none"> Integrate all modes of transportation Provide a strong coordinating mechanism for transport planning and management. Coordinate among relevant authorities involved in the transport sector Enhance quality of the present modes of transportation | <ul style="list-style-type: none"> Introduce shuttle services between airports, bus station and railway stations Introduce better inland water and coastal water transportation system Introduce air taxis which take off from a water base | <ul style="list-style-type: none"> No. of inland water-bodies used Utilization ratios |
| Improve safety and security | <ul style="list-style-type: none"> safety standards will be established Introduce new technology (Intelligent transport System, ITS) in traffic control and the road system | <ul style="list-style-type: none"> Introduce Electronic Signaling and the Global Positioning System (GPS) Introduce a surveillance camera system to public transport services | <ul style="list-style-type: none"> No. of accidents Sequence of delays No. of security related cases identified |
| Infusion of capital in new developments | <ul style="list-style-type: none"> Establish a governing body for all transport operations and infrastructure provision Develop monitoring and regulating system to assure the standards of the transport sector | <ul style="list-style-type: none"> Introduce new developments in a more systematic way to increase the return on investment | <ul style="list-style-type: none"> Implementation of the central governing body Return of Investment (ROI) of new projects |

| Sector Priorities | Strategy | Activities | Outcome Indicators |
|---|--|---|--|
| Provide a choice of modes of transport | <ul style="list-style-type: none"> ■ Enhance different modes ■ Improve customer satisfaction by providing better facilities and more options to the user ■ Enhance the communication information to enable the public to make the best choice | <ul style="list-style-type: none"> ■ Introduce Bus Rapid Transit (BRT) ■ Introduce Light Rail Transit (LRT) ■ Introduce Mass Rapid Transit (MRT) to Colombo and suburbs ■ Connect Light Rail Transit (LRT) lines with the MRT network ■ Introduce a monorail transport system as a high speed mode ■ Increase vehicle fleet ■ Provide rolling stocks for domestic light passenger transport ■ Display time tables of the arrivals and the departures of different modes of transportation using electronic display boards | <ul style="list-style-type: none"> ■ No. of integrations / connectivity ■ Public accessibility |
| Competitiveness among modes and providers | <ul style="list-style-type: none"> ■ Create competitiveness among the modes of transportation and service providers ■ Improve customer satisfaction and provide better facilities and more options ■ Encourage private sector participation and foreign direct investment | <ul style="list-style-type: none"> ■ Improve the railway system to facilitate the transportation of goods/cargo | <ul style="list-style-type: none"> ■ Private sector investment |
| Continual development and modernization | <ul style="list-style-type: none"> ■ Provide resources to conduct research on areas related to transport ■ Upgrade railway stations and main bus stands to act as commercial centers ■ Introduce modern technology to reduce long queues and ticket less travel | <ul style="list-style-type: none"> ■ Introduce shopping complexes, hotels and other luxury facilities including wireless internet access to bus stands and railway stations ■ Introduce self operated e-ticketing system ■ Develop the existing SMS-ticketing ■ Introduce wireless Internet access facility into the mobile units | <ul style="list-style-type: none"> ■ No of modernized railway stations / bus stands |

| Sector Priorities | Strategy | Activities | Outcome Indicators |
|---|---|--|--|
| Development of human & physical resources | <ul style="list-style-type: none"> ■ Implement state of the art systems to develop human and physical resources to a higher level ■ Introduce the new technology to the transport | <ul style="list-style-type: none"> ■ Introduce an institutional reform programme ■ Establish a Maritime Training and Education Institute ■ Establish a research station to identify new technologies in the construction field | <ul style="list-style-type: none"> ■ No. of training programmes held ■ Accessibility ■ New employment |
| Improved sustainability | <ul style="list-style-type: none"> ■ Achieve environmental sustainability ■ Review current vehicle emission standards ■ Achieve project financial sustainability ■ Achieve user sustainability through encouraging public to use public transportation services instead of private vehicles and encourage walking and cycling | <ul style="list-style-type: none"> ■ Introduce the use of electric vehicles and hybrid vehicles ■ Introduce Congestion Pricing or Congestion Charges, Electronic Road Pricing (ERP) fees, and higher peak charges for utilities, public transport and airports. ■ Implement emission tax on fuel ■ Establish new footpaths and bicycle paths | <ul style="list-style-type: none"> ■ No. of electric/hybrid vehicles ■ Minimum limits of green house gas emissions ■ Energy consumption |
| Sectorial integration | <ul style="list-style-type: none"> ■ Integrate related areas to reduce the demand for travel ■ Integrate development activities of the transport sector into the national master plan | <ul style="list-style-type: none"> ■ Enhance e-mail and internet facilities ■ Implement master plan | <ul style="list-style-type: none"> ■ Implementation of master plan |

Annex 4.2.1: Key development projects in progress

| Domain | Project | Activities | Investment |
|--------|-----------------------------|---|--|
| Port | Colombo South Harbour | Construction of; <ul style="list-style-type: none"> ■ A new harbour basin area of 285 hectares with 570m wide approach channel ■ A new major breakwater and small breakwater ■ A new marine operations centre ■ Three container terminals | Domestic: 19,800mn Foreign: Rs.33,000mn (ADB) Private: Rs.33,000mn |
| | Port of Hambantota | Construction of; <ul style="list-style-type: none"> ■ A breakwater with 1000m length ■ Two berths and an approach channel ■ Harbour basin and dredged up to 16m | Domestic: Rs.8,442mn Foreign: Rs.33,770mn (EXIM Bank of China) |
| | Port of Olivil | Construction of; <ul style="list-style-type: none"> ■ Two breakwaters- 550m length and 755m length ■ Dredging 8m of the harbour basin to accommodate 5000 DWT vessels in the first phase and 16,000 DWT vessels in the second phase. | Domestic: Rs.1,238mn Foreign: Rs.4,950mn (Netherlands) |
| | Port of Galle | Construction of; <ul style="list-style-type: none"> ■ A multi-purpose terminal and a breakwater ■ Channel and harbour basin dredging ■ Procurement of equipment and navigational aids | Domestic: Rs.3,382mn Foreign: Rs.13,530mn (JICA) |
| | Kankasanthuri Harbour (KKS) | <ul style="list-style-type: none"> ■ Repair the main breakwater and existing structure in the harbour ■ Remove the three sunken vessels laying close to the KKS Port | Domestic: Rs.20mn Foreign: Rs.80mn |

| Domain | Project | Activities | Investment |
|----------|--|---|--|
| Aviation | Bandaranaike International Airport | Phase II/stage II construction of: <ul style="list-style-type: none"> ■ New passenger terminal building ■ Aircraft parking apron ■ Road and multi-level car parking ■ Air navigation systems ■ Power supply system ■ Water supply system ■ Sewage treatment system | Domestic:Rs.4,528mn Foreign: Rs.25,656mn |
| | Mattala International Airport | Construction of: <ul style="list-style-type: none"> ■ 4km runway ■ Airport parking apron ■ Taxiway connecting to the runway and apron ■ Terminal building, cargo storage, fuel farm and fire services building | Domestic: Rs.18,984mn Foreign: Rs.4,746mn (EXIM Bank of China) |
| Railway | Northern Railway Line: Omanthai to Pallai (90 km) and Pallai to Kankasanthurai (72km) | <ul style="list-style-type: none"> ■ Laying of track ■ Formation of embankment, construction of six railway stations, two sub stations ■ Rebuilding a major bridge, ten minor bridges ■ Installation of a signaling system | Omanthai to Pallai: Domestic: Rs.4,181mn Foreign: Rs.16,724mn (India) Pallai to Kankasanthurai: Domestic: Rs.5,537mn Foreign: Rs.22,148mn (India) |
| | Medawachchiya to Madu (43km) and Madu to Thalaimannar (65km) | <ul style="list-style-type: none"> ■ De-mining of the trace ■ Laying of track with UIC 60kg rails, welded, with concrete sleepers and elastic fastenings ■ Installation of a signaling system | Madawachchiya to Madu: Domestic: Rs.1,831mn Foreign: Rs.7,322mn (India) Madu to Thalaimannar: Domestic: Rs.3,390mn Foreign: Rs.13,560mn (India) |

5. FOCUS ON MODERN EDUCATION AND KNOWLEDGE SYSTEMS

- Moving Education Towards
Creating Knowledge and Skills
- University Education for Knowledge
- Building a Competitive Workforce Through
Technology Education and Skills Development
- Modern Economy Through Science and
Technological Innovation

5.1 Moving Education Towards Creating Knowledge and Skills

I will not deprive our children of their right to free education.....All Maha Vidyalayas and Central Colleges will be fully developed with all modern facilities. Science laboratories for advanced level students, language centres with facilities to teach Sinhala, Tamil and English, Computer laboratories, library and sports centres will be among such facilities.

(Mahinda Chintana 2005, p 69)

The education system should not be focused on the next ten years but should be focused on the next century. I strongly believe that we need to assess how productive is the time spent by a student today for his or her future. I will introduce reforms that cover the number of classrooms and the examination system to ensure that students are not vulnerable within the system.

(Mahinda Chintana 2010, p 72)



Sri Lanka's general education system has made important gains in the recent past. The proportion of students completing the basic education cycle (grade 1-9) has risen from about 78 percent in 2005 to over 91 percent in 2009. Gender parity is high in the education system. Learning outcomes in primary education in First Language, Mathematics and English have increased significantly between the years 2005-2009.

Table 5.1.1

| Statistics on Schools | | |
|--|---------|---------|
| Category | 2005 | 2009 |
| No. of Schools | 9,732 | 9,662 |
| - National Schools | 324 | 330 |
| - Provincial Schools | 9,399 | 9,332 |
| No. of Teachers | 189,234 | 212,683 |
| No. of Navodya Schools | 388 | 515 |
| Fee-levying Private Schools | 26 | 36 |
| No. of Schools with Computer Labs | 1,147 | 2,033 |
| No. of Schools with English Medium Classes | 359 | 449 |
| Student/Teacher Ratio | 21 | 18 |

Source: Ministry of Education

The continued increase in investment in the education system has placed Sri Lanka relatively above the educational attainments in many countries in the South and South East Asian Region. The Global Competitive Report (2008), which surveyed 131

countries in the world, positioned Sri Lanka at 44 in terms of quality of the education system. In terms of the quality of primary education, in Mathematics and Science, Sri Lanka has been positioned at 42 and 41, respectively.

Table 5.1.2. Competitiveness Indices in the Region 2008/2009

| Country | Quality of primary education | Quality of Mathematics and science education | Quality of the educational system |
|-----------|------------------------------|--|-----------------------------------|
| Sri Lanka | 42 | 41 | 44 |
| India | 80 | 17 | 37 |
| Thailand | 80 | 17 | 37 |
| Malaysia | 23 | 21 | 18 |

Source: Global Competitive Report

Given the increasing economic integration and the emergence of information and knowledge based economies and life styles, the educational needs at all levels have changed significantly. This transformation has posed new challenges as well.

Towards 2020, our lives and working patterns are bound to change with both emerging technologies and changing markets for the skills and income of our people as a middle income country. Thus, our education system should help children to grow out of relative dependence on their parents and teachers to mature as independent learners, with the skills to adapt to a changing environment in the society.



The government aims at an education system that will provide the competencies and technological skills required for rapid economic and social development of the people. Thus, the education policy aims at creating a knowledge-based society, with educational institutions producing a workforce with required skills to face the emerging challenges in the society. It recognizes the necessity of promoting equity and enhancing the quality and relevance of education, while improving governance in service delivery. The policy also aims at promoting values and attitudes needed by individuals to live in peace and harmony in a disciplined society.

**Table 5.1.3
The Education Strategy Aims for Higher Level Educational Attainment**

| Indicator | 2000 | Target 2010 |
|---|------|-------------|
| Adult Literacy Rate | 94% | 97% |
| Net enrollment in kindergartens (5-6 years old) | 81% | 98% |
| Net Primary Enrolment | 92% | 98% |
| Primary school completion rate | 66% | 85-95% |
| Net lower secondary enrolment | 74% | 90% |
| Percent of lower secondary enrolment in semi-public and private schools | - | 20-40% |
| Net upper secondary enrolment | 38% | 50% |
| Percent of trained working labour force | 19% | 42% |

The school system now needs substantial modernization to create the human capital foundations of a knowledge hub. To top up the achievements of the general education system in terms of equity, quality and efficiency measures (e.g. enrolment, survival and student learning outcomes), the system still needs to make significant attempts to ensure access and full participation, raise achievement levels and reduce regional disparities. This will ensure the human capital formation and accumulation through general education to contribute to the knowledge hub and thereby to the local and global economy.

Policy Direction

Sri Lanka will move towards a quality and student friendly education system which contributes to a knowledge economy and provides the required skills and virtues to face the emerging needs of a modern global knowledge economy.

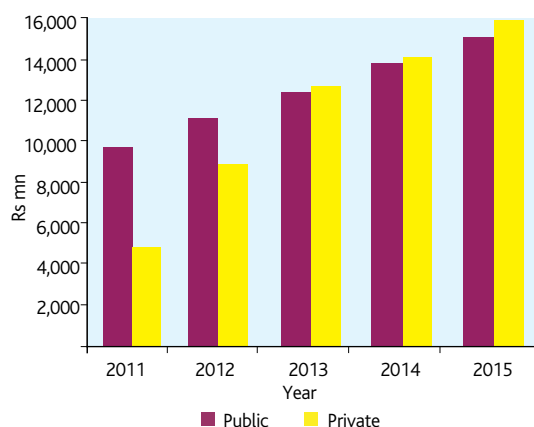
The future education system will therefore be characterized by the following features -

- all children complete their primary and secondary education successfully without being vulnerable as a result of their socio-economic background, gender or ethnicity
- education services are designed around the needs of each child, with the expectation that all learners achieve high standards
- all children and young people leave the school with functional skills in English and Mathematics, understanding of how to learn, think creatively, take risks and handle change
- teachers use their skills and knowledge to engage children and young people as partners in learning, acting quickly to adjust their teaching in response to pupils' learning
- educational applications of rapidly advancing technology are regularly updated and optimally used in the teaching and learning process

In order to realize these objectives, the Education Sector Development Framework and Programme (ESDFP) will be continued in the next 10 years. The ESDFP will mainly focus on (a) increasing equitable access to basic (grades 1-5) and secondary (grades 6-13) education, (b) improving the quality of education, (c) enhancing economic efficiency and equity of resource allocation and (d) strengthening service delivery and monitoring and evaluation.

Under this programme, it is planned to increase the GCE O/L pass rate from present level of 52 percent to 65 percent and GCE A/L pass rate from the present level of 60 percent to 75 percent by 2020 while increasing relevance of secondary education to the labour market requirements.

Chart 5.1.1.
Target Investment 2011 -2015



Continued free education policies - Equitable access to learning opportunities is essential for the country's development. Total enrolment at the pre-primary, primary and secondary school levels is needed as well as greater enrolment in tertiary and post-secondary educational programmes is also necessary. This will improve the level of skills and competencies of the population. Free education policies will continue with adequate support for students from low income families and disadvantaged circumstances to improve the accessibility and equality among children in class rooms. Out-of school children will be further reduced while promoting the retention of those re-admitted to the schools.

Ensuring the availability of trained and qualified teachers for all schools - A significant increase in the number of teachers in government schools was witnessed from 2005 to 2010. This has resulted in improving the student teacher ratio from 21 in 2005 to 18 in 2010. However, non-availability of teachers for specialized subjects such as Mathematics, Science and IT has become an obstacle to provide quality education.

All the teachers in the education system will be trained and equipped with the modern methodologies in teaching during the next three years. This will lead to an accelerated promotion of skills among students while improving their knowledge in other key subjects. Pre-service teacher education programmes will be upgraded to degree awarding level while strengthening

school-based teacher development. An effective framework will be established for (a) improving the subject content, knowledge, pedagogical skills and motivation of teachers and (b) the employment and deployment of teachers according to the educational requirements of the system.

Table 5.1.4.

| Teacher Development Targets | | |
|-----------------------------|---------|---------|
| | 2009 | 2020 |
| No. of teachers | 215,916 | 225,000 |
| Graduate teachers | 74,531 | 125,000 |
| Trained non-graduates | 134,213 | 100,000 |
| Untrained non-graduates | 11,083 | 0 |
| Science teachers | 12,444 | 27,000 |
| Math teachers | 12,890 | 27,000 |
| English teachers | 13,723 | 30,000 |



Government plans to set up a pool of teaching professionals comprising retired principals, teachers and retired intellectuals of state and banking sectors. Their honorary service will be utilized to conduct English medium teaching in A-level classes in government schoolsG

Table 5.1.5
Performance of Students at
GCE O/L and A/L - 2005 to 2009 & 2020

| Year | 2005 | 2009 | 2020 |
|---|------|------|------|
| GEC A/L (percent qualified for university entrance) | 59.2 | 60.3 | 75 |
| GEC O/L (percent qualified for GCE A/L) | 47.7 | 52.5 | 65 |

Transforming the school system - The existing schools network of the country will be modernized over time with all facilities, such as water and sanitation, child friendly class rooms, modern libraries, science laboratories and sport facilities. The Government plans to develop 1,000 existing schools as high performing nuclear schools throughout the country and affiliate several distance schools to these nuclear centres to minimize the high demand for nuclear schools located in the urban areas. These schools will provide high quality training in key subjects such as Science, English, ICT and Sports. This is designed to eliminate the regional disparities in the education system and yield positive benefits to children. Schools selected for development under existing programmes of Isuru Schools, National Schools and Navodya Schools will be merged with this programme which will ensure holistic quality development in the selected schools.

Selection of schools will be based on a mapping exercise and at least 3 primary schools will be identified as feeder schools to each selected secondary school to be developed.

Table 5.1.6

| No. of Schools to be Developed in Each Province | | | |
|---|-----|---------------|------|
| Province | No | Province | No |
| Sabaragamuwa | 113 | Uva | 88 |
| North Central | 82 | North Western | 127 |
| Eastern | 103 | Northern | 90 |
| Southern | 110 | Central | 153 |
| Western | 134 | Total | 1000 |

Under this programme, all primary schools will be separated from the secondary schools and managed separately.

Table 5.1.7
Enrolment (% of the official age group):

| | 2005 | 2010 |
|---|------|------|
| 3 – 5 year pre-school children | 58 | 67 |
| 5 year children | 90 | 98 |
| Primary net enrolment | 95 | 98 |
| Lower secondary enrolment | 82 | 90 |
| Upper secondary enrolment | 45 | 50 |
| Post-lower-secondary enrolment in vocational training | 15 | 25 |
| Technical training enrolment after upper secondary school | 10 | 15 |
| Number of students (Higher education) per 10,000 population | 140 | 200 |

Improving private sector participation in formal education - While the public education system will remain as the predominant service provider, private schools that are operated under the state regulations and standards will be encouraged to provide educational facilities for students who prefer to study in these schools.

Diversification of curriculum for students to have options - The quality of basic and secondary education will be improved through diversification of the curriculum and improving the achievement levels of the students in secondary schools in English, Science, Mathematics, ICT, and Management.

The soft skills required by employers, such as team work, communication, leadership and entrepreneurial ability of students, are to be improved through special tailor made programmes.



Improving assessment systems

There is a need for improving assessment systems along with curriculum diversification. This will promote performance assessments at school level and public examinations with alternative proficiency levels for students to have options. For this purpose, school level professional capacities on management, planning, monitoring and evaluation, and teaching will be strengthened.

Extending age limit for compulsory education

The present age limit of compulsory education fixed at 14 years will be extended to the ordinary level examination or to 16 years.

Integrating technology learning as a part of basic education

Schools will be encouraged to use foremost technology in class rooms to enhance the delivery of education. The computer will be an essential device for every class room in secondary schools (from grade 6 to 13). In addition, multimedia and computer aided learning materials, approved by the relevant authority, will extensively be used in class room education. Technology learning will gradually be introduced into every student's basic educational curriculum to provide them with required skills and virtues to face the emerging needs in the future economic milieu.

Government, in partnership with private sector will develop necessary communication technology and multimedia resources to help students learning in the classroom and alternate programme delivery such as distance learning.

Improving language learning

Bilingual education will be promoted. Language laboratories are expected to be established in every education division to provide opportunities for children to learn not only English but also Sinhala, Tamil and other foreign languages. Curricula will also be improved to develop dignity of labour, self confidence, creativity, leadership skills, quantitative skills and positive concepts among children. Special teaching and supervision methodologies to assist students who fail all subjects, as a result of lacuna in the education environment and the environment at home, will be developed and introduced.

Improving information systems - A dynamic on-line information centre will be established in the Ministry of Education to provide necessary information and material for students, teachers, parents and school administrators. The latest and most reliable information in relation to schools and school based assessments, post secondary education planning, apprenticeship training, career planning, curriculum, teaching resources, exams and health and safety measures will be disseminated to students, teachers, parents and school administrators through this on-line information centre.

Preparing students for the job market or further studies through career study programmes - Career study programmes will prepare students for the job market or further studies and enable them to explore a wide range of career options. These programmes will be developed and implemented in the education system with the assistance of the private sector, professionals and industries.

New Education Act to solve inherent issues in general education - Government has already appointed a Parliamentary Select Committee with the objective of identifying necessary reforms to address current challenges and solve the inherent problems in general education. Accordingly, a new Education Act will be presented to Parliament soon.

Activity-Outcome Matrix

| Policy Objective | Strategy | Target / Outcome 2020 |
|--|--|--|
| Increase access to basic (grades 1-5) and secondary (grades 6-13) education | Increase the number of good quality secondary schools - 450 schools by 2013 700 schools by 2016 1,000 schools by 2020. | A network of 1,000 high quality secondary schools linked to about 4,000 well performing primary schools |
| | Facilitate private sector to provide educational facilities for students who prefer to study in private schools | Increased number of students in private schools to 80,000. |
| | <ul style="list-style-type: none"> ■ Extend the period of compulsory education from 6-14 years to 6-16 years ■ Continue free education policies for uniforms, text books etc | <ul style="list-style-type: none"> ■ Extended period of compulsory education to 6-16 years ■ No. of students benefited from free education policies 300,000 |
| Improve the quality of basic and secondary education | <ul style="list-style-type: none"> ■ Review and diversify existing curriculum ■ Further strengthen teaching and learning of English as a second language at school level ■ Develop Science and Mathematics teaching methodologies ■ Develop laboratory facilities of 1,000 schools and provide science mobile laboratories for 3140 schools ■ Establish a "Model ICT learning environment" within the special programme of improving 1,000 schools through provision and replacement of ICT equipment ■ Implement educational software development programme ■ Implement special programmes to improve soft skills - team work, communication, leadership and entrepreneurial ability of students | <ul style="list-style-type: none"> ■ Improved GCE O/L pass rate from 52% to 65% by 2020 ■ Improved GCE A/L pass rate from 60% to 75% by 2020 ■ Improved Minimum laboratory facilities for all schools will be ensured ■ All schools comfortably adopt ICT for academic and administrative purposes ■ Extended ICT as a technical subject for GCE O/L ■ Established proper science and mathematics education in all secondary schools ■ Improved soft skills of students |
| Teacher development | <ul style="list-style-type: none"> ■ Establish an effective framework for (a) improving the subject content knowledge, pedagogical skills and motivation of teachers and (b) the employment and deployment of teachers according to the educational requirements of the system ■ Conduct training programme for all teachers ■ Train 1,000 young men and women in the plantation sector who have the required qualifications to teach key subjects in the Tamil medium | <ul style="list-style-type: none"> ■ Improved knowledge and skills of teachers ■ Deployment of adequate number of teachers to teach the main subjects such as English, Mathematics, Science and IT |
| School based assessment | <ul style="list-style-type: none"> ■ Strengthen school based assessment ■ Develop special teaching and supervision methodologies to assist students who fail all subjects | <ul style="list-style-type: none"> ■ Minimized number of students who fail all subjects |
| Strengthen service delivery | <ul style="list-style-type: none"> ■ Conduct programmes to strengthen management and leadership skills of school principals, section heads, and managerial and administrative staff. ■ Develop and implement a medium-term HRD plan for the education sector | <ul style="list-style-type: none"> ■ Improved management and leadership skills of school principals, section heads, and managerial and administrative staff |
| Improve information system | <ul style="list-style-type: none"> ■ Establish dynamic on-line information centre ■ Develop and implement career study programmes | <ul style="list-style-type: none"> ■ Necessary information and material for students, teachers, parents and administrators are provided on line ■ Students prepared for the job market or further studies |

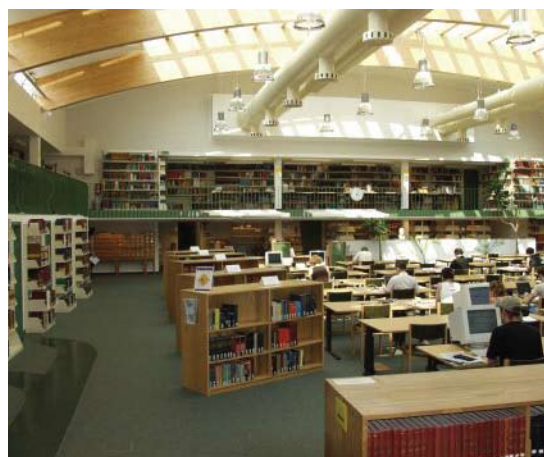
5.2 University Education for Knowledge

The right to pursue higher studies by all students who pass the advanced level has to be protected.... As a first step of this programme, I intend to increasing the number of students to be enrolled into the universities by commencing new courses and expanding the present facilities.

(Mahinda Chintana 2005, p 72)

I firmly believe that a country's achievements are based on organizing its manpower efficiently and effectively. In this context, the university is the centre of generating and disseminating knowledge. I always believe that the aim of university education is to create someone who could see the world beyond its horizon. Universities should not be factories that create technicians for employment.

(Mahinda Chintana 2010, p 75)



Overview

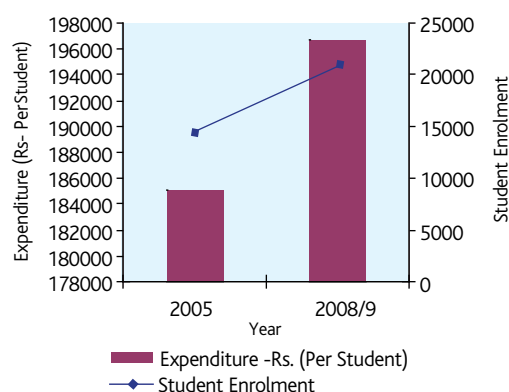
The role of higher education as a major driver of economic development is well established. This role will increase further with emerging changes in technology and economic needs in the whole world and individual countries. Globalization poses new challenges for countries. The phase of technological change will continue to increase exponentially. People expect living standards to be higher with more 'luxuries' becoming 'necessities' and a greater proportion of income will be spent on education, leisure, household services, sports and culture. To remain competitive in the light of these changes, the country will need to improve productivity and adopt an innovative spirit. Higher education is in a unique position to help achieve these goals. Sri Lanka's future in the global knowledge economy depends critically on the country's intellectual and human capital. As the country is geared to take off and advance as a fast growing middle-income country, it is critically important that Sri Lanka has the human capital needed to compete with global knowledge economy. The ability of people to think and act creatively, work productively and efficiently, communicate effectively and innovate and adopt new technologies to strengthen economic activities is vital. Thus, Sri Lanka needs a higher education system that can produce skilled, hard-working and enterprising graduates. Also, the country needs a research and innovation capacity capable of promoting dynamic economic development.

The Knowledge Hub initiative will help to develop Sri Lanka as a destination for investments in higher education and position the nation as a centre of excellence and regional hub for learning and innovation. It will enhance the national economic development efforts through the development of a skilled and educated workforce and the creation of new employment opportunities.



The state university sector comprises 15 universities, 6 post graduate institutes and 9 other degree granting institutes. At present, about 110,000 students, 5,900 lecturers and 14,500 supportive staff are attached to these universities. Over the years, universities have developed a strong research orientation by adding a rich pool of theoretical and empirical research. However, the capacity of the state university system is limited. Not more than 17 percent of those who qualify for university education can gain admission to universities. There is a need for establishing national norms for the higher education sector. Also, it is necessary to promote relevance and quality of teaching, learning and research in the university system. In addition, there is a vital need for human resource development in the higher education sector in Sri Lanka.

Chart 5.2.1.
Per Capita Expenditure and Student Enrolment in University Education



Policy Direction

Better performance at the secondary level education will lead to increasing demand at the tertiary level. As such, the higher education policy will focus on (a) increasing access by enabling more choices in courses, modes of learning and alternate institutions within a regulatory framework for all prospective students, (b) enhancing quality and upgrading standards with emphasis on employability and ability to cope with national development needs and global competitiveness, (c) fostering a culture of research and innovation, and (d) ensuring accountability, sound performance and financial sustainability. Universities are encouraged to become centres for economic development, agents of innovation and incubators of entrepreneurship.

Sri Lanka has targeted achievement of excellence in higher education by 2020, becoming the most preferred country for higher education in the Asian subcontinent. It will be among the top countries for higher education in Asia. The Sri Lankan universities will offer internationally recognized courses that are recognized by local and global employers.



Table 5.2.1

| Foreign Students in Sri Lanka | | | |
|-------------------------------|------|--------|--------|
| Year | 2010 | 2015 | 2020 |
| No.of Students | 307 | 12,000 | 50,000 |

It is planned to double the number of students entering local universities (40,000) by 2020. Necessary support and regulatory framework will be ensured to enable the local universities and higher education institutions to maintain international standards in relation to their education programmes. The government has already commenced the formulation of necessary legislation to regulate private sector higher education institutions. A quality assurance and accreditation system, covering the entire higher education sector, will be implemented in the near future to standardize higher education programmes conducted by different institutions.

Table 5.2.2

| Transforming the Higher Education Sector | |
|--|---|
| From | To |
| A system with no accreditation | A system with accreditation and quality assurance |
| A system with local orientation | A system with global and industry orientation |
| A system that focuses largely on teaching | Teaching, research, development and social service |
| A system with 21,000 annual enrolment (local students) | A system with 40,000 annual enrolment |
| 300 foreign students | 50,000 foreign students |
| A system that producing theory oriented graduates | A system that produces practical, pragmatic and results oriented professional graduates |
| A system with minimal ICT use | A system with maximum ICT use |
| A system with few private sector relations | A system with private public partnerships. |

While the state university system performs as the main provider of university education, the establishment of private universities will be encouraged. The Government plans to attract about 10,000 foreign students to local universities and another 50,000 foreign students to Sri Lanka through proposed private universities. These universities are also expected to absorb Sri Lankan students leaving the country for higher education and protecting foreign exchange savings and earnings. Degree-granting institutions and non-state universities will operate, side-by-side, in collaboration with the state universities under the surveillance of state laws. Local universities are encouraged to nexus with renowned academic institutions in the world for expansion of their academic programmes and training their academic staff.

A number of strategies will be implemented during the next 10 years to transform the higher education sector into a more responsive and proactive sector.

Strategies

Facilitating local universities to be among the top 250 universities in the world

Table 5.2.3
World Rank 2010 (October)

| World Rank | Name of the University |
|------------|--|
| 51 | University of Tokyo |
| 83 | Kyoto University |
| 124 | National University of Singapore |
| 604 | Indian Institute of Science Bangalore |
| 1487 | University of Delhi |
| 1811 | Lahore University of Management Sciences |
| 2185 | University of Colombo |
| 2198 | University of Moratuwa |
| 3005 | University of Peradeniya |

Source: www.webometrics.info/index

In order to increase Sri Lanka's global competitiveness, it is essential for local universities to become internationally prominent institutions with excellence in research, academic freedom, atmosphere of intellectual excitement and freedom to pursue knowledge. At least three local universities will be targeted to be among the top 250 universities in the world. This will be achieved through performance oriented policy reforms, improving the quality of academic programmes and improving the quality of teaching and administrative staff, and upgrading learning resources.

Universities as Centres of Regional Development

Universities will be encouraged to become knowledge based centres of economic development. They will lead the regional development by localizing new technology and suggesting suitable interventions to realize the growth potentials of the regions where the university is located. The universities will be integrated with townships, mega technology and service centres, teaching hospitals, library facilities, science parks, hostels, supermarkets and residential units. More resources will be diverted to upgrade each of

the universities located outside the Western Province. These universities will also be encouraged to develop their own identity by becoming Centres of Excellence of their chosen field.

Public Universities in Sri Lanka



Providing Necessary Infrastructure and Cutting-edge Technology to Universities and Other Institutions of Higher Education

The state will promote public private partnerships (PPPs) and private sector participation in developing higher education facilities. Universities are encouraged to use state-of-the-art technology in the lecture rooms and laboratories of higher education institutions to modernize the existing infrastructure facilities in these institutions. Also, language laboratories equipped with all modern state-of-the-art facilities will be set up in

all universities and higher education institutions to ensure that all graduates acquire proficiency in the English language and other required foreign languages.

At present, over 110 infrastructure development projects are being implemented in state universities at a total cost of over Rs. 10 billion to provide necessary facilities such as lecture halls, hostels, health facilities, administrative infrastructure etc. A new project is planned to commence in 2011 to support the national development efforts in higher education. This will further assist the development of state universities and alternative higher education institutes to modify their educational programmes catering to the present needs.

Introducing New Market-oriented and Internationally Recognized Degree Programmes

Sri Lanka's transition to a knowledge based economy will create more job opportunities for educated youth. As a productive and competitive economy, Sri Lanka will require high skill levels in specific fields, and also increasingly diversified and updated skills. Therefore, the Government plans to expand university enrolment, mainly in market-oriented degree programmes. Universities and other higher education institutes are encouraged to develop and offer internationally recognized and market-oriented degree programmes required by global employers.

Priority areas for new courses

- Urban planning
- Internet marketing
- Telecommunication
- ICT and software
- Transport management
- Naval and shipping
- Aviation engineering
- Food technology
- International business management
- Knowledge management
- Corporate governance
- Insurance and banking
- Tourism, sports and leisure
- Pollution reduction, waste disposal and management and forest conservation

The number of students admitted to demand driven programmes will be gradually increased and new subjects such as Marketing, Human Resource Management, Accounting, IT, Creative Writing, Hospitality Management etc will be introduced to enhance the employability of graduates.

Establishing a Modern 'University of Science and Technology' as a Partnership Project

When firms shift towards high value addition in services, industries, and agricultural sectors with a view to improving efficiency and productivity, there will be an increasing demand from those sectors for IT professionals. Therefore, the ICT sector stands out as one of the potential areas for development and income generation and for job creation in the country. In order to meet this increasing demand for ICT graduates, a new university is planned to be set up as a partnership project with the private sector. This will be a dynamic and modern university, equipped with cutting-edge technology and committed to ICT, and science and technology education. The university will provide world class education within the broad sphere of telecommunications, multimedia, computers, digital art, animation, information technology, software development and science and technology.

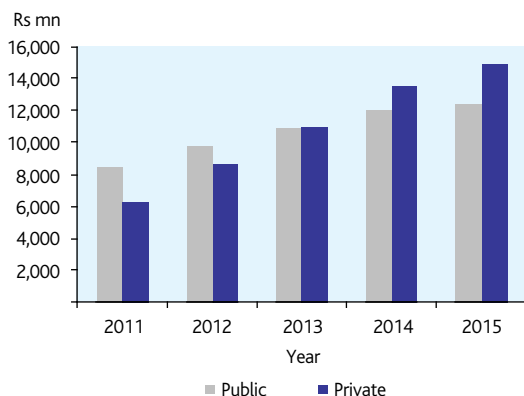
Market Intelligence Units (MIUs) will be established in each university. These units will collect the information about private sector needs and coordinate with the university management to produce graduates accordingly. The MIUs, in collaboration with the private sector, will facilitate student placement in industry as a part of the degree programme. It will also provide career guidance and counseling for students.

A Knowledge City

The success of transforming Sri Lanka to a Knowledge Hub will greatly depend on the availability of enabling environment and infrastructure to attract prominent international research and education institutions. The concept of a Knowledge City provides an attractive model for private investors in this field. Government will designate a specific area for the proposed city and provide the supportive infrastructure including necessary buildings and service centres while encouraging international research and education

institutions to setup their affiliated institutions in the proposed Knowledge City. This target will be achieved by offering a carefully designed incentive package. The city will build a strong partnership with the community by way of generating new job opportunities, helping them to develop their knowledge and serve as a place of mental and physical relaxation. The architectural design of the city will be futuristic and attractive to people.

Chart 5.2.2
Target Investment: 2011-2015



Promoting Innovation, Research and Development

Universities and research institutions will be encouraged to increase the quality and quantity of research undertaken, promote innovation, increase the acquisition and diffusion of technology and expand the economic and commercial potential of intellectual capital. This will enable Sri Lanka to effectively use intellectual resources available in universities for economic development.

The autonomy and dignity of universities and their governance system will be respected and ensured. Universities are encouraged to generate a substantial amount of financial resources for their activities. A major portion of government funds to universities will be allocated based on their performance.

Expanding Postgraduate Education

The demand for educated labour will increase continuously over the next decades due to globalization and the changing structure of the national and international economies. Therefore, opportunities will be provided annually to obtain a degree by Distance Education for 20,000 students in the priority list who have passed the A/L examination but have not been selected for university admission. For this purpose, the Open University plans to expand facilities at its regional centres located in various parts of the country for distance education. Courses will be conducted mainly through the internet and video conferencing. A mechanism will be developed to obtain knowledge and skills of the industry professionals in content designing and course delivery. This will make public universities more competitive.

Improving University Facilities

The accommodation facilities of the universities will be expanded to ensure residential facilities for all undergraduates in and around the University Township. The enabling environment will be developed to attract investments in recreational education activities and university centred marketing and other services by private parties. Most of the libraries will provide access to e-journals, e-books and other documents and information. Computerized services will enhance efficiency and client satisfaction.

Activity - Outcome Matrix

| Strategy | Period | Target/ outcome 2020 |
|--|--------------|--|
| Provide necessary infrastructure and cutting edge technology to the universities and other higher education institutes to improve quality and relevance of degree programmes | 2011-2020 | <ul style="list-style-type: none"> ■ Interconnected and modernized network of universities with all necessary facilities for accreditation ■ Increased enrolment rate of local universities up to 60% by 2020 ■ At least 3 local universities are to be promoted among the top 250 universities in the world ■ Quality and relevance of academic programmes will be improved ■ Improved library and hostel facilities in universities |
| Implement a quality assurance and accreditation system, covering the entire higher education sector | 2012 onwards | Standardized higher education programmes conducted by different institutions |
| Develop and offer internationally recognized and market-oriented degree programmes required by global employers | 2011 onwards | <ul style="list-style-type: none"> ■ Employable graduates with right skills ■ Improved entrepreneurial ability of trainees |
| Establish a new modern Science and Technology/ ICT university as a partnership project | 2012-2014 | Increased world class education opportunities within the broad sphere of telecommunications, multimedia, computers, digital art, animation, information technology, software development and science and technology |
| Facilitate world renowned universities to start their academic programmes in Sri Lanka | 2011 onwards | Expanded opportunities for higher education |
| Establish Market Intelligence Units in each university | 2012-2015 | <ul style="list-style-type: none"> ■ Strengthened linkage between universities and industries ■ Developed linkages between different higher education institutions and the industry |
| Designate and establish a Knowledge City | 2011-2014 | Improved facilities for international research and education institutions to setup their affiliated institutions. Increased opportunities for higher education |
| Enhance research and innovation capacity of universities | 2011 onwards | Enhanced research and innovation capacity of universities and improved creativity |

PATH TO A KNOWLEDGE-BASED ECONOMY

The 10 year strategy lays out a vision of Sri Lanka step by step moving towards a knowledge-based economy. It recognizes that in order to do so, Sri Lanka must develop its science and technology, strengthen education, training and skills process and develop high quality human resources to serve the requirements of modernization. It aims to harness global knowledge and apply it to the development of all people and all sectors. Yet, at the same time and somewhat contradictorily, it aims to focus on some selected important sectors to build up information technology, biological technology, new material technology and automation technology.

A knowledge based economy is about the application of global knowledge to all economic activity, rather than about the development of certain high-tech industries, such as electronic hardware or software. The future prosperity of Sri Lanka will require a new configuration of skills, abilities and competencies. This will be driven by the widespread availability and use of information and communication technologies, the speed of scientific and technological advancement and accelerating global competition. Sri Lanka's successful integration with the global economy and its sustained success in international competition will depend increasingly on effective combinations of science, technology and innovation.

There seems to be a number of common characteristics associated with the success:

- Adoption of competitive high value added export promotion and import replacement strategies to increase global trade.
- Development of an appropriate educational and technological infrastructure, including the provision of widespread literacy, vocational education and training, development of an engineering cadre and the training and support of research scientists.
- Promotion of R&D intensive high technology production processes to use new products machinery and markets that increase productivity and expand business activity.
- Promotion of partnerships with research institutes, universities and the private sector to establish synergistic alliances and networking.
- Development of a dynamic technology transfer platform for wealth through techno entrepreneurship business initiatives.
- Prioritization of an allocation of resources to well integrated national R&D initiatives and design the tax and fiscal incentive in favour of R&D expenditure.
- Promotion of a national cadre of researches and scientists to attract private sector to engineering, science and technology parks and associated high-tech industries.
- Adoption of a National Human Resource Development (NHRD) policy to strategize R&D and to target postgraduate research in high-tech areas such as nanotechnology, biotechnology mechatronics, material science, microelectronics, IT, satellite, clinical research, and telecommunications.

5.3 Building a Competitive Workforce Through Technology Education and Skills Development

The tertiary and vocational training has to be geared to meet the requirements of emerging needs of domestic and overseas labour markets. Therefore, I will take action to expand tertiary education to provide international level knowledge and training and to protect the dignity of the profession.

(Mahinda Chintana 2005, p 74)

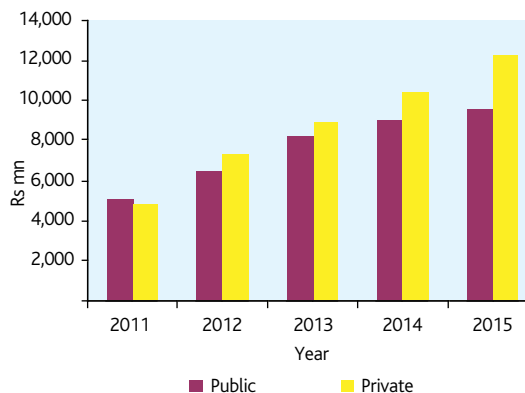
I will identify and provide opportunities for our youth to follow internationally reputed training programmes and tertiary education programmes that provide internationally recognized qualifications so that our young people are equipped to meet the demands of the global work force.

(Mahinda Chintana 2010, p 69)



The intensive application of high-tech equipment and systems is an integral part of modern economy. The emerging new economic order is based on knowledge, innovation, skills and international collaboration. The industrial-age business models are now being replaced by new business models utilizing human, financial and technological advances in the world. Small and Medium Enterprises (SMEs) are planned to be strengthened, getting strong forward linkages to large enterprises. Therefore, it is necessary for Sri Lanka to align its skill development programmes with this new trend to take advantage of the emerging economic conditions.

Chart 5.3.1
Target Investment: 2011-2015



The demand for skilled labor will increase continuously over the next decades due to the changing structure of the national economy and technological development. Knowledge economy strategies will create a significant demand for all skill categories including professionals, middle level technicians, associate professionals and managers. Against this background, the technical educational institutions are being strengthened to provide and steer socio-economic development of the country.

At present, about 180,000 students leave the school system after completion of their O/L and A/L examinations. Nearly 17 percent of students who qualify for university education can gain admission to universities. A large proportion of these students enter the labour force without following any proper skills development programme. Therefore, this group will be the prime target for specific training and skills development programmes

DEVELOPMENT TOWARDS A SKILLED ECONOMY

Sri Lanka has emerged as a promising economy in Asia and expected to take off over the forthcoming years, and increase its per capita income to over US\$ 4,000 by 2016. Changing structure of the national economy, combined with rapidly changing technology, increasing income of people and modernization of lifestyles and global links will open up new employment opportunities with specific technical knowledge and skills. The demand for an educated ,skilled and professional workforce is projected to rise in the medium term.

- The current ICT work force of approximately 50,000 is expected to increase to 186,000 by 2016 in the areas of database management, digital media and animation, business analysis and systems integration, network administration, programming and software engineering, testing and quality assurance, business process outsourcing and marketing and web development.
- As one of the fast emerging industries, the tourism industry is expected to attract 2.5 mn high spending tourists by 2016. A tremendous growth is envisaged in the construction, furniture, transport and food and beverage industries in the country and the room capacity to accommodate a wide range of tourists including in wildlife, culture and business, is expected to increase from 15,000 to 50,000. The tourism sector alone is projected to generate 700,000 new employment opportunities of which 20 percent is for managerial categories in the leisure industry by 2020.
- With the large scale development activities planned in the naval, aviation, commercial, energy, road and transport, urban development, irrigation and knowledge sectors, new jobs opportunities are projected for airport and aviation engineers, professionals, technicians and craft related skilled workers in the building and construction industry, machine operators and mechanics, automobile and motor mechanic technicians, environmental managers and engineers, managers, technicians and craft related workers in the metal and light engineering sector. About 50,000 - 70,000 skilled people are needed annually for these categories during the next 6 years.

- The country needs to produce about 2,500 nurses and about 600 radiographers, physiotherapists, pharmacists, MLTs, ECG/EEG operators, dispensers etc annually to be worked in the domestic private medical institutions and medical institutions abroad.
- An annual demand of 9,000 skilled personnel such as , hair dressers, beauticians, salon managers, stylists, therapists, nail stylists, tattoo artists and bridal and wedding designers, dress makers, flower designers etc, is projected during the 2011- 2016 period.
- The country also needs to produce about 2,000 and 1,500 skilled people annually with performing art (modellers, dancers etc) and film related skills, respectively in the same period.
- The demand for traditional skill categories in the areas of office management, textile and garments, leather products, gem and jewellery and rubber and plastic industry is expected to remain more or less constant during the next 5 years.

The technical education and vocational training institutes and higher education institutes are being facilitated to develop and offer internationally recognized and market-oriented skills development programmes in the above areas to meet the new demand for skilled workforce.

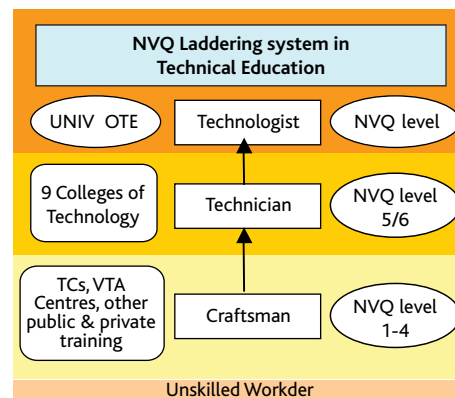
Government plans to provide internationally recognized vocational and technical training opportunities to the labour force in keeping with advancing technology and industry competency needs.



Implementing new programmes satisfying the requirements of technical skills for emerging new economic sectors - With the new development initiatives in the naval, aviation, commercial, energy and knowledge sectors, new job opportunities are projected in the areas of information technology, software development, business processes outsourcing, and internet marketing, construction, performing arts, beauty culture, medical and health science, mining and oil exploration, telecommunication, ports and cargo handling, naval and shipping, airport and aviation engineering, food technology, business management, knowledge management, space science, corporate governance, insurance, banking, tourism, sports and leisure, environmental management and engineering, automobile industry and media. New technical courses will be introduced to address these emerging requirements.

Maintaining highly skilled training through a system of accreditation - Quality and standards of technical education and vocational training programmes will be ensured by maintaining a unified certification system and National Skills Standards based on competencies identified for specific occupations. All technical education and vocational training institutions will be encouraged to adhere to the National Vocational Qualifications from level 1 to level 7 to maintain the quality of the training

programmes provided by various providers. There will be national competency standards set in consultation with the industry, national quality standards for teaching and assessment using a competency based approach, and national certification of learners and workers. This will ensure the uniformity in national standards of training institutions and training courses.



Improving the quality of technical education- Priority will be given to rationalize and strengthen the government institutional network for providing technical education and vocational training to offer internationally recognized and market driven training programmes. The capacity of the training institutions in the public sector will be strengthened through provision of necessary facilities such as class rooms, workshops and new equipment to improve the quality of their training programmes to a level recognized internationally. Follow-up services such as credit facilities, access to markets, technical know-how and raw material will be provided through the business arm of the training institutions.

A manpower reserve of 350,000 - To ensure that rural youth acquire the necessary skills to secure highly paid jobs, a manpower reserve of 350,000 will be created within the next three years (2011-2013) through expanding and re-prioritizing existing programmes and introducing new programmes.

Table 5.3.1 - Estimated Annual Training Needs: 2011 -2013

| Supply Side | 2011 | 2012 | 2013 | 2011-13 |
|--|----------------|----------------|----------------|----------------|
| ■ No of students sitting for GCE (O/L) | 274,922 | 277,671 | 280,448 | 833,041 |
| ■ School leavers after GCE(O/L) | 127,839 | 127,729 | 127,604 | 383,172 |
| ■ Students entering GCE (A/L) | 147,083 | 149,942 | 152,844 | 449,869 |
| ■ No of students entering formal skills development programmes and degree programmes | 88,200 | 93,617 | 96,680 | 278,497 |
| ■ Target population for skills development | 186,722 | 184,054 | 183,768 | 554,544 |
| Demand Side - Annual Training Needs | | | | |
| Skill Category | 2011 | 2012 | 2013 | 2011-13 |
| ■ IT professionals and associate skills | 13,000 | 16,125 | 20,031 | 49,156 |
| ■ Tourism - Managerial categories | 3,960 | 5,160 | 7,460 | 16,580 |
| - Non managerial categories | 16,100 | 23,500 | 30,200 | 69,800 |
| ■ Airport and aviation engineers / technicians | 252 | 472 | 612 | 1,336 |
| ■ Performing arts related skills | 1,000 | 1,890 | 2,214 | 5,104 |
| ■ Building and construction - Professional grades | 975 | 1050 | 1100 | 3,125 |
| - Technical grades | 4,740 | 4,740 | 4,740 | 14,220 |
| - Craft related grades | 17,576 | 17,576 | 17,576 | 52,728 |
| ■ Machine operators & mechanics | 2,657 | 1,469 | 1,469 | 5,595 |
| ■ Automobile and motor mechanic technicians | 10,200 | 10,430 | 10,666 | 31,296 |
| ■ Environmental managers and engineers | 350 | 375 | 400 | 1,125 |
| ■ Medical and health science - Nurses | 2,300 | 2,784 | 3,374 | 8,458 |
| - Other | 425 | 480 | 550 | 1,455 |
| ■ Beauty culture - Professionals and other grades | 8,995 | 9,258 | 9,533 | 27,786 |
| ■ Metal and light engineering - Managerial and technical grades | 3,580 | 3,660 | 3,743 | 10,983 |
| - Craft related grades | 13,166 | 13,587 | 14,025 | 40,778 |
| ■ Photography and film career related skills | 1,500 | 1,563 | 1,628 | 4,691 |
| ■ Office management | 3,500 | 3,562 | 3,627 | 10,689 |
| ■ Textile and garments | 3,412 | 3,412 | 3,412 | 10,236 |
| ■ Leather products - related skills | 660 | 675 | 690 | 2,025 |
| ■ Gem and jewellery - related skills | 225 | 241 | 258 | 724 |
| ■ Rubber and plastic industry - related skills | 576 | 584 | 592 | 1,752 |
| ■ Fisheries industry - related middle level technical skills such as craft building | 250 | 400 | 450 | 1100 |
| Total | 109,399 | 122,993 | 138,350 | 370,742 |

Improving operational and managerial efficiency of the public sector technical education-

The operational and managerial efficiency of the public sector technical education and vocational training institutions will be improved through performance oriented policy reforms and rationalization of training programmes and resources. A special training programme will be implemented in collaboration with the industry to produce qualified instructors for vocational training institutions. The capacities of the existing training instructors will be strengthened in keeping with advancing technology and emerging labour market requirements

Promoting private sector investment - The private sector is vibrant in vocational education. The country is blessed with internationally renowned educational establishments which provide range of opportunities.



While maintaining a viable network of vocational training centres, the Government will facilitate diversification of providers and the creation of an attractive environment for private sector investment in technical training to encourage enrolment. The private sector will be encouraged to take the lead in providing vocational training to satisfy their needs. There are many skilled personnel in different industries without any recognized certificate. The Government has recognized the necessity of providing proper qualification for these people who do not have formal vocational and technical training but seek assessment in line with the NVQ system through the "Recognition of Prior Learning" process. It is planned to establish Assessment Centres and run them as partnership projects with the registered assessors in the private sector for this purpose.

Linkages with general education and higher education

- The linkages and coordination between the vocational training sector and the general education and higher education sectors will be strengthened. Assistance of university professionals will be obtained for revision of curricula, teacher development, career guidance programmes etc. Improved science, mathematics, ICT and technology education in secondary schools will provide more opportunities for students to follow their higher education in similar subject streams. This will help students to find highly paid jobs in the private sector.

Table 5.3.2. Existing Capacity of Public Vocational Training Institutions - (Selected Full Time Courses)

| | Skills Category | VTA centers | TCs | NAITA | NYSC | COTs | NIBM | CGTTI | NIFNE | UNI VOTEC | Total |
|--------------|-----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|---------------|
| 1 | Information Technology | 4,170 | 240 | 1,372 | 1,100 | 480 | 4,500 | - | - | - | 11,862 |
| 2 | Hotels and Tourism | 825 | - | - | 135 | | 1,000 | - | - | - | 1,960 |
| 3 | Naval /Shipping / Fisheries | 77 | - | 25 | - | | | - | 769 | - | 871 |
| 4 | Finance/ Insurance/ Banking | - | 1,240 | - | - | 590 | 150 | - | - | - | 1,980 |
| 5 | Food Technology | 458 | - | 10 | - | 40 | - | - | - | - | 508 |
| 6 | Business Management | - | 190 | 120 | - | 100 | 1,000 | - | - | - | 1,410 |
| 7 | Building and Construction | 1,980 | 1,480 | 366 | - | 580 | - | - | - | 132 | 4,538 |
| 8 | Automobile and Motor Mechanics | 2,220 | 455 | 792 | 395 | 455 | - | 130 | - | - | 4,447 |
| 9 | Environmental Management | - | 20 | 30 | - | - | - | - | - | - | 50 |
| 10 | Electronic and Telecommunication | 540 | 360 | 373 | 250 | 270 | - | 31 | - | - | 1,824 |
| 11 | Medical and Health Science | - | - | 55 | - | 40 | - | - | - | - | 95 |
| 12 | Beauty Culture | 1,925 | - | 75 | 399 | - | - | - | - | - | 2,399 |
| 13 | Metal and Light Engineering | 2,550 | 870 | 226 | 395 | 160 | - | 47 | - | 52 | 4,300 |
| 14 | Heavy vehicles/ machine operators | 120 | 170 | 154 | - | 15 | - | - | - | - | 459 |
| 15 | Electrical Engineering | 3,165 | 495 | 412 | 360 | 270 | - | 62 | - | 19 | 4,783 |
| 16 | Agriculture and Livestock | 180 | 155 | - | - | 35 | - | - | - | - | 370 |
| 17 | Textile and Garments | 5,910 | 145 | 536 | - | 170 | - | 40 | - | - | 6,801 |
| 18 | Leather Products Development | 180 | 15 | 15 | - | 15 | - | - | - | - | 225 |
| 19 | Gem and Jewellery | 255 | - | 20 | - | 15 | - | - | - | - | 290 |
| 20 | Furniture Manufacturing | 2,235 | 255 | 256 | - | 180 | - | - | - | - | 2,926 |
| 21 | Art and Media | - | - | 96 | - | - | 100 | - | - | 30 | 226 |
| 22 | Rubber and Plastic | - | 30 | - | - | 15 | - | - | - | - | 45 |
| 23 | Office & HR Management | 120 | - | - | - | - | 1,000 | - | - | - | 1,120 |
| 24 | Logistics/ Project Management | - | - | - | - | - | 135 | - | - | - | 135 |
| 25 | Quality and Marketing Management | - | - | - | - | - | 175 | - | - | - | 175 |
| Total | | 26,910 | 6,120 | 4,933 | 3,034 | 3,430 | 8,060 | 310 | 769 | 233 | 53,799 |

VTA – Vocational Training Authority

TC – Technical Collage

NAITA- National Apprentice & Industrial Training Authority

NYSC – National Youth Services Council

NIFNE – National Institute of Fisheries & Nautical Engineering

COT – College of Technology

NIBM – National Institute of Business Management

CGTTI – Ceylon German Technical Training Institute

UNIVOTEC – University of Vocational Technology

| Strategy | Period | Target/Outcome 2020 |
|--|-------------------------|--|
| <p>Improve the quality of technical education and vocational training programmes through provision of necessary infrastructure</p> <p>Upgrade the facilities in existing Vocational Training Centres -</p> <ul style="list-style-type: none"> ■ Provision of class rooms, workshops and other basic facilities ■ Upgrading equipment | 2011 - 2020 | <ul style="list-style-type: none"> ■ Increased capacity of the technical education and vocational training institutions in the public sector ■ At least one College of Technology will be operated in each province, expanding access to new demand driven diplomas and higher diploma programmes ■ Increased enrolment rate of public training institutions to 20% by 2013 and 30% by 2016 |
| Introduce new demand driven skills development programmes | 2011 - 2020 | <ul style="list-style-type: none"> ■ Improved quality and relevance of training programmes ■ Improved entrepreneurial ability of trainees ■ Enhanced employability |
| Implement new programmes to develop a skillful workforce satisfying the technical skill requirements for emerging new economic sectors | 2011 - 2013 and onwards | <ul style="list-style-type: none"> ■ Trained manpower reserve of 300,000 suitable for highly paid jobs in a wide range of skills |
| Develop national competency standards and national quality standards for teaching and assessment of relevant training programmes | 2012 onwards | <ul style="list-style-type: none"> ■ Uniformity in national standards of training institutions and training courses ■ Established national competency standards ■ All technical education and vocational training institutions adhere to the National Vocational Qualifications from level 1 to level 7 |
| Implement an accelerated training programme in collaboration with the industry to produce qualified instructors for vocational training institutions | 2011 onwards | Strengthen capacities of the existing training instructors in keeping with advancing technology and emerging labour market requirements |
| Establish Prior Learning Assessment Centers to provide proper qualification for the people who do not have formal vocational and technical training but seek assessment in line with the NVQ system | 2011 - 2013 | Establish 2 PRL Assessment Centers in Colombo and Galle |
| Strengthen the on-line management information system connecting all training institutions and industry partners | 2011 - 2013 | Improved coordination between training institutions, industry partners, instructors and trainees |

5.4 Modern Economy Through Science and Technological Innovations



I am committed to ensuring that science education is made available to all alike with no discrimination as between the town and village, the rich and the poor.



(Mahinda Chintana 2005, p 67)



The objective of our next massive leap forward is to transform Sri Lanka into a strategically important economic centre of the world. My determination therefore, is to transform Sri Lanka to be the Pearl of the Asian Silk Route once again, in modern terms. Using our strategic geographical location effectively, I will develop our Motherland as a Naval, Aviation, Commercial, Energy and Knowledge hub, serving as a key link between the East and West.



(Mahinda Chintana 2010, p 69)

Scientific and technological innovations provide solutions to many of the important global and national issues, providing the knowledge and the means to generate economic activity, improve health and living conditions, alleviate poverty, enhance public safety and security, preserve the quality of the environment and manage natural resources.

The national science and technology strategy envisages provision of a consistent, long term framework for growth and development of science and technology in the country, contributing significantly to the achievement of the status of a middle income country in the foreseeable future. The vision of this strategy is to make Sri Lanka a leader in knowledge creation and innovation in Asia by establishing a world class national research and innovation ecosystem which will generate the necessary strategic, sustainable innovations and technologies to win the 'economic war' by focusing on areas of co-competencies and resource linked opportunities, whilst upholding sustainable principles and preparing our people for a knowledge society through improved literacy in Science.

The main policy objective on science and technology is to foster a national science culture that effectively reaches every citizen of the country and to build up, sustain and progressively increase the resource base of scientists and technologists necessary to respond to the development needs of the country.

The development agenda of the science and technology sector has identified a number of strategies:

More Government Investments

The government funding for the activities related to science and technology will be increased while ensuring proper utilization of these funds in order to obtain maximum benefit for the country.

The existing universities and research institutes will be upgraded with facilities of an international level. They will be strengthened and linked more closely with industry. The quality and services of ITI, NSF, NERD, AEA, ACCMT, CINTEC, NASTEC and the Department of Meteorology will be improved by providing adequate resources with advanced facilities.

Two science parks will be established in the Southern and North-Western provinces with a view to facilitating high tech industries to operate in a dynamic environment that enables them to nurture ideas, innovate and develop. Science parks will contain fully equipped laboratories and office spaces, innovation centres to bridge designers and industries and convenient amenities for both local and overseas companies alike.

National Centres of Excellence will be established in several thrust areas in partnership with state research institutes, universities and the private sector.



A Science Park

The private sector will be encouraged to invest in the research and development sector especially in the nanotechnology, mechatronics, biotechnology, ICT and satellite technology.

Research Priority Areas

Priority will be given for undertaking problem solving and development-oriented research. Simultaneously, knowledge gathering research studies will be undertaken. This will fill the lacuna in the area of technology and the requirement of the industries in the country.

A significant share of energy production today relies on the use of fossil fuel. New studies will be conducted to explore alternative energy sources. The government expenditure on imports of food, fertilizer, pesticides and medicines will be minimized through advanced research on declining soil fertility, reducing cost of food production, increasing nutritional values and productivity and pest control.

Research studies on water and air quality and new medications will be conducted to improve the health condition of the people. Development of science and technology in relation to process engineering, mining, electronics, computer modelling, machinery, metal products, ICT and telecommunications and other manufacturing sectors will receive similar priority which could increase efficiency and competitiveness.

Market share will be increased by improving competitiveness, quality, and productivity especially in the export sector; value added tea, organic produce, virgin coconut oil, high value composite rubber products, ceramics, value added products from activated carbon, etc.

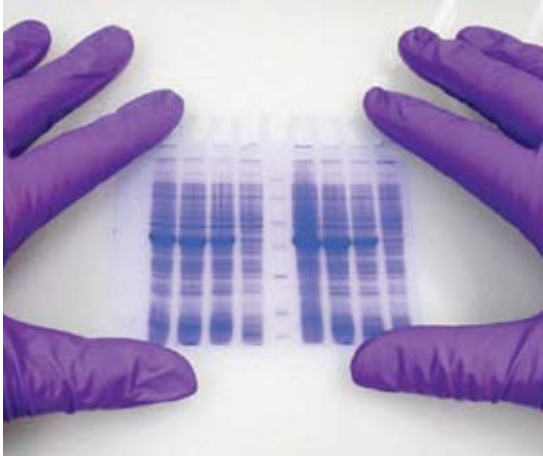
The Government will launch a technology foresight programme to analyze trends and needs. It will be backed by technology and monitoring services to study strengths and weaknesses at plant level.

An Intelligent Resource Base

Support will be given to increase capacities of research staff. A performance-based scheme of rewards will be implemented as a means of motivation.

A mechanism will be established in collaboration with the existing research entities to obtain the service of qualified graduates in science and technology more effectively.

Curricula of universities and schools will be developed to acquire knowledge on high-tech innovations. Post graduate opportunities will be expanded with the assistance of leading foreign universities and research institutes.



Relevant expertise from abroad will be linked with local research institutions and adequate numbers of quality staff will be provided.

Sri Lankan scientists and engineers will be given an opportunity to work in a foreign research institution for a period of 1-2 years.

A National Research Cadre of high caliber scientists and technologists including Sri Lankan expatriate scientists will be established based on international criteria.

Moving Technology to Rural Areas

Advancing scientific knowledge in rural areas will encourage people to adopt new technological innovations. This will facilitate the identification of the capabilities of rural youth in the production of new industrial items, the provision of information on the technological needs of new industries and improving the accessibility of quality assurance testing services.

Indigenous knowledge and practices will be retrieved, collated and documented to increase the demand driven value addition while ensuring intellectual property rights.

A programme of research to convert local raw material such as rubber sheet, coconut kernel, coconut shell and pineapple fibre into consumable items with industrial application will be given high priority.

Science, Technology and Innovation Strategy for Sri Lanka

"I will restructure the education and knowledge systems suitably, so that Sri Lanka becomes a key hub for knowledge and learning in the world" : Mahinda Chintana - Vision for the Future

The scene is now set for an accelerated drive for economic development of our country. For Sri Lanka to improve its economy, it is imperative to appreciate the fierce competition that our goods and services have to face in the global market. This demands the infusion of technology and innovation to make our products and services capable of overcoming the competition from goods and services from abroad in the open market.

The scientific capability within the country has to be of world standard in the areas that Sri Lanka has the competitive edge, for the goods produced and services provided by our economy to be able to outsell those from other countries.

Whilst the Science and Technology (S&T) policy adopted by the Government in June 2009 identifies the generic S&T capability necessary for Sri Lanka it is necessary to specifically focus on the priority needs for rapid economic development in the next five years so as to help double the per capita GDP by the year 2016.

The vision of this strategy is to make Sri Lanka a leader in knowledge creation and innovation in Asia by establishing a world class national research and innovation ecosystem which will generate the necessary strategies, sustainable innovations and technologies to achieve economic progress by focusing on areas of co-competencies and resource linked opportunities, whilst upholding sustainable principles and preparing our people for a knowledge based society through improved scientific literacy in Science.

The Strategic Direction - Science, Technology and Innovation Strategy

Goal – 1 : An efficient system to actively harness innovations and technologies to generate and improve products and services to contribute towards doubling the per capita GDP in an equitable manner by increasing the high tech value added exports and the production for the domestic market

- Increase the high tech value added exports from 1.5 percent to 10 percent of the GDP by year 2015 through the advanced technology initiative.
- Achieve a market increase of import replacement by strategic production and social activities in a competitive milieu through enhanced and focused research and development.
- Develop a dynamic technology transfer platform for wealth creation through the techno-entrepreneurship initiatives.

Goal – 2 : Well established, dynamic and resourced world class National Research and Innovation Eco-system.

- Establish a system for efficient and coordinated S&T governance.
- Attract, build and retain strategic human capital needed to make Sri Lanka a leading knowledge and innovation hub in Asia.
- Create a comprehensive, world class research and innovation system through a well planned S & T infrastructure and services modernization initiatives.
- Ensure rationalized and increased investment in R&D supported by facilitated utilization.
- Facilitate international partnership in promoting high technology and research.

Goal – 3 : An effective framework to prepare the people of Sri Lanka for a knowledge society

- Implementation of the “Science for All” initiative.
- Attract students at all levels to science.
- Create awareness of the potential of technology, R&D and innovation in industry and businesses.

Goal – 4 : Sustainability principles entrenched in all spheres of scientific activities

- Ensure strategic competitive advantage and differentiation to achieve economic sustainability in all scientific activities.
- Ensure environmental sustainability in all areas of work.
- Ensure social sustainability in all activities.

Table 5.4.1. Major Issues, Long-term Policies and Strategies

| Issue | Policy | Strategy |
|--|---|---|
| Lack of adequate human capital for research, development and innovation in high-tech areas | Development of human resources in high-tech areas | <ul style="list-style-type: none"> ■ Meet the demand of research and innovation in private and state sectors ■ Attract more young graduates to research careers ■ Recognize difference between researchers and university academics. (Nearly 5-10% of university academics are engaged in research) ■ Attract senior researchers and innovators through appropriate incentive schemes to reverse brain drain |
| Decreasing trend of science students in public schools | Attract students at all levels to science education | <ul style="list-style-type: none"> ■ Upgrade the Planetarium, ICT platform for rapid dissemination of knowledge by granting free internet access ■ Set up a Science Museum or an Exploratorium ■ Science Centres to inculcate scientific awareness |
| Lack of entrepreneur supportive research institution network | Create entrepreneur friendly research institutes | <ul style="list-style-type: none"> ■ Ensure the protection of patent rights of the entrepreneur ■ Create a financial and technical supportive environment for new entrepreneurs |
| Inadequate level of high end technology exports in Sri Lanka (Present level is 1.5%) | Increase advanced technology initiatives; Electronics, IT, Telecom, Biotechnology and Nano Technology | <ul style="list-style-type: none"> ■ Establish e-life centres and IT centres in 10 Divisional Secretariats to link Sri Lankan youth to the world ■ Establish a Center for Technology and Chartered Institute for ICT ■ Establish a National Space Research Centre ■ Give the high priority to invite FDI with high-tech and exchange of personnel in hi-tech areas ■ Technical collaboration with foreign hi-tech industries in transferring advanced technology |

6. A HEALTHY SOCIETY

- Active Community – Sport Economy
- Healthy Nation, Healthy People in a Healthy community

6.1 Active Community – Sport Economy



A scheme by the name of 'Kreedha Shakthi' will be introduced through which sportsmen and women with notable talents in rural areas will be identified and trained to be brought to international standards.



(Mahinda Chintana 2005, p 92)



Sports are not confined to the energetic youth but encompass the young and the old. Fitness, mental development and a team spirit are interconnected with sports and I believe that the development of sports is an essential investment for the future. Therefore, I will strengthen sports to ensure the balanced development of all citizens.



(Mahinda Chintana 2010, p 70)



Overview

Sri Lanka has made considerable progress in sports during the last decade. Island wide sports and public recreation facilities have been improved significantly to create a better environment and quality of life for sportsmen, their families, and others around them.

In line with the rapid economic development of the country, it is required to enhance facilities and increase avenues for mental and physical relaxation of people so that Sri Lanka will have a population blessed with mental and physical fitness and citizens of Sri Lanka will be vaulted onto the international stage as world-class providers of sport and recreation.

Policy Direction

In the next 10 years the government, in collaboration with the private sector, will develop island wide sports and recreational facilities to ensure that the entire population will have easy access to modern sports facilities and recreational facilities that will promote health, well-being and the inclusion of people in the area.

Opportunities will be created to optimize the economic benefits emanating from sports. As a result, doors will be opened to the Sri Lankan sportsmen and women to perform well in the world of sports.

Strategies

Improve rural sport facilities with high standards

In order to increase the availability of safe sports and recreation facilities, the existing infrastructure will be upgraded and programmes to build new facilities to accommodate population growth and to encourage optimum utilization of school facilities during non-school hours, will be developed

At least one fully-fledged sports complex will be established in each Province with modern facilities to

provide opportunities for rural sportsmen and women to improve their talents and sports skills. These complexes will comprise an athletics ground, indoor stadium and a gymnasium and will include facilities for athletics, swimming and indoor and outdoor games.

The existing sports facilities at district level will be improved through provision of necessary facilities and equipment. The D.A. Rajapaksa playground in Hambantota was developed with modern sports facilities. In addition, Nawalapitiya and Ruwanwella playgrounds and the Diyagama Mahinda Rajapaksa International Stadium are at different stages of construction.



Improve facilities for adventure sports and water sports

Working with the private sector to improve infrastructure and facilities to expand adventure sports such as climbing, mountain cycling, cliff abseiling etc and water sports including river riding, surfing and boat riding.

Specially designed indoor stadium for winter games

Government has already commenced the construction of a National High Altitude Sports Training Academy at Nuwara Eliya. High altitude topography for talent sports personnel training is a need to achieve excellence. Nuwara Eliya has an ideal climate for athletics training because the particular weather



Structure Plan-
National High Altitude Sports Training Academy in Nuwara Eliya



condition could not be achieved at sea level training (Colombo). The Academy is also expected to exchange the knowledge of experts in Sri Lanka and outside the country and this will furnish existing scientific research for optimum benefit of young sports personnel to be exposed to high altitude training methods.

In addition to the High Altitude Sports Complex, a specially designed indoor stadium will be constructed in Nuwara Eliya to expose Sri Lankans to winter games such as skating and ice hockey without traveling abroad. Being a population adapted to a tropical climate, the experience of winter games will be very exciting for the local people.

Provide new sports opportunities for people

Public interest in sports like cycling, formula racing, beach sports, sailing, rafting, roller-skating etc will be created by providing necessary facilities and supportive services. This will lead to creating international level sports persons in these sports. Promotion of such sports will provide opportunities for people to relieve themselves from their busy life styles and refresh their life creating a stress-free and enthusiastic work force.

Establish sports academies to create international level sports persons

Sports academies with necessary facilities will be established initially for athletics, swimming and cricket. The main objective of these academies is to identify talented sportsmen and sportswomen at district and local levels and provide them a high level training on a continuous basis to create international level sports persons. It will produce a mentally and physically balanced group of sports persons with a sound education background.

Improve sports facilities for disadvantaged people

The development programmes are targeted towards segments that are not very active such as children living in poverty, girls and women, persons with disabilities and older citizens, and barriers for participation will be reduced. Sport facilities for the disabled, blind and other disadvantaged people will be improved to promote their active participation in sports. Talented sports men and women will be identified from these categories and directed to the relevant international competitions.

Major Sports Complexes in Sri Lanka



Establish community fitness centres

Necessary support will be provided to community sport organizations to establish small-scale fitness centres in remote villages for the benefit of all villagers.

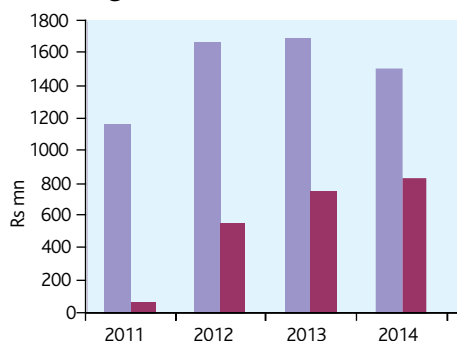
Provide support for hosting international sports events

Under this, support for proactively pursuing the hosting of regional, national and international sport events in Sri Lanka will be provided. Opportunities for tourism development based on hosting events (e.g. games, tournaments and exchange programmes) will be explored.

Establish an effective information system

An online mechanism will be developed for Sri Lankans and visitors to easily find and learn about parks and recreation opportunities. Through effective communication, including social marketing, awareness will be raised among Sri Lankans about the benefits

Chart 6.1.1
Target Investment 2011-2015



of participation in recreational activities. Regional recreation/ tourism inventories which identify valuable landscape features for recreation opportunities will be developed.

Upgrade and develop accessible recreation infrastructure

This includes working with the Provincial and Local Authorities and other development partners,

implement suitable programmes to upgrade and develop accessible recreation infrastructure. The supportive facilities and services in the selected sites will be improved to attract people to these locations.

Jogging parks and other recreational facilities in urban cities will be expanded to encourage the people in the area get actively involved in physical exercise.

| Activity-Output Matrix | | | |
|--|---|--|-----------|
| Policy | Strategy | Activity | Time line |
| Develop island wide sports facilities in collaboration with the private sector | Provide new sports opportunities for people | Establish High Altitude Sports Training Academy in Nuwara Eliya | 2013 |
| | | Establish specially designed indoor stadium for winter games in Nuwara Eliya | 2013-2016 |
| | | Improve facilities for adventure sports and water sports | 2011-2014 |
| | | Establish community fitness centres | 2011-2020 |
| | Improve rural sports facilities with high standards | Establish sports medical centres in the Teaching hospitals including clinics, Orthopedic and healthcare units to provide students national level sports facilities outside Colombo | 2011-2013 |
| | | Establish nine world class sports grounds with necessary facilities at Kandy, Kegalle, Batticaloa, Jaffna, Moneragala, Kurunegala, Anuradhapura, Hambantota and Homagama | 2011-2015 |
| | Improve sports facilities in schools | Establish nine fully fledged sports schools in Colombo, Matara, Puttalam, Kandy and Batticaloa | 2011-2016 |
| | | Develop sports complexes and play grounds in schools | 2011-2020 |
| | Provide proper training for rural sportsmen and women | Conduct training programmes for rural sportsmen and women | 2011 |

6.2 Healthy Nation, Healthy People in a Healthy Community

I consider it my responsibility to preserve the free health service and safeguard the right of every citizen for benefits there under. In this regard immediate action will be taken to enhance these services both quantitatively and qualitatively.

(Mahinda Chintana 2005, p 67)

It is imperative that a healthy work-force is maintained, and that should be the prime responsibility of the Health sector during this second decade of the 21st century, when the country is to move towards a modern state with a speedy economic development process..... In this backdrop, I will further strengthen this service by enhancing the physical and technical infrastructure of the health service, upgrading its human resources, and bringing about a positive attitudinal changes in order to provide a still a better service to the general public.

(Mahinda Chintana 2010, pp 77-78)



Overview

Sri Lanka has achieved a commendable progress in providing universal healthcare facilities and the country must maintain its global lead role in healthcare in the future. The main health indicators of Sri Lanka are far ahead of the averages for countries at comparable levels of income. Social indicators such as life expectancy and mortality rates as well as education have been among the best in developing countries and are even comparable to some developed countries. Access to public health services is high in most areas and maternal and child healthcare clinics have performed well in the society.

Free and compulsory education and free health which are offered to the citizens of Sri Lanka have contributed immensely to produce impressive results in the health sector.

The main challenges in the health sector include (a) responding to a changing disease and demographic pattern, (b) human resource management, (c) improving responsiveness and (d) addressing the needs of vulnerable groups.

The demographic and epidemiological transition is leading to challenges of aging, a growing burden of non-communicable diseases (NCD) and lifestyle diseases. The percentage of the population over 60 years of age is expected to grow from current level of 11 percent to 16 percent by 2020 and to 29 percent by 2050. Therefore, the health problems of the aging, including more NCDs, will be the main challenge in the future.

Also, under-nutrition among mothers and children under five years continues to be a challenge. In addition, persisting, emerging or re-emerging communicable diseases (dengue, rabies, tuberculosis, influenza etc) invite immediate attention of health planners and medical officers.

The Government's commitment to equality in access to healthcare will lead to greater access for the

low-income households for whom medical needs are typically greater than the middle and high income groups. Tackling inequalities helps to improve overall health indices of the country.

It has been identified that many inter-related issues and challenges faced by the health sector require a coordinated and concerted effort. These efforts must be coordinated within the health sector, and also with other sectors. While the Ministry of Health will take the lead in planning for the sector, it needs to ensure the full participation of all those involved in contributing to a healthy nation. In view of this need, the Ministry of Health will be restructured to become more results oriented and responsive to people's needs. This will require additional resources, in terms of financing, human resources and physical infrastructure.

The future healthcare delivery system will employ an integrated approach with three functional arms, namely: (i) preventive, (ii) curative and (iii) welfare. The Ministry of Health has made a commitment towards the policies of the Government that reflect the health concerns of vulnerable populations, particularly in estates, and remote rural areas.

The aim of the Government is to create a healthier nation that contributes to its economic, social, mental and spiritual development. The future health system is expected to be a patient-focused system that provides services closer to the client. It is a system which ensures easy access to modern health care services and supports a high quality of life.

Towards an Excellent Healthcare System

Excellence in healthcare is planned to be achieved through the provision of patient-focused, comprehensive and high quality service. State, working in partnership with the private sector, will ensure equitable access to the health services.

Private sector involvement in the healthcare network will be encouraged under a well-regulated system in order to provide high quality and safe healthcare services.

The future healthcare system needs to recognize that individuals have more responsibility for maintaining good health and to ensure that people have better access to healthcare system in an appropriate way.

The free health service for every citizen is preserved. Allocation of public funds will be based on the emerging priorities of the health sector.



Table 6.2.1.
Key Health Indicators

| Indicator | Present | 2020 |
|--|---------|--------|
| Percentage of hospitals providing services to the level of client satisfaction | - | 80 |
| Percentage of total health budget allocated for preventive services | 10 | 40 |
| Percentage of total population with E-health record card | - | 100 |
| Life expectancy at birth | | |
| Male | 76 yrs | 86 yrs |
| Female | 72 yrs | 80 yrs |
| Under five mortality rate per 1000 lb | 13.5 | 6.0 |
| Infant mortality rate per 1000 lb | 10.9 | 4.5 |
| Maternal mortality rate per 1000 lb | 0.39 | 0.2 |
| Percent of births attended by skilled personnel | 98 | 100 |
| Coverage of antenatal care (four visits) | 93 | 100 |
| Medical doctors per 100,000 Population | 60.2 | 100 |
| Nurses per 100,000 population | 99.0 | 150 |

Future Strategies

Creating a country free from major communicable diseases

The existing communicable disease prevention programmes will be redesigned and strengthened to eliminate Malaria, Dengue, Rabies and Japanese Encephalitis from the country by 2020. Prevalence of HIV in the country is being kept to a minimum level. A well designed epidemiological surveillance system will be established in the Provinces with smaller units in hospitals and health centres. As the immunization is one of the best strategies to achieve health goals, particularly in public health, Government commitment to sustain the trust of control of communicable diseases through vaccination will be ensured. New vaccines will be introduced to the Immunization Programme based on country specific needs and evidence.

The growing incidence and mortality from non-communicable diseases will be brought under control and reduced through preventive and curative actions

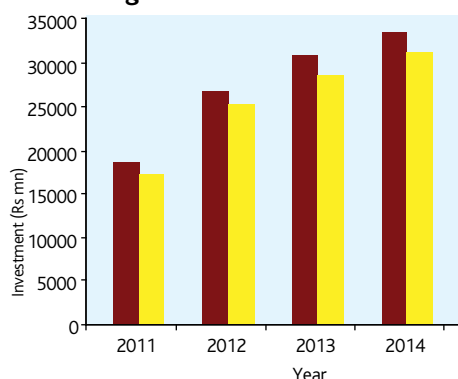
An intensified national NCD programme, focusing initially on high burdened NCDs, will be implemented to reduce the growing NCD burden in Sri Lanka. Better coordination between preventive and curative programmes is vital for this purpose. The existing curative and preventive care programmes will be re-designed to address the growing NCD burden. Access to cost-effective programmes, such as screening of high risk groups for early detection to prevent and control selected non-communicable diseases, will be made widespread, and availability of medicines for secondary prevention will be ensured. Community based interventions to reduce risk behaviors will be strengthened while increasing facilities for individual counseling on lifestyle changes.

Increasing resources for preventive care

Safe behavior can dramatically reduce the long-term burden and health care demands of chronic conditions. A collaborative management approach at the primary health care level with patients, their families and other health care actors is necessary to effectively prevent many major contributors to the burden of disease.

With the adequate financing systems and policies that support prevention in healthcare, there will be a gradual increase of the share of public investment

Chart 6.2.1
Target Investment 2011-2015



for preventive care activities, ensuring a proper balance between curative and preventive healthcare services.

Improve efficiency of healthcare delivery services

Health service practices/ standards and service utilization patterns at various levels will be reviewed in searching for efficiency gains. Unnecessary inpatient care will be reduced while increasing the proportion treated as outpatients. The use of higher level facilities for conditions that could be treated at a lower level facility will also be reduced through implementation of an effective referral system.

Developing and maintaining Centres of Excellence in Cardiology, Oncology, Neurology and Neuro-trauma

These new Centres will cater to the continuing demand for very specialized services such as cardiac surgery, cancer treatment and treatment for neurological disorders. Three new fully fledged Centres of Excellence in Cardiology in Anuradhapura, Ratnapura and Jaffna have been targeted by 2020. Two new Centres of Excellence for cancer treatment have been planned to operate in full capacity in Batticaloa and Kurunegala. The Epilepsy Center and Neuro-Trauma Centre located in the Colombo National Hospital will cater to all types of neurosurgical problems.

With these new super specialty hospitals, the local patients will no longer have to seek treatment abroad and even patients from foreign countries will be attracted, especially from the countries in the region. These centres will strengthen the interaction between Sri Lankan medical professionals and expert teams of foreign medical professionals in cardiac, cancer and neurological treatment.

Improving facilities for medical research

Sri Lanka is in a better position to become a key centre in Asia for the provision of services relating to medical research and clinical trials which is an integral part of the Pharmaceutical Industry. Government is now in the process of improving the necessary regulatory framework. This will help Sri Lanka attract more foreign research firms and provide long-term benefits to the country while enabling Sri Lankan health professionals to become global service providers.



Table 6.2.2. Medical institutions & bed strength in Sri Lanka

| Hospital Type | No. of Hospitals | Bed Strength |
|-------------------------------------|------------------|--------------|
| National Hospital | 1 | 2990 |
| Teaching Hospital | 18 | 14242 |
| Provincial General Hospital | 5 | 5683 |
| District General Hospital | 18 | 9040 |
| Base Hospital Type A | 22 | 5467 |
| Base Hospital Type B | 43 | 5636 |
| District Hospital | 122 | 10818 |
| Peripheral Unit (Hospital) | 101 | 5306 |
| Rural Hospital | 182 | 4778 |
| Prison Hospital | 7 | 241 |
| Estate Hospital | 10 | 217 |
| Special Campaign Hospital | 3 | 142 |
| Other | 2 | 503 |
| Central Dispensary & Maternity Home | 83 | 1103 |
| Maternity Home | 2 | 24 |
| Central Dispensaries | 387 | 240 |
| TOTAL | 1006 | 66430 |

Developing a network of modern hospitals with state-of-the-art technologies and pleasant living environment

The modernized hospital network will cater mainly to patients who need in-house long-term care and emergency treatment and provide cutting edge technology at an affordable price. With the pleasant environment, with access to all support facilities such as television, reading materials, space for religious activities etc and the caring staff, the patients will feel the hospital more like home. While strengthening the existing programmes for hospital improvement through the provision of necessary infrastructure, equipment and human resources, assistance of voluntary organizations will be obtained to improve the other supportive facilities in public hospitals.

Providing mental health services more effectively

Innovative mental health programmes will be conducted in a well managed community based approach to address mental health and addiction issues, particularly of children and youth at risk. As addiction and mental illness are frequently co-occurring disorders, attention of specialized care will be given to avoid unpleasant social and economic impacts created in this regard. This will reduce the hospital stays and improve the quality of lives of those with mental illness and their families.

Improving mobile healthcare service

Mobile health clinics will be conducted with the participation of well-trained physicians, nurses, dentists etc and with the support of volunteers. This will provide clinical services at the doorstep of each citizen enabling them to undergo dental and medical checkups regularly. Early detection of diseases and maintaining of proper health conditions of patients will be the main advantages of these mobile health clinics. It will reduce the overcrowding of hospitals and help the general public to pay more attention to their own health. This clinical service will cater to everybody with a proper and well-managed routine plan.

Special hospital for elderly

Considering the rapid growth in the elderly population in the country, a special hospital will be set up for the elderly. This hospital will cater only to the elderly similar to the Lady Ridgeway Hospital which treats only children. In addition, special wards will be opened for the elderly in State hospitals.

More services will be provided in more patient-friendly settings

The healthcare services in Sri Lanka have been built on a system where curative care services dominate. The system does not provide a continuous care plan; both preventive and curative care plan for individuals focus on a life time approach. Therefore, plans are now being prepared to institutionalize a continuous healthcare plan for all, linking every person to a primary healthcare institution. Primary care and curative follow-up activities with screening of diseases and work towards patient and family-centred promotion and prevention will be put in place under this new plan.

Individual health records will be maintained at all health facilities to ensure continuity of care for chronic diseases, regular risk assessment and functioning of appropriate referral and back referral system. Referral and counter referrals need to be better organized and monitored for this purpose. Supplies and drugs have to be ordered and stocked, taking the counter referral possibility into account for the most frequent diseases so that the primary level which will provide the follow up would be in touch with and ready for the situation.

Medical Information Centres will be established at the primary care institutions to facilitate the communication of accurate information about diseases and about medical and health issues supporting a paradigm shift towards integrated, preventive healthcare.

Establishing an electronic Health Record Card System

Health records will be electronic, lifelong, accessible from anywhere and linked to other records, like NIC and other personal records. For this purpose computerized databases will be established at National, Provincial and Divisional levels. In order to ensure continuity of care, a special record book would be used by each individual in the country. The inside cover of this record book will be designed to be the Health Card. Each person will be encouraged to carry the health record book. Practitioners of all systems of medicine will be encouraged to make brief notes of condition treated, diagnosis, medicines given etc as this will be highly cost effective and will provide easy access to medical records.

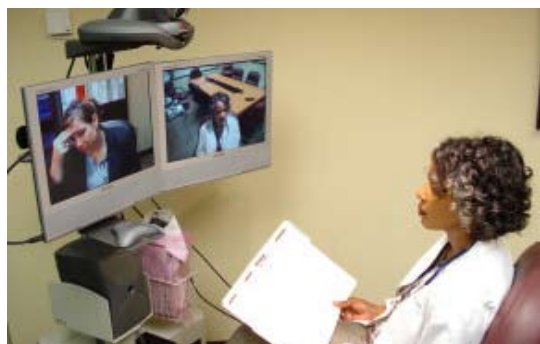
Introducing effective and affordable new technologies and innovations into the state healthcare services

New technologies and innovations to reduce morbidity while increasing the quality and efficiency of care are essential for development of the health sector. Meanwhile, it is necessary to ensure that available equipment is in proper working condition and utilized to optimal capacity.

Promote and popularize Tele-health services

The healthcare entities will move away from the medical centre concept to one of a virtual community. This will provide more alternatives for consumers of healthcare. They will acquire the ability to compare the quality and costs of care. Through Internet and two-way multimedia connections, access to physicians and Community Health Centres without physically being there will become practical.

Physicians and technicians will be able to perform routine tests and physicals in the patient's home or office via connected Electro-cardiographers (EKGs, EEGs) and portable tele-health units, which will include diagnosis via helmets or hats, and gloves with tactile ability. Expert systems and artificial intelligence will present caregivers with best practice options to the delivery of care.



Regulating private health institutions for better service

Well-regulated and streamlined private health service will ensure the provision of innovative, quality and affordable healthcare to the public. By 2020, the Private Health Services Council is expected to review the entire network of private health operations by streamlining registration of Private Medical Institutions, inspection of institutions and accreditation to handle present challenges.

Improving public-private partnerships in providing healthcare services

Private sector involvement in the healthcare network will be encouraged under a well-regulated system in order to provide high quality and safe healthcare services. These private healthcare institutions will be considered together with similar public institutions in rating the quality of the service provided. Thus, the competitiveness will assure effective, efficient and responsible service providers in both public and private sectors.

Increasing local drug production capacity

By 2020, Sri Lankan local pharmaceutical companies will have a significant share of the drug market. They will also be able to cater to the foreign market, competing with other South Asian medical drugs producers. Government will increase the capacity of the State Pharmaceutical Manufacturing Corporation while encouraging private sector to set up new production plants as partnership projects.



Regulating drug prices

The national drug policy will be fully implemented. Accordingly, drugs can be prescribed only by their generic names. A list of essential drugs and their prices are published by the National Drug Regulation Authority annually. This will avoid the huge price variations for the same drug.

Promoting alternative financing options for healthcare

By 2020, all citizens are expected to be covered by at least one health insurance programme, sponsored by different stakeholders including private employers, government insurance schemes and commercial health insurances. This will eliminate the unnecessary burdens carried by the lower income patients and their families

in receiving expensive medical treatment and deaths occurring due to inadequate financial capability. Such an insurance scheme will safeguard the ability of any citizen to consume the required healthcare needs irrespective of the price.

Promoting medical tourism

The indigenous medicine systems will be developed to attract international interest. By 2020, Sri Lanka will be a better destination for getting effective indigenous medical treatments. This will lead to a better contribution to the GDP while creating various employment opportunities.

Healthcare professionals of international standards

By 2020, there will be diverse healthcare professionals of international standards. This team will consist not only doctors, dentists and nurses but also dieticians, beauty therapists, physical therapists, laboratory specialists, radiologists, mental health specialists etc. These specialists will be generated by the local higher education channels to meet the global demand. New skills development and technical training programmes will be introduced in main public training institutions to produce professionals with these new skills categories

Strengthening nutritional surveillance of pregnant mothers, infants and pre-school children (under five years)

Levels of malnutrition remain too high, particularly in the poorest families and vulnerable groups. Hence, nutritional levels of expectant mothers will be improved through provision of knowledge on key practices to promote good nutrition among pre pregnant women and during pregnancy and better targeting of food supplementation. Also, vitamin and mineral supplementation programmes implemented by MCH clinics and other health clinics will be strengthened.

It is necessary to enhance knowledge and promote correct nutritional practices among adolescents (both in school and out of school) and youth and to initiate integrated nutrition programmes for adolescents. The main improvement in nutritional levels will come from improving food security of the poor through raising incomes and food assistance. Towards this end, the health sector can contribute through targeted interventions, such as for pregnant mothers, and by improving dietary habits.

| Development Initiatives by Time Horizon | |
|--|---|
| Short term (by 2013) | |
| 1) Expand OPD facilities at primary care institutions 2) Introduce Health Record Card for each citizen 3) Develop and implement an intensified NCD prevention programme 4) Establish Centres of Excellence in Cardiology NHSL Colombo 5) Establish Centres of Excellence in Oncology at TH Batticaloa 6) Establish Centres of Excellence in Neuro-trauma NHSL Colombo 7) Selective upgrading of National and Provincial health facilities 8) Introduce legislation to promote medical research 9) Strengthen mobile healthcare services 10) Ambulatory care unit at NHSL. 11) Provide necessary facilities for doctors in the rural areas 12) Strengthen the existing cancer treatment units. 13) OPD & Clinical complex -Castle Hospital, 14) Theatre Complex TH Kegalle 15) Clinical building GDH Kalutara 16) Ward Complex TH Kalubowila 17) Development of TH Kurunegala 18) Development of Estate Sector Hospitals | 19) Theatre complex GH Kandy 20) Theatre complex Ragama 21) Accident service DGH Ratnapura 22) Ward Complex GH Hambantota 23) Emergency & trauma centre Karapitiya 24) Development of Jaffna TH 25) Maternal & child hospital Beliatta 26) National HIV/AIDS prevention programme 27) Nutritional intervention programmes to cover all undernourished expectant mothers 28) Rehabilitation/ improvement of selected MoH offices, MCHs, & other health clinics, provision of necessary equipment & vehicles (New) 29) Recruit and train staff necessary for preventive services in estate sector 30) Recruit and train necessary staff for the hospitals which are being developed in the estate sector as well as in other areas 31) Implement revised drug policy 32) Establish disaster and accident prevention and response programme established 33) Community based programmes for care of elders and disabled |
| Medium term (by 2016) | |
| 34) Establish Centres of Excellence in Cardiology at TH Anuradhapura and Jaffna 35) Establish Centres of Excellence in Oncology TH Kurunegala 36) Establish Epilepsy Center at NHSL Colombo 37) Introduce electronic health record card for every citizen 38) Selective upgrading of National and Provincial health facilities in order to make curative services more accessible to the rural poor 39) Introduce tele-health services to public hospitals 40) Development of Dental Hospital, 41) Development of Panadura Hospital 42) Development of peripheral Blood bank. 43) Development of Moneragala hospital 44) Development of Army Hospital | 45) Strengthen maternity care services by providing village level maternity clinics, medical advice and related services 46) Provide necessary facilities for nursing training schools 47) Increase intake of medical students 48) Alternative programmes including increasing scholarships to produce specialist doctors to meet requirements 49) Manufacture locally drugs with a relatively high demand 50) Strengthen the SPMC 51) Malaria, Dengue and Rabies control. 52) Develop a Health Information policy, IT enabled Health Information System connected with all hospitals and strengthen the capacity among managers and users of information |
| Long term (by 2020) | |
| 53) Popularize tele-health services 54) Epidemiological services (on-going) 55) School health programmes (on-going) | 56) Oral Health Service Management Project (New) 57) Programmes for total eradication of Malaria, Dengue & Rabies (on-going) |

7. COMFORTS, CONVENIENCE AND SATISFACTORY LIFESTYLE

- Environment
- Sri Lanka: The Wonder Island of Asia
- Housing for All – Prosperous and Healthy Society
- Urban Development

7.1 Environment

My aim is to promote sustainable development in close liaison with the land, fauna and flora and to bestow our natural heritage to our future generation.

(Mahinda Chintana – 2005 p 61)

My administration will be based on policies aiming at conserving the environment, nationally and internationally. Due to the application of the principle that the 'abuser should pay for the abuse,' the Environment Ministry is self-financing reducing the burden on the Treasury.

(Mahinda Chintana – 2010 p 64)

Table 7.1.1 Key Target Indicators

| Indicator | 1999 | 2008 | 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Forest cover (ha '000) | 1942 | 1055 | 1280 |
| Protected areas under wildlife conservation (ha '000) | 1471 | 1046 | 1500 |
| Total waste collection in urban & suburban areas (Tonnes/day) | 2544 | 2900 | 6200 |
| Number of human deaths due to human-elephant conflict | 123 | 209 | 20 |
| Number of elephant deaths due to human-elephant conflict | 150 | 169 | 30 |
| Air quality in Colombo city (Annual average of particulate matter less than 10 micrometers) | 67 (µg/m ³) | 64 (µg/m ³) | 40 (µg/m ³) |
| Direct employment generation through development of coastal resources | 120,000 | 150,000 | 300,000 |

SOURCE: MINISTRY OF ENVIRONMENT

In reaching the above vision, concerted efforts need to be made in order to overcome the following major issues.

- Gradual depletion of green cover
- Increasing trend of the human-elephant conflicts due to degradation of natural forests
- Maintenance of inefficient solid waste management practices
- Air pollution caused by inefficient fuel consumption
- Upper water shed water sources diminution
- Coastal conservation and management

Development of Forest Cover and Mitigation of the Human-Elephant Conflict

The forest cover will be increased from 23 percent (at present) up to 35 percent of the total land area with the reforestation in urban and rural areas. To achieve this, the "National Tree Planting Programme"

for the reforestation of urban and rural areas will be implemented. The "Wana Thuru Sevana" programme for protecting the forests with cultural values will be expanded with the active participation of the public, school children and private sector. About 200,000 school children will be trained as "Environmental Pioneer Brigades" and made to actively participate in maintaining and monitoring these programmes.

All the catchment areas will be reforested to conserve water resources. An integrated water resource management system will be established on a public-private partnership basis. Environmental education and awareness programmes will be improved/ updated to protect the natural resources.

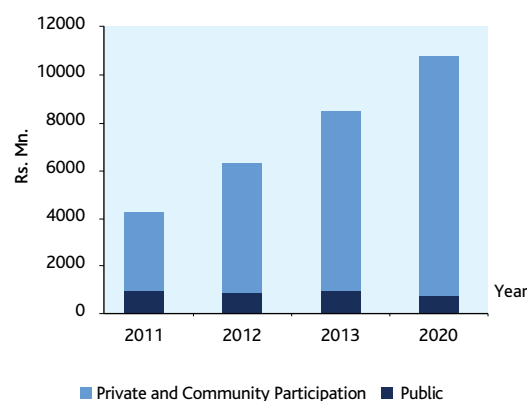
The suburbs will be adorned through planting green trees, setting up 'green' walking lanes, conserving cultivable lands, and rehabilitating canals. The "Green Village" programme, which was initiated to achieve this objective, will be continued in an effective and efficient manner.

This intervention will be made to protection our water resources and catchment areas, protection of ocean and aquatic resources, prevention of air pollution and soil erosion. The "Haritha Lanka" programme will be launched to achieve these objectives bringing all the state institutions concerning environment protection under one platform of the Ministry of Environment.



A system will be introduced to preserve biodiversity through respecting fauna and flora. An effective system will be introduced to protect ocean and aquatic resources. The "Hela Thuru Sevana" programme for conservation of indigenous plant species facing extinction will be improved and expanded.

Chart 7.1.1
Investment for the Development of Forest Cover,
Monitoring of Air Quality and Mitigation of
Human-Elephant Conflicts



All sanctuaries will be modernized and reopened. The conservation of elephants mitigating the human elephant conflicts will be given high priority.

About 40 million local plants are planned to be planted in all Divisional Secretariat areas protecting biodiversity during next five years. In parallel to this programme, school nature parks will be established in all schools. A range of forests close to communities will be promoted to maintain the forest cover and its bio-diversity. Alternatives for timber will be introduced and consumption of fuelwood will be reduced through the promotion of non-conventional energy sources.

The slums in cities, particularly in Colombo city, will be converted to environment friendly settlements through provision of better houses in suitable places. Trees will be planted in and around the cities and along the roads. This will make beautiful cities which attract foreign and local tourists.

A protected area network will be established to conserve fauna and flora and ensure the recovery of important threatened species.

Air Quality Management

Public transport and related infrastructure systems will be improved using green technologies. Cleaner fuels will be promoted to reduce health hazards. An environmentally friendly transport system will be established throughout the country with the improvement of vehicle emission standards.



In coordination with the Ministry of Agriculture and other stakeholders, the innovative methods such as integrated plant nutrient management, usage of organic fertilizer, green house technology and tissue culture will be introduced to the agriculture sector to prevent environmental pollution. Use of organic fertilizer in agriculture will be increased by promoting production of high quality organic fertilizer. Compost bins will be introduced to urban households and rural households. In addition, renewable energy sources such as tidal power, wave power, wind power, solar power, and biomass plants will be established to negate the effects of certain forms of pollution. The particular strategies are discussed in details in the chapter on Electricity.

Cleaner production technology will be introduced to all industries to exercise environmental care and social responsibility.

Quality standards are planned to be introduced to identify the quality of the engines of the vehicles and road network. Passenger and freight transport through the railway system will be promoted and the entire railway system will be improved for this purpose.

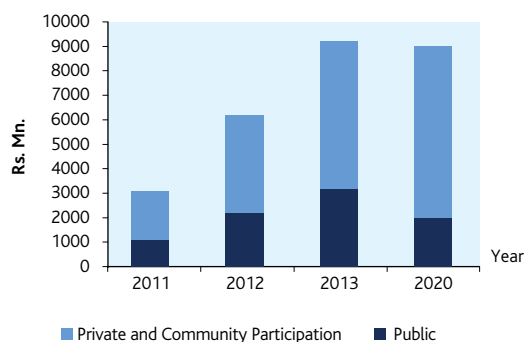
Solid Waste Management

Effective solid waste management has been identified as a priority area in the medium term development plan of the government. Local Authorities and other relevant enforcing agencies will be strengthened to monitor regulations, impose punishments and follow the preventive procedure/ principle that abuser should pay for abuse.



Modern technology and private sector investment will be used to implement waste management programmes effectively and efficiently. All the waste, generated in the Local Authority areas, are planned to be converted into biogas and organic fertilizer. The residues will be dumped in sanitary landfills. Recycling of plastic and polythene will be increased from the existing 40 percent to 100 percent for the diminution of usage of the virgin plastic.

Chart 7.1.2
Investment for the Solid Waste Management



All industries are encouraged to run as eco-friendly industries through introduction of effective waste management systems.

With the support of relevant agencies, action plans will be developed and implemented to face the potential environmental changes such as droughts, floods, cyclones, tsunami, and extinction of species, endemic diseases and threats to food cultivation.

Disaster Management



A culture of safety of the nation will be created through systematic management of natural, technological and man-made disaster risks. Both public and private sector media will be voluntary bodies to prepare the country for environmental changes. All citizens will be made aware of natural disasters, mitigation and adaptation. Existing laws on the aspects of safety, licensing and enforcement for the protection of public safety, properties and environment will be reviewed and strengthened.

Land degradation will be reduced through the implementation of appropriate technology and enforcement of the relevant legislation.

Well-equipped training centers will be established to provide training in the field of disaster management and create awareness focusing on empowering the public with ways and means to reduce disaster losses.

Watershed and Water Resources Conservation

The major issues facing the watersheds of Sri Lanka are the degradation of natural resources base and pollution of watersheds, increased fluctuation in the seasonal distribution of stream flows, reduced total annual yield of water from catchments, increased rate of sediment carried by streams to the reservoirs, increased rate of soil erosion in upper areas of the watersheds and habitation. The watershed and catchment areas of rivers that are identified as important sources of water will be effectively managed to ensure good infiltration leading to groundwater recharge and sediment-free runoff.

Agricultural, aquaculture and industrial ventures that practise correct waste disposal, wastewater treatment and disposal mechanisms, and recycling of water in order to avoid discharging harmful effluents to the water bodies will be permitted to carry out their function within the watershed and catchment areas.

The relevant state institutions, in collaboration with all relevant local and municipal authorities, private organizations, NGOs and school children will launch programmes to keep the inland water bodies clean through an integrated water resources management approach. In addition to this, the Urban Development Authority in collaboration with the Armed Forces will also conduct programmes on keeping water bodies clean in the urban areas.

Coastal Conservation and Management



The coastal region accommodates 70 percent of registered tourist hotels, contains 70 percent of agricultural lands, and includes the four major ports, with twelve fishery harbours in operation. The coastal

sector provides 150,000 direct employment and contributes about 2.7 percent to the GDP. A recent study has revealed that contribution can be increased significantly.

An effective integrated coastal zone management framework will be introduced to address widely varying and integrated issues in order to prevent the depletion of coastal resources and ensure effective coastal zone management.

Residences located in the buffer zones of coastal areas and industries affected by the shore line and coastal ecosystem will be shifted to suitable areas providing invaluable tangible benefits of the coastal zones to the nation and people.

A joint management will be set up with the private sector to sustain coastal vegetation, habitat, landscapes and features which add natural beauty and aesthetic value to the environment.

Coastal and marine environmental degradation, which includes sea erosion, coastal pollution and threats of oil spills to the sustainability of coastal habitats, will be reduced by the implementation of relevant acts and regulations.

By 2020, it is expected to make Sri Lanka a green country in which all the major environmental problems have been solved and a land free of elephant-human conflict, beautiful cities and the most clean and healthy environment in Asia.

Summary of Sector Policies, Strategies and Targets

| Issue | Strategy | Indicator | Present Situation (At the end of 2010) | Medium Term Target (At the end of 2015) | 2020 Target |
|--|---|---|---|--|------------------------|
| Deforestation | Replanting the all types of forests ensuring their biodiversity by using environmental pioneer brigades | Percentage of the forest coverage of total land area | 23 (ha1.055mn.) | 28 (ha1.28mn.) | 35 (ha. 1.65 mn.) |
| Human Elephant Conflict | Increasing the protected areas and opening the elephant corridors under wildlife conservation | Percentage of the protected areas of the total land area | 14 (ha 0.64 mn.) | 20 (ha 0.91 mn.) | 25 (ha 1.14 mn.) |
| Increasing Trend of the Solid Waste Generation | Collecting, recycling, composting and sanitary land filling with waste | Total waste collection per day | 2900 Mt. | 6000 Mt. | 8000 Mt. |
| Increasing Trend of the Plastic and Polythene Waste Generation | Collecting & recycling, awareness creation and implementation of tax and tariff to discourage import of virgin plastics | Total plastic waste collection per day | 7200 Mt. | 9000 Mt. | 15,000 Mt. |
| | | Value of imports of plastic and polythene per annum | Rs. 25 bn. | Rs. 20 bn. | Rs. 15 bn. |
| Air Pollution Caused by Fuel Emissions | Undertaking road side emission testing | Annual averages of particulate matter less than 10 micrometers | 64 (µg/m ³) | 40 (µg/m ³) | 30(µg/m ³) |
| Ground Level Water Pollution | Ensuring the ambient water quality standards in sources of drinking water | Proportion of population using an improved among drinking water (%) | 84 | 90 | 100 |
| Soil Erosion | Conserving ecologically sensitive forest areas, catchment areas and hilltops | Soil erosion in the hilly regions of the country | 100 (Tonnes/ha /year) | 60 (Tonnes/ha/ year) | 0 (Tonnes/ha/ year) |

Financing Options for Investment in Environmental Improvement

| Domain | Activity | Types of Investment | Source of Financing |
|--------------------------------------|--|---|--|
| Public/State | <ul style="list-style-type: none"> ■ Policy making ■ Regulatory capacity ■ Education and awareness ■ Public goods ■ Protected area management ■ Reforestation ■ Services for poor | <ul style="list-style-type: none"> ■ Recurrent costs ■ Capital investments, building and services ■ Supporting environmental externalities | <ul style="list-style-type: none"> ■ Government budget ■ ODA financing ■ Private |
| Utilities/(Services/ Infrastructure) | <ul style="list-style-type: none"> ■ Water supply and waste management facilities in Municipalities | <ul style="list-style-type: none"> ■ Capital investments ■ Operation and maintenance | <ul style="list-style-type: none"> ■ ODA, government budget, private sector participation ■ Cost-recovery through user charges |
| Manufacturing Private | <ul style="list-style-type: none"> ■ Cleaner production | <ul style="list-style-type: none"> ■ Capital investment ■ Operation and maintenance | <ul style="list-style-type: none"> ■ Private capital and borrowings |
| Manufacturing SOEs | <ul style="list-style-type: none"> ■ Cleaner production | <ul style="list-style-type: none"> ■ Capital investment ■ Operation and maintenance | <ul style="list-style-type: none"> ■ Environmental improvements financed as part of SOE restructuring |
| Household | <ul style="list-style-type: none"> ■ Services at individual and community level | <ul style="list-style-type: none"> ■ Capital investment ■ Operation and maintenance | <ul style="list-style-type: none"> ■ User fees ■ Community funds ■ Government budget ■ ODA financing |

Environmental Priorities and Targets by 2010

| |
|--|
| 2016 Targets |
| <p>Industrial Pollution Prevention and Control Targets</p> <ul style="list-style-type: none"> ■ Cleaner production applied to reduce raw material, water and energy consumption by 10-25 percent ■ 80-100 percent industrial hazardous waste collected and treated ■ Pollution load from industry reduced by 10 percent from current level ■ 80-100 percent factories relocated to industrial parks |
| <p>Urban Environmental Trends</p> <ul style="list-style-type: none"> ■ 90-95 percent population with access to clean water ■ 80-85 percent access to sewerage system ■ 80-90 percent Municipal waste collected in urban areas ■ 80-100 percent class I and II cities have landfills within national standards ■ Use of unleaded gasoline |
| <p>Forest Targets</p> <ul style="list-style-type: none"> ■ Forest coverage is at least 30 percent ■ 1.9 million ha planned by 2016 |
| <p>Reforestation and Rehabilitation Targets</p> <ul style="list-style-type: none"> ■ 50 percent reduction in barren and degraded land ■ 90-100 percent regeneration of depleted upland forest |
| <p>Protected Areas and Wildlife Conservation Targets</p> <ul style="list-style-type: none"> ■ 25 percent of total land area protected |
| <p>Inland Surface Waters Protection Targets</p> <ul style="list-style-type: none"> ■ Water quality in major freshwater sources within national standards ■ National standards for sustainable use of water resources and river basin protection |
| <p>Coastal and Marine Protection Targets</p> <ul style="list-style-type: none"> ■ National system of marine protected areas to be established ■ Wetland areas to be protected ■ Rate of mangrove and wetland loss to be reduced by 10 percent and 90 percent, respectively ■ Off-shore fishing programme to be implemented ■ Integrated coastal zone management implemented |

7.2 Sri Lanka – The Emerging Wonder of Asia

My Intention is to generate environment friendly sustainable tourism instead of relying only on leisure seeking popular tourism.

(Mahinda Chintana 2005, p-59)

I will introduce an accelerated development programme for the tourism industry. I will launch a programme to fulfill the infrastructure and other requirements in order to attract 2.5 million tourists annually, by the year 2016.

(Mahinda Chintana 2010, p-94)

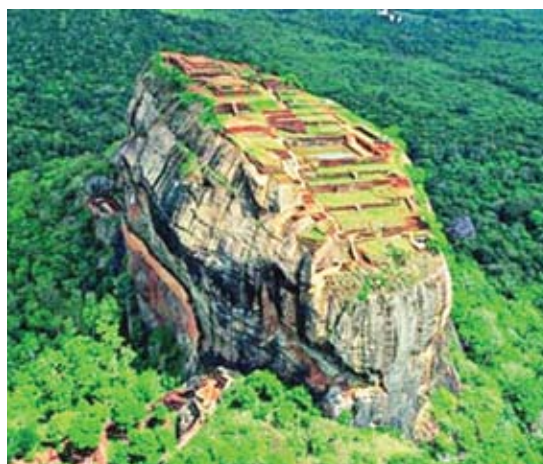
The Sri Lankan tourism industry is one of the fast emerging industries of the economy with average annual revenue of US \$ 400 million at present. It is the sixth largest foreign exchange earner in Sri Lanka. It has created employment for about 125,000 persons. At present, nearly half a million tourists visit the country every year.

There are 242 registered hotels with 14,461 rooms and 629 supplementary establishments with 5,946 rooms to cater to tourists visiting Sri Lanka. Average spending per tourist per day is US\$ 81.8 and average duration of stay is nine days.

Sri Lanka has exotic sandy beaches, large greeneries, historical artifacts, a good climate, spectacular landscape in the highlands, a rich biodiversity and friendly and welcoming people. These distinctive

opportunities will be utilized to develop the tourism industry as a major growth sector in the development of the economy.

The government's vision is to transform Sri Lankan tourism sector, by 2020, to be the largest foreign exchange earner in the economy; position Sri Lanka as the world's most treasured and greenest island and attract high spending tourists while preserving the country's cultural values, natural habitats and environment.



An Island with mysterious beauty

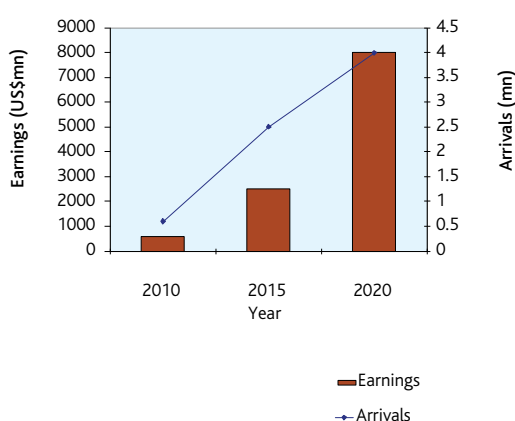
The government has targeted 2.5 million tourists by 2016 and an additional room capacity of about 45,000 to meet this target. This sector is also expected to receive investments in excess of US\$ 2 billion in the medium term in areas of luxury hotels, high quality residencies and high end shopping malls.

The multiplier effect in the investment on tourism is envisaged in the construction, furniture, transport and food and beverage industries in the country. Estimates reveal that these industries will provide employment to about 100,000 persons along with the new investments.

Increase of Tourist Arrivals and Earnings

The sector is expected to attract more than four million tourists by 2020. The sector is also expected to generate employment for about one million persons and income amounting to about US \$ 8 billion.

Chart 7.2.1
Expected Tourist Arrivals and Earnings(2010-2020)



Regional cooperation will be strengthened to increase tourism openness through the relaxation of regulatory barriers. International and local air lines are encouraged to operate in Sri Lanka. Comprehensive market promotion campaigns will be implemented to build a positive perception on Sri Lanka globally.

A Tourism Centre will be established of special cultural importance to Asia to attract religious tourists from neighbouring countries. Major cities of the country will be developed to be attractive tourist cities in Asia.

Promotion of Up-scale Tourism

Up-scale tourism will be promoted and high spending tourists will be the target group. Spending per tourist per day is expected to rise over US \$ 200 during the next ten years.

Eco-luxurious experiences for up-scale tourists will be ensured. International shopping facilities will be promoted in major cities to assure shopping experience for tourists.

Instead of relying upon cheaper products, the tourism sector will be encouraged to create regional tourism brands. This will lead to create competitiveness in tourism and will attract more of up-scale tourists.

Diversification of Tourism

Tourism products will be diversified with special emphasis on eco-tourism. Adventure tours (safaris, jungle tours, mountain trekking) will be provided, tapping the tourism potential of the natural topography and the ecological values of the country.

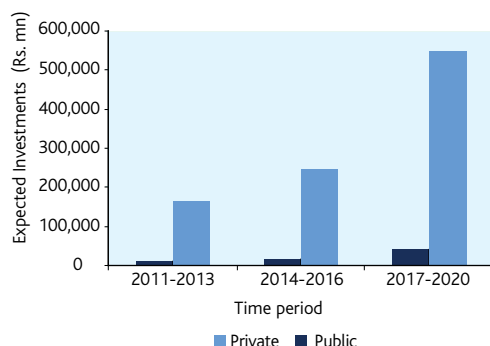
Underwater exploration, aquatic adventures and sports in the sea, natural water streams and reservoirs are some targeted activities to be promoted under the tourism development strategy. Boat riding facilities will be improved in major reservoirs and rivers. Facilities will be improved for exploring magnificent coral reefs, coastal fishing, and dolphin and whale watching. Bird watching opportunities will be popularized and improved.



Kumana bird sanctuary

Support will be extended to local entrepreneurs to construct Ayurvedic healthcare centres which could lead to an increase of tourists. Government and private owned agro farms are developed as tourist attractions.

Community based tourism and tourist villages are also to be promoted to increase value change in tourism based activities linking with rural economy, harvesting seasons, wild life, farming practices, art, culture and religions.

Chart 7.2.2 Expected Public and Private Investments

Focus on New Market

The new markets such as America, East Asia, Middle East, Eastern Europe and Australasia are being attracted. A state-of-the-art information centre will be established for tourism promotion utilizing e-commerce tools. Promotion campaigns will be implemented with the participation of Sri Lankan diaspora and missions abroad. Overseas market promotion activities will also be encouraged.

Development of Tourism Infrastructure

Accommodation facilities will be increased with the construction of 50,000 hotel rooms to cater to the expected increase in tourist arrivals.

Basic infrastructure such as road network, townships, telecommunication facilities, restaurants, resting facilities and water supply in all main cities and tourist sites will be developed to create a conducive environment to promote tourism.

Visitors' facilities will be improved. Day and night recreational centres and parks, as well as urban forestation will be established in order to build a relaxing environment in main cities.

New Destination Promotion

Implementation of flagship infrastructure projects for development of the tourism zones on the Western and Eastern coastal belt has already been undertaken.

This will cover areas such as Arugam Bay, Trincomalee, Kalpitiya, Negombo, Dedduwa, Galle, Mullaitivu and Hambantota.

With the implementation of e-tourism solutions and efficient delivery of visitors' information, it is easy to promote new destinations.



Arugam- Bay

Making Tourist Attractions and Events Popular

Local and international tourists will be offered a wide range of attractions and events. A database of tourist attractions and facilities will be created and an events calendar will be published. Promotion of festivals such as the Ramayanaya festival, literary festival, tea festival and food and fruit festival to attract more foreign and domestic tourists will be undertaken.

7.2.1 The Event Calendar

| Event | Month of the Year |
|---------------------------------|-------------------|
| Sinhala/Hindu New Year Festival | April |
| Vesak/Poson Festivals | May/June |
| Kataragama Festival | July |
| Kandy Perahera | August |
| Nallur Festival | August |
| Adam's Peak Season | December to April |
| Madu Festival | August |
| Vel Festival | August |
| Literary Festival | September |

Domestic tourism will be facilitated by providing adequate accommodation facilities at affordable rates. Assistance will be provided to residents of popular tourist destinations to start small comfortable houses for tourists at reasonable rates.

All religious places of worship will be developed. The historical places will be upgraded and ancient city tours will be arranged.

Domestic travel packages will be arranged with the participation of luxury bus service providers and local hotel service providers. Opportunities will be created to open up internal airlines and sea plane services.

Domestic tourist quotas at discounted prices will be allocated to meet the recreational needs of low and middle income tourists.

The setting-up of theme parks with water related adventures, modern roller coaster rides, recreational facilities and other services will be promoted through the public-private partnership basis.



Nallur Festival

International sport competitions such as cricket, rugby and athletics are further areas to be promoted in sport tourism.

The facilities for meetings, conferences and exhibitions will be improved promoting the MICE industry. Fully fledged international convention centres will be established.

Developing Industry Professionalism

The government will improve productivity of the tourism industry, through building professionalism in the travel and hotel industries. The private sector will be encouraged to set up world renowned human

resource development centres to meet the emerging needs of the tourism industry locally and abroad. Hotel management and tourism promotion subjects will be provided in the curriculum of university academic programmes.

Simultaneously, the government will extend maximum support to the private sector training institutions with a view to maintaining the standards of services. Licensing of tour guides in order to standardize their service (through a competency test) and accreditation of travel agents will be undertaken.

Conservation of Fauna and Flora as Tourist Attraction

Sri Lanka has a very high degree of species diversity with a high rate of endemism. It also lies on a major bird migration route and provides a critical habitat to many migratory birds. In keeping with its strong tradition of conservation, about 13 percent of the total land area is protected under the Department of Wild Life Conservation (DWC). This is made up of 21 National Parks, three Strict Nature Reserves, four Nature Reserves, one Jungle Corridor and 61 Sanctuaries.

The reduction of species richness and natural habitats as a result of unregulated human activities in protected areas threatens our wildlife and leads to an endless man—animal conflict.

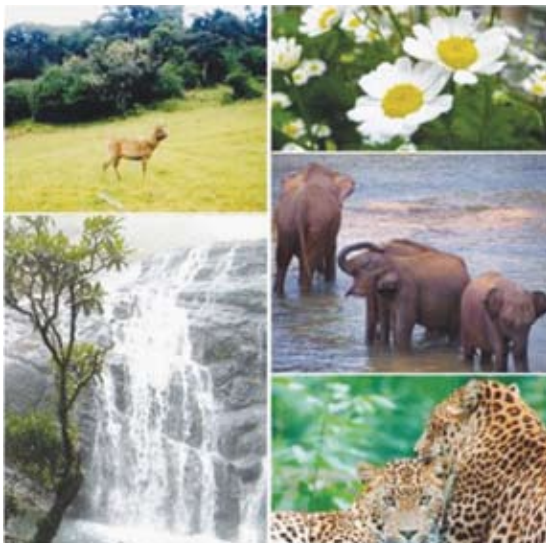


The beauty of nature

The strategies for achieving a policy of wild life management will include:

- Integrating bio-diversity management and conservation.
- Expansion of the DWC's responsibilities and equipping it with a greater degree of professional skills.
- The conservation of elephants and concomitantly mitigating the human-elephant conflict which will be given the high priority.
- Determining the carrying capacity of protected areas, which will increase the sustainability of protected areas through zoning and corridor development.
- Strengthening the DWC's skills, which will enable them to manage protected areas effectively.
- Improving wild life research which will contribute towards effective management decisions.
- Developing and improving infrastructure facilities within the protected areas, together with habitat management.
- Visitor facilities in national parks will be developed to cater to the satisfaction of tourists.
- Establishment of optimum protected area network in the Northern and Eastern Provinces that conserve the biological diversity while protecting important watersheds and opening up opportunities to facilitate ecotourism development activities.

New safari parks, dry zone botanical gardens and zoological gardens will be established to meet the increasing demand for public recreational facilities. Construction of a new safari park at Ridiyagama in Hambantota and the establishment of Mirijjawila dry zone botanical garden have already commenced. Initial steps have been taken to establish a new zoo at Pinnawala/ Wagolla in an 800 acre extent of land.



Fauna and Flora of Sri Lanka

Peradeniya and Haggala botanical gardens will be developed as the hub of botanical research in the region. Educational materials on flora and fauna will be developed and published to enhance the awareness of both domestic and foreign tourists. As a result, more tourists will be attracted to these areas.

Improving Service Standards

Safety standards and security aspects of tourism will be given a high priority. Regulatory bodies will be strengthened to ensure the quality standards of products and security aspects of tourists. Rules, regulations and institutional mechanisms relating to the protection of tourists and the environment will be strengthened. Strict policy vigilance and monitoring will be conducted to minimize tourism related crimes and abuses.

Summary of Sector Strategies and Targets

| Strategy | Activities | Outcome / Target 2020 |
|--------------------------------|---|--|
| Increase Tourist Arrivals | <ul style="list-style-type: none"> ■ Build positive perceptions globally through comprehensive market promotion campaigns ■ Increase tourism openness through regional cooperation ■ Develop major cities of the country to be attractive tourist cities in Asia | <ul style="list-style-type: none"> ■ Increase in tourist arrivals up to four million per year ■ Increase in tourism earnings up to US \$ 8 billion |
| Promote Up-scale Tourism | <ul style="list-style-type: none"> ■ Assure a grand shopping experience for tourists ■ Maintain safety standards and security aspects | <ul style="list-style-type: none"> ■ Increase in average spending per tourist per day up to US \$ 200 |
| Diversify Tourism | <ul style="list-style-type: none"> ■ Organize adventure tours ■ Improve boat riding, bird watching facilities ■ Improve facilities for exploring magnificent coral reefs, coastal fishing and dolphin and whale watching ■ Promote healthcare tourism ■ Promote agro-tourism ■ Promote community-based tourism | <ul style="list-style-type: none"> ■ Increase in revenue from visitors visiting wild life parks up to US \$ 1 million |
| Focus on New Markets | <ul style="list-style-type: none"> ■ Focus on new markets such as America, East Asia, Middle East, Eastern Europe and Australasia ■ Establish a state-of-the-art information centre ■ Implement promotion campaigns with the participation of Sri Lankan diaspora and missions abroad ■ Establish overseas market promotion units | <ul style="list-style-type: none"> ■ Increase in tourist arrivals by regions except Western Europe and South Asia up to 60 percent |
| Develop Tourism Infrastructure | <ul style="list-style-type: none"> ■ Increase accommodation capacity ■ Encourage public-private partnerships | <ul style="list-style-type: none"> ■ Increase in number of hotel rooms up to 75,000 |

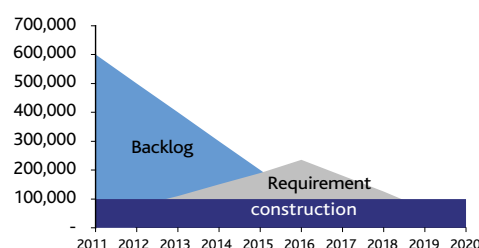
| Strategy | Activities | Outcome / Target 2020 |
|---|---|---|
| Popularize Tourist Attractions, Events | <ul style="list-style-type: none"> ■ Create a data base of tourist attractions and events ■ Publish an event calendar ■ Promote festivals in Sri Lanka | <ul style="list-style-type: none"> ■ Maximum domestic value creation |
| Promote Domestic Tourism | <ul style="list-style-type: none"> ■ Provide adequate accommodation facilities at affordable rates ■ Build a relaxing environment in main cities ■ Develop all religious places of worship ■ Arrange domestic travel packages ■ Create opportunities to open up internal airlines and sea plane services ■ Promote the setting-up of theme parks | <ul style="list-style-type: none"> ■ Revenue from domestic visitors visiting wild life parks, botanical gardens, zoological gardens, museums and the cultural triangle will increase up to US \$ 2.5 million |
| Enhance Industry Professionalism | <ul style="list-style-type: none"> ■ Encourage private sector to set up world renowned human resource development centres ■ Include hotel management and tourism promotion subjects in the university curricula ■ Extend maximum support to the private sector training institutions ■ License tour guides in order to standardize the service accreditation of travel agents | <ul style="list-style-type: none"> ■ Increase in number of direct and indirect employees up to one million |
| Conserve Fauna and Flora Towards Tourist Attraction | <ul style="list-style-type: none"> ■ Establish a new safari park at Ridiyagama ■ Develop a new dry zone botanical garden in Mirijjawila ■ Establish a new zoological garden at Pinnawala | <ul style="list-style-type: none"> ■ Maximum number of domestic and foreign tourist attractions |
| Improve Service Standards | <ul style="list-style-type: none"> ■ Strengthen the regulatory bodies ■ Follow strict rules and regulations | <ul style="list-style-type: none"> ■ Tourism related crimes minimized. |

7.3 Housing for All – Prosperous and Healthy Lifestyle

“My policy is that every family in Sri Lanka must own a house. To make this policy a reality, the government has already prepared a plan to construct 600,000 new houses and make 'House Ownership for All' a reality within next six years.”

(Mahinda Chintana 2010, p 40)

Chart 7.3.1
Housing Sector by 2020



Housing and Settlement Development Sector in a Nutshell

Total Housing Stock in 2007 - 4.3 mn

Total Housing Stock in 2010 – 5 mn

Housing Sector Growth Rate – 5%

The Backlog of Housing Units - 600,000

No. of New Housing Units Required by 2020 - 1,000,000

Source: Ministry of Construction, Engineering Services, Housing and Common Amenities

Background

While achieving high growth rates in the production sectors of the economy, which is vital, government also gives high priority to improving the living conditions of the people of the country. A decent house is the base for a prosperous family, which ensures household stability, strengthens social fabric and ultimately enables people to make their full contribution towards development of the country. In this context, the housing policy of the government aims at ensuring affordable access to decent housing facilities for everyone, and thereby raising the quality of life of all citizens.

Besides its basic function of providing shelter, the housing sector is also a key driver of the economy. A house is the repository for a significant portion of household-level savings. Housing, particularly the construction of new housing, is a major generator of employment. The housing sector also underpins key local industries such as building materials production, machinery and equipment, as well as a range of services.

The world-over, the health of a country's housing sector is considered a good proxy for the health of a country's economy and the wellbeing of its people.

Current Situation and Trends

According to the National Housing Development Authority, in 2007, total housing stock was 4.3 mn. Of which, 77 percent was permanent and 23 percent was semi-permanent. The distribution of permanent and semi-permanent structures varies widely from urban to rural areas.

While definitions of rural and urban are a subject of ongoing debate, it is clear that the majority of Sri Lanka's population still live in rural areas or villages. Trends suggest, however, that this is rapidly changing. The country is projected to have a mostly urban population by 2020.

This trend towards urbanization is compounded with the growth of Sri Lanka's population, which is projected to be around 22 million by 2020.

Improvements and expansion of housing stock are required in both rural and urban areas. Considering population growth and the need to replace housing of semi-permanent and temporary construction and meet supply shortfalls, it is estimated that Sri Lanka needs to build 100,000 houses a year, nationwide, until 2020 to fill the gap and achieve the target of ensuring housing for all.

Expansion and improvements in the housing stock, combined with infrastructure improvements, in rural areas are expected to lessen pressure for people to migrate to urban areas. In urban areas, housing improvements/expansions are expected to improve the quality and affordability of housing available, and to fill pent-up demand and enable sustainable growth.

In all areas, expansion of housing will be done in a sustainable manner—keeping in mind and ensuring resilience to the emerging challenges posed by changing climatic conditions, as well as ensuring minimal burden on the delicate environmental systems that sustain us.

Changing Settlement Landscape of the Country

Cities are engines of growth and magnets for population migration. The majority of Sri Lanka's

population will live in urban areas by 2020. Ensuring sustainable and rational urbanization, therefore, is critical.



The National Physical Planning Policy outlines the Government's overarching strategy for managing Sri Lanka's urbanization process. While Colombo and its vicinity will continue to be a major urban hub, several other metro regions and mega cities are also planned, in Hambantota, Dambulla, and Trincomalee. Aggressive housing development will be part and parcel of these metro region developments.

Housing Needs of Vulnerable Groups

Improving the housing conditions of vulnerable groups is a key priority of the Government. The transformation and substantial improvement of underserved settlements in urban areas, in Colombo and in other cities, are to be given special attention. The government will seek innovative ways to achieve this target in collaboration with the private sector.

Meeting the housing needs and upgrading the living conditions of other vulnerable communities such as plantation workers and coastal fishing communities are also critical. These will also be given careful and prioritized attention.

By 2020, every family of the country will have decent, comfortable housing with required common amenities in culturally vibrant, environmentally sustainable and economically productive human settlements.

Strategies for the Housing Sector

Changing Role of the Government

The Government's role in housing sector will continue its ongoing shift from that of a developer and financier to that of a regulator and facilitator.

Strategic housing investments may still be made by the state, particularly to target vulnerable populations and to address urgent needs. However, the preferred options for housing development will be through active engagement of the private sector. Public-private-partnerships as well as increased FDI in the housing sector will be promoted. Research and development of cost-effective construction methods will also be encouraged.

Overall, the government will focus on creating a conducive environment for rapid and robust development of Sri Lanka's housing markets nationwide.

Improve and Expand Settlement Planning

The rapidly developing and urbanizing Sri Lanka requires well planned settlements. The government aims to ensure that Sri Lanka's fast-expanding settlements grow in a systematic and sustainable manner through improved urban and regional planning. Careful attention will be given to the context-specific needs of each area, such as population densities, lifestyles and livelihoods, environmental conditions, and socio-economic factors. The impacts of climate change, such as the expected increases in floods, droughts and landslides will also be considered and planned for.

Diversified Housing Options

The provision of Sri Lankan family with more choices and options of housing to meet their lifestyles and needs is critical. Housing of varied types at varied prices – ranging from city apartments to rural single family homes – will be developed to meet wide-ranging needs and affordability levels.

Initiatives to stimulate more dynamic housing markets and better quality housing at the middle and lower-income segments will be promoted. Concessionary financing for housing will be made available to middle and low income groups.

Government housing institutions will pioneer the initiatives to develop social housing options and stimulate private sector investment too.

Better Coordination Among Agencies

Coordination of the various agencies that service settlements will be improved. These include water supply, sanitation, transportation, utilities and healthcare, etc. Local Authorities will also be empowered and encouraged to increase efficiencies in the housing and related sectors.

Housing Quality to Match improving Lifestyles

Incomes in Sri Lanka are rising, and with it, the demand for better quality housing is also increasing.



The quality of housing and construction will be improved in line with modern standards and concepts from the viewpoint of safety, comfort, energy savings, and climate and disaster resilience.

Modular housing technologies and densification strategies will be pursued, particularly in the urban areas, to maximize land utilization and to reduce unit cost.

Regular repair and rehabilitation programmes for existing housing schemes will also be introduced, in collaboration with the private sector.

Strengthen the Rental Housing Market

Sri Lanka has a short supply of quality affordable rental housing. The pent up demand for rental housing will rise with increased urbanization, incomes, and population growth and mobility.

The Government will address the impediments to the growth of rental housing markets by providing targeted incentives for low- and middle-market rental housing developers, and by creating a regulatory regime that balances the need to protect the rights and interests of both tenants and developers/owners equally.

Programmes

Rural Housing

Housing loan and grant programmes for selected low-income households will be continued depending on the need. More emphasis will be given to provide technical assistance and support to mobilize resources



for individual house builders in the future. The National Housing Development Authority will provide technical support and manage the loan programme. During the last five years, more than 100,000 houses were constructed all over the country under different schemes such as Gama Neguma, estate housing, Jathika Saviya, fisheries community housing, and roofing sheet assistance programmes.

Development of Underserved Settlements

The Government will introduce a programme to provide housing facilities to families living in underserved settlements through liberalization and development of prime lands in the cities. Public-Private Partnerships will be one of the modes adopted. The Urban Settlement and Development Authority and the Urban Development Authority will implement these programmes with cooperation of private sector developers.

This programme will release approximately 350 acres of prime land for commercial and mixed-use development. By 2015, 40,000 apartment units will be constructed for shanty dwellers and 20,000 luxury and semi-luxury apartments will be constructed in formerly underserved areas. By 2020, city of Colombo will have no more shanty dwellers.



Housing Facilities in Emerging Urban Centres

It is expected that the establishment of Regional Growth Centres will change the settlement landscape of the country. New employment opportunities to be created in these mega cities which will attract a substantial part of the population away from rural areas. A sound mechanism to provide adequate housing facilities for these populations is important.

The government will encourage the private sector to construct short and long term rental housing at various price points, including luxury and semi luxury apartments as well as dormitory-type facilities.

In addition to emerging metro areas, developers will be encouraged to construct rental housing in transport

hubs such as Veyangoda, Polgahawela, Kaduwela, Homagama, Panadura and Kalutara.

Impediments for the private sector to enter into the rental housing market will be eliminated by providing required and suitable lands, infrastructure facilities, and a conducive regulatory environment.

Attracting FDI for Housing

FDI financing will be sought for large scale housing projects. Attractive incentives and a conducive policy environment will be created. Development control regulations and approval procedures will be streamlined and made more efficient.

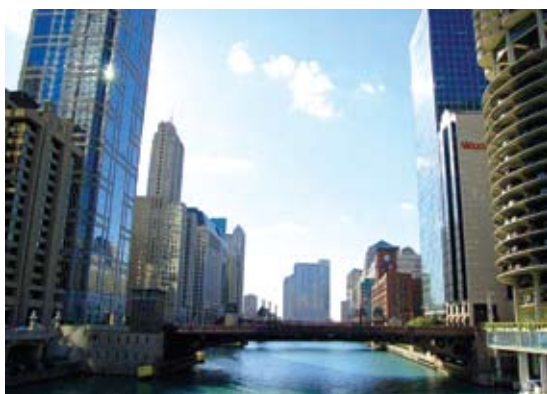
Activity Output Matrix: Housing Sector

| Policy Direction | 2013 | 2016 | 2020 |
|--|---|---|--|
| Direct intervention of government in settlement development. | <p>Provision of land plots to low income families to construct their own houses in rural and estate sectors</p> <p>Implementing comprehensive housing development programmes in rural and estate sectors, based on self-help strategies characterized by provision of cash grant, concessionary loans and in kind assistance</p> <p>Government involvement in the construction public servants' housing schemes</p> | <p>Facilitating individuals and private developers in residential development by improving capital structure of home lending institutions and releasing state lands in competitive price</p> <p>Completing the relocation of underserved settlers and released the land for commercial and residential property development</p> | <p>Government will facilitate and create conducive environment to private sector property developers to meet the entire housing requirements. By providing required infrastructure and institutional supports</p> <p>Encouraging private and state housing financing institutors to introduce new housing financing products</p> |
| <p>Facilitation of individual and private developers in residential development</p> <p>Changing government role from developer and financier to regulator and facilitator in housing development and home lending.</p> | <p>Promoting low cost housing technologies in rural and semi urban housing development</p> <p>Revamping government housing schemes and facilitating establishment of housing management committees</p> <p>Facilitating private property developers to construct residential apartments by relocating dwellers in underserved settlers</p> | <p>Implementing public servant and private sector employee housing scheme with the participation of private developers and home lending banks</p> <p>Introducing and developing specialized housing financing products to meet the housing requirements of middle income families</p> <p>Ensuring every expatriate family to own their houses by introducing special loan schemes with the assistance of state and private banks.</p> | <p>Government becomes strong regulator which will regulate housing finance, quality and standard of apartments by introducing suitable legal instruments</p> |
| | <p>Outcomes Completing housing reconstruction programmes in the conflict affected areas</p> <p>Completing construction of 300,000 units throughout the island</p> | <p>Outcomes Completing resettlement and underserved settlers</p> <p>Completing construction of 300,000 units throughout the island</p> | <p>Outcomes By 2020 every family will have their own house</p> <p>Complete construction of 300,000 units throughout the island</p> |

7.4 Urban Development

Colombo City and other key cities will be improved to be on par with environment friendly modern cities in middle income countries while also establishing such cities as commercial hubs in South Asia

(Mahinda Chintana 2010, p 19)



Cities will be improved as environment friendly modern cities

Background

Sri Lanka is on the path of rapid urbanization. Although the majority of our population is yet based in rural areas, this situation is fast changing. We will soon be a predominantly urban society. This trend towards urbanization, which is shown in many countries, is virtually unstoppable.

Cities and towns are the engines of our economic growth in the present scenario, and their significance will increase in the future. Therefore, effective management and structuring of our urbanization, and ensuring sustainable development of our cities are critical.

By 2020, Sri Lanka will have well-planned, economically productive, environmentally sustainable, culturally vibrant, safe, and a well-linked network of cities and towns throughout the country.

Current Status and Trends

Of Sri Lanka's present population of 20 million, approximately 35 percent live in areas currently designated as urban. However, many areas which were not "defined" as urban in our 2001 Census, show increasingly urban characteristics such as high population and building density.

The estimated average rate of urbanisation during the 2010-2020 period is three to four percent per annum, while the annual population growth rate will be less than 1.2 per cent. These trends suggest that around 60 percent of the population will be living in urban areas by 2020.

The strategic location of the country, in close proximity to vital international marine transportation routes, tourist destinations and economic growth centres provide clear opportunities that can be exploited to underpin the economies of our cities.

Infrastructure facilities in the future cities, towns and growth centres will be designed to harness and maximize the benefits from international trade and transport by positioning Sri Lanka as a regional hub.

Policy Direction and Strategies

Sri Lanka's overarching strategy for urban development is laid out in the National Physical Planning Policy and Plan.

The Government's goal is to develop a systematic network of settlements and cities in the country that are effectively linked with each other and with the rest of the world. Well planned cities, towns and villages will be developed in order to create a high quality living environment for our people. While

strengthening the individual character and identity of each urban area, services, employment opportunities, and social integration will also be encouraged.

A Network of Well Planned Metro Cities (First Order Cities) and Metro Regions

At present, Sri Lanka's urban population is concentrated mainly in the Western Province—attracted and sustained by economic activity centred around Colombo. In the future, however, economic opportunity will be more evenly distributed, and with it, the country's urban settlements as well.

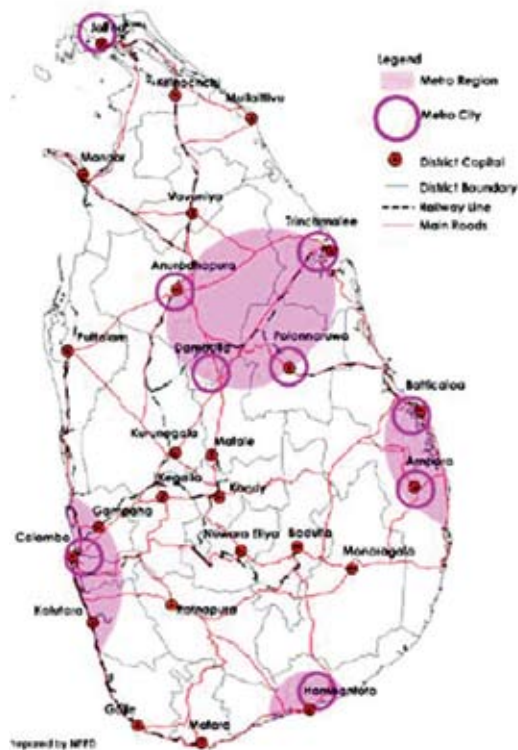
The development of four Metro Regions, and several Metro Cities is planned. A Metro Region will include an interconnected network of Metro Cities, or first order cities. Second and third level towns will also be developed and connected to these Metro Cities, as surrounding villages, enabling each region to grow and evolve as an integrated system. Each region will have

its unique identity, character and role.

The Colombo Metro Region includes Colombo as a Metro City supported by a number of satellite towns including Kadawatha, Maharagama, Piliyandala, Ja-ela, and Moratuwa.

The Metro Cities of Anuradhapura, Dambulla, Trincomalee and Polonnaruwa will work together to form the North Central Metro Region. Hambantota Metro City will be the hub of the Southern Metro Region while Ampara and Batticaloa will be the Metro Cities in the Eastern Metro Region.

There will be a strong interconnection among all the Metro Regions in the country and they are expected to provide employment opportunities and services to a much wider range of people and counterbalance the current trend of migration towards the Western Province.



Metro Cities and Regions in the country
Source: National Physical Planning Department

Table 7.4.1 Target Populations for Major Urban Regions Envisaged under the National Physical Planning Policy

| City Type | City Name | Target Population | Metro Region Total |
|------------------|-----------------------------------|-------------------|--------------------|
| | Western Metro Region | | |
| Metro City | Colombo | 2,000,000 | |
| District Capital | Gampaha | 750,000 | |
| District Capital | Kalutara | 750,000 | |
| | | | 3,500,000 |
| | North Central Metro Region | | |
| Metro City | Anuradhapura | 1,000,000 | |
| Metro City | Dambulla | 1,000,000 | |
| Metro City | Polonnaruwa | 1,000,000 | |
| Metro City | Trincomalee | 1,000,000 | |
| | | | 4,000,000 |
| | Eastern Metro Region | | |
| Metro City | Ampara | 500,000 | |
| Metro City | Batticaloa | 500,000 | |
| | | | 1,000,000 |
| | Hambantota Metro Region | | |
| Metro City | Hambantota | 1,000,000 | |
| | | | 1,000,000 |
| Metro City | Jaffna | 1,000,000 | |
| District Capital | Badulla | 75,000 | |
| District Capital | Galle | 300,000 | |
| District Capital | Kandy | 100,000 | |
| District Capital | Kegalla | 50,000 | |
| District Capital | Kilinochchi | 50,000 | |
| District Capital | Kurunegala | 200,000 | |
| District Capital | Mannar | 200,000 | |
| District Capital | Matale | 100,000 | |
| District Capital | Monaragala | 100,000 | |
| District Capital | Mulattivu | 100,000 | |
| District Capital | Nuwara Eliya | 50,000 | |
| District Capital | Puttalam | 100,000 | |
| District Capital | Ratnapura | 75,000 | |
| District Capital | Vavuniya | 100,000 | |
| Total | | 12,250,000 | 9,500,000 |

Source: National Physical Planning Policy and Plan NPPD, 2007

Cities of the Future

Colombo City has already been developed as a First Order City. Hambantota, Trincomalee, Batticaloa, Polonnaruwa, Dambulla, Anuradhapura, Ampara and Jaffna are already identified as emerging First Order Cities. Further, Kurunegala, Galle, Gampaha and Nuwara-Eliya are also identified as potential locations for future First Order Cities.

Each of these cities will provide a high level of urban services, amenities and facilities. Creating of high quality urban environments with associated education, commercial, social and cultural opportunities will make these new cities pleasant and sought after places for people to live. Metro Cities will provide a diverse range of employment opportunities and they will be positioned to capitalize on regional economic opportunities.

Port City - Hambantota

Hambantota will be developed as an industrial and transportation hub and positioned to capitalize on the region's tourism potential as well. Hambantota city will be well on its way to becoming a



Construction of International Convention Centre and Administrative Centre in Hambantota is in progress

metro city with the completion of the Administrative Complex, International Convention Centre, and its sea-port and airport. Mattala, Sooriyawewa and Debarawewa are developed as satellite cities connected to the Metro City.

Agro-based Trade City- Dambulla

Dambulla has direct connections to all major agriculture-based areas including Nuwara-Eliya, Polonnaruwa and Jaffna. Therefore, Dambulla will be developed as the primary agro-based trade city in the country. Dambulla will also be developed as a primary domestic connectivity logistics hub in the country.

Heritage Cities – Anuradhapura and Polonnaruwa

Anuradhapura is one of the ancient capitals of Sri Lanka, famous for its rich heritage and archeological significance. The ancient city of Polonnaruwa is similar. Both cities have been declared as UNESCO World Heritage Sites and are popular tourist destinations. These cities will be further enhanced and positioned as hubs for cultural heritage and ecotourism development.

City of Diversified Culture - Jaffna

Jaffna is well-known for its rich and diversified culture, fishing industry and tourist attractions. Jaffna will be developed as a Metro City in the Northern Province. Malavi and Kilinochchi are to be developed as second order cities in the North. Industries based on local resources including cement and chemical will be developed. The tourism potential of Jaffna lagoon and its surroundings will also be captured as well.

Industrial Port City – Trincomalee



Source: National Physical Planning Department

Trincomalee will be developed as an industrial port city. The industrial zone in Trincomalee will be fuelled by the Sampoor power plant and linked to the world through development of the harbour. The lagoon and its surroundings will be developed as a key tourism attraction and for public recreational activities. Mutur, Kinniya, Kantale, Gomarankadawela and Pulmodai will be developed as second order cities in the area.

Strengthening Planning and Development Management



Integrated Urban Development

Improved Facilities for Provincial and District Capitals

Provincial and district capitals in the country will be provided with modern facilities to meet the economic, social and cultural needs of the population in the province. The already congested urban areas will be expanded by developing alternative urban centres or satellite towns. They will be environmentally sustainable keeping homogeneous culture of the country.

Integrated Urban Development Plans

Haphazard development of our urban areas will be remedied. Urban Development Plans will be formulated and enforced for each city. These urban development plans will be integrated at district, provincial, and metro region levels.

Accordingly, district, provincial and metropolitan planning committees will be set up. These committees will be independent bodies comprising representatives of elected Local Authorities and will review urban development plans and integrate them with the economic and settlement plans for the areas under their purview. Planning will be medium term with a 20-year perspective plan providing the framework for immediate action plans.

Satellite based spatial information such as high resolution digital maps and Geographical Information System (GIS) applications will be used in all the development planning activities, and public access to this information will be ensured.

Adequate and High Quality Services

Providing adequate, high quality urban services such as solid waste management, sewerage, etc. will be ensured through a concerted investment programme. The pricing of such services will reflect the full economic cost of providing them. Cities are centres of economic activity and their residents will be able to afford

equitably priced services. It is therefore, feasible to price services on an economic and equitable basis.

Environmentally Sensitive Development

As aggressive development takes place, environmental factors will be carefully considered and respected. The National Physical Planning Policy takes into account the need to conserve the environmentally sensitive central region as well as the coastline, and minimize population pressures on them. In addition, development plans will consider factors such as changing climatic conditions and the increased incidence of disasters such as landslides, floods, and droughts.

Development plans and guidelines will include criteria to ensure the long term sustainability, environmental sensitivity, and climate resilience of planned cities.

Sprawl of settlements will be controlled and high-density (vertical) development alternatives with plenty of open spaces will be encouraged. Greening of settlements will be pursued as well, to create conducive living environments for our people.



Mobilizing Private Investment

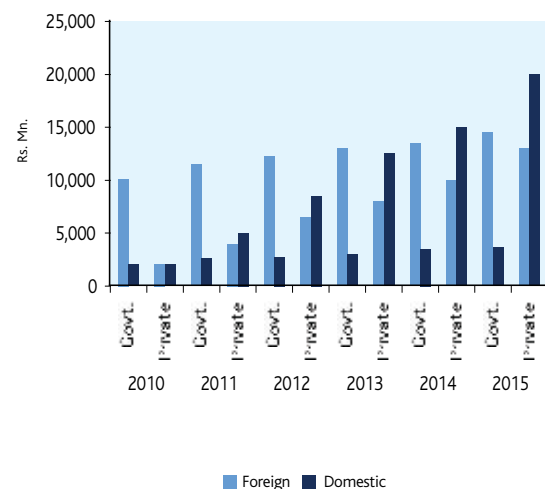
Mobilizing Private Investment

The government will spearhead the development of Master Plans and development regulations for the key urban areas. These plans are expected to create the clarity and enabling environment necessary to unleash significant private investment in their development.

A range of financing strategies will be used in order to boost investment in planned large scale urban infrastructure and services. Several models such as BOT (Build, Operate and Transfer), BOOT (Build, Own, Operate and Transfer) and BOO (Build, Own and Operate) for private sector participation will be promoted. The issuance of bonds and other instruments for public participation in the financing of development will be explored.

Complicated and lengthy procedures, rules and regulations in the development process will be evaluated and streamlined reducing ambiguity of procedures, time needed for approvals, and uncertainty for investors.


Chart 7.4.1 Investment Plan (2010-2015): Urban Development and Housing




8. SHARED VALUES AND RAPID DEVELOPMENT

- Towards a Caring Society
- Culture and National Heritage
- Towards a Balanced Regional Development with Diversity

8.1 Towards a Caring Society




Our society's foundation is the family. It is only through the improvement of close and intimate family bonds that we can ensure a pleasant society.




(Mahinda Chintana – 2005, p 5)

Sri Lanka is experiencing a significant change in the demographic and social dimension of the society. Though this change generally raises vulnerability of certain segments of the population like children, disadvantaged women, elders and the disabled, in the Sri Lankan context, they are mostly protected and cared for within the family. However, a fresh approach is required for the economic, social and spiritual development of the family.



It is my belief that whatever may be our achievements; our focus should be on the family, consisting of the mother, father and the children.



(Mahinda Chintana – 2010, p 22)

The new policy ensures the well-being of the family through a group specific intervention to uplift the living standard of these groups and mainstream them into the society. Active participation of the private sector and the non governmental organizations in this attempt will be encouraged.

Women as a Pioneer of Development

Sri Lankan woman has a comparatively better status in terms of literacy, health status and gender recognition. She holds the prime place in the family and is considered as the pioneer who drives the family towards a disciplined society. The contribution of women to the economy of the country is also highly significant.

Some of the current initiatives for women

- National Food Package for Expectant Mothers (Poshana Malla)
- Thripasha Programme
- Diriya Kantha Programme
- Kantha Saviya Programme
- Gender Based Violence Programme
- Economic Empowerment of Rural/Urban Women
- Revolving Fund for Self Employment
- Entrepreneurship Training Programme
- Skills Development Programme
- Trade Fair and Marketing Programme
- Home Gardening and Livestock Development Programme

The future policy direction will emphasize the creation of a conducive environment for women where they can utilize their knowledge in emerging opportunities. Special attention will be given to those who are unemployed, pregnant, widowed, destitute and to female headed households.

Promoting Quality and Productive Employment for Women

Considering the fact that the participation of women in the labour force has been less than half that of men, all opportunities will be opened for them to engage in gainful economic activities.

| Table 8.1.1 Labour Force Participation Rate (%) | | | | | |
|---|-----------|-----------|-------------------|-------|------|
| Year | 2005 | 2006 | 2007 | 2008 | 2009 |
| Male | 67.3 | 68.1 | 67.8 | 67.9 | 67.4 |
| Female | 32.6 | 35.7 | 33.4 | 34.3 | 34.3 |
| Women Unemployment Rate by Age Group - 2 nd Quarter 2010 | | | | | |
| Age Group | 15-24 | 25-29 | 30+ | Total | |
| % | 24.6 | 19.4 | 2.9 | 8.0 | |
| Women Unemployment Rate by Level of Education - 2 nd Quarter 2010 | | | | | |
| Level | Below O/L | GCE (O/L) | GCE (A/L) & Above | Total | |
| % | 4.3 | 9.4 | 16.4 | 8.0 | |

Source: Dept. of Census & Statistics

Entrepreneurship culture for women will be promoted through encouraging women entrepreneurs to find new business avenues. They will be provided with expanding credit facilities, marketing and high technology to produce quality goods for commercial and export purposes.

Expanding the Range of Skills of Women

Systems and mechanisms will be developed to attract women to the technical and vocational education field. Non traditional courses will be introduced to the technical education field to cater to future labour market demands.

Guaranteeing Equal Gender Division in Labour Market and Working Conditions and Services for Women



It will be ensured that women are assured of wages equal to that of men, wherever they are engaged in similar employment. Bilateral agreements with labour receiving countries will take place to protect the female migrant workers from economic and sexual exploitation. Support access will be provided for child and dependent care by providing services, resources and information for working mothers.

Ensuring Sufficient Representation of Women in Community Consultation

| Table 8.1.2 : Women Representation in Provincial Councils (Percentage of Women) | | |
|---|------|------|
| Province | 2004 | 2010 |
| Western | 5.8 | 4.8 |
| Central | 8.6 | 8.6 |
| Southern | 1.8 | 1.8 |
| North Western | 7.7 | 3.8 |
| North Central | 3.0 | 3.1 |
| Uva | 2.9 | 2.9 |
| Sabaragamuwa | 2.3 | 2.3 |
| Total | 5.0 | 4.1 |

Women at grass roots level will be encouraged to organize and act as catalysts in community development, particularly in the areas of nutrition, self employment, counseling and domestic violence. Their participation in decision making will be mandatory. Participation of women in the decision making process will be promoted by ensuring increased female nominations to contest local elections.

Ensuring the Nutritional Standards of the Pregnant Mothers

Low level of maternal nutrition still remains a major concern in Sri Lanka. This will be addressed by providing them with nutritional supplements, good hygiene practices and special quality healthcare services.

Creating a Supportive Institutional Framework

Required guidance, counseling, and the effective institutional framework will be provided to support destitute groups of women such as widowed, disabled and elderly. It has been observed that women are the worst affected by the violent conflict. Dislocation and isolation over the years have changed their attached values and courage. The number of widows has also increased during the last three decades. Strengthening the women's role in sustaining conflict affected families and communities will therefore be given high priority. Legal provisions will be made to recognize women as the head of the household in instances where she shoulders the responsibility of the family. Equal right of access to productive resources such as land will also be ensured.

Robust and Intelligent Children

Children below 18 years of age constitute about one third of Sri Lanka's population. The existing legal framework ensures the protection and care of children. Further, the free education and health policies have led the children to gain a high level of educational and health achievements. However, there are still some concerns and challenges faced by children which need to be addressed. Therefore, a conducive and safe environment needs to be built where children can learn and develop physically and socially.

It is our children who will be the heirs to a free and independent Motherland. To take on this responsibility effectively, they have to be intelligent and wise, while being robust and strong.

(Mahinda Chintana – 2010, p 24)



The new policy direction ensures that all children have unfettered opportunities to advance to their fullest potential.

Providing Protection and Care

A solid family structure that supports the development of the personality of a child will be promoted. The first step of the socialization process begins from the family. Family care therefore needs to be provided from the infant stage. The new strategy encourages families to provide for and protect children in their care. However, there are circumstances when children have no other option for care and protection except an institution. On such occasions, those children will be provided with the institutional care with adequate protection, facilities, vocational training and special education. Street children, abused and abandoned children, children with disabilities, children of migrant mothers and children affected by the conflict will be identified as those who need special care. The legal framework will be strengthened to protect the rights of children to be free of abuse, exploitation, neglect and violence.



Promoting Early Childhood Care and Development

Early childhood care and development include physical, social and psychological development of children from conception to age five. Priority will be given for the promotion of early childhood care as the mental growth and personality development of a child rapidly occur during this period.

Providing Quality Education and Improvement of Access

It is vital that all children of school going age have opportunities to receive a good quality education. Hence, the quality of education will be improved in order to meet modern needs of the society. Equal access to primary and secondary education will also be promoted. Special emphasis will be given to disadvantaged children in this regard.

Promoting Quality Healthcare and Nutritional Status

Improving the health of children is the key to building a healthy nation. High quality healthcare will be provided with the aim of fostering a healthy lifestyle. Special emphasis will be given to the provision of quality maternal care which improves the wellbeing of mothers and the new born. Necessary steps will be taken to reduce early marriages and teenage pregnancy.

Balanced nutrition is still an unmet need for too many children, particularly in the plantation community. Short term and long term interventions will be taken to improve the level of nutrition of expectant mothers and children with special focus on the needy. Good and safe hygienic practices and proper sanitation facilities will be promoted to make children free of diseases.

Senior Citizens as Experienced Mentors

The elderly population in Sri Lanka constitutes about 9.2 percent of the total population. The growth of this population category has accelerated over the last three decades and is expected to have a considerably higher proportion of about 22 percent by 2030.



Table 8.1.3
Projected Elderly Population (aged 60+)

| Year | Elderly Population ('000) | Elderly as a % of the Total Population |
|------|---------------------------|--|
| 2001 | 1,907 | 10.0 |
| 2011 | 2,742 | 13.1 |
| 2021 | 3,980 | 17.8 |
| 2031 | 5,062 | 21.9 |

Source: – United Nations Population Fund and Population Association of Sri Lanka

The increase in older population will eventually lead to the need to confront several policy issues. However, the new strategy welcomes this demographic change and envisages it as an opportunity. Hence, the government's policy aims to create an encouraging environment to absorb the wealth of experience of the senior citizens into the development process. In this regard, socially, economically, physically and spiritually productive and fulfilling life in old age is ensured.

It is our responsibility to create a better environment for the senior citizens to live with dignity

(Mahinda Chintana – 2010, p 24)

The new development agenda of the government will address the needs of the elderly in a coordinated manner through the following strategic initiatives.

Incorporating the Ageing Issue in the Social Development Agenda

As the ageing of the population creates great demands for new social and welfare services, it needs to be included in social and development plans at all levels. The awareness of ageing population and necessary attitudinal changes will be created by introducing them in the school curriculum. Access to information, communication and life-long learning for older persons will be facilitated.

Ensuring the Equal Participation of Senior Citizens in the Decision Making Process

Active aging will be promoted in this regard. Opportunities will be created to share their knowledge, skills, values and life experience in decision making at all levels. The valuable contribution of senior citizens in voluntary services in the community will be recognized and supported.

Social Security Schemes for the Aged

With the aim of enhancing the wellbeing in old age by securing a minimum income, a number of pension schemes are being implemented in Sri Lanka. These consist of both contributory and non-contributory schemes covering those who are working in the formal as well as in the informal sector.

| Scheme | For Whom | Coverage (No.of Persons) |
|---|--|---|
| Formal Sector | | |
| Public Service Pension Scheme | Civil servants | Pension Beneficiaries - 456,113 Members: Employees - 1,047,041 W&OP - 949,700 |
| Employees' Provident /Trust Fund (EPF/ETF) | Formal sector employees who are not entitled for public service pension scheme | Total accounts - 12.7 million Active accounts - 2 million |
| Informal Sector | | |
| Farmers' pension scheme | Farmers | Members - 954,000 Pension Beneficiaries - 75,876 |
| Fishermens' pension scheme | Fishermen | Members - 63,950 Pension Beneficiaries - 1495 |
| Sesatha | Migrant workers | Members - 2802 |
| Hela Weda Rakawarana | Practitioners of Indigenous Medicine | Members - 1182 |
| Sipsavira | Handicraftsmen | Members - 284 |
| Saraswathi | Artists | Members - 86 |
| Rusiru | Persons who are engaged in beauty culture field | Members - 371 |
| Ransalu | Persons who are engaged in handloom industry | Members - 1707 |
| Kamdiriya | Small and medium scale entrepreneurs | Members - 129 |
| Randalu Samuha | Medium scale tea estate workers | Members - 97 |
| Prathishta | Journalists | Members - 45 |
| Samaka Diriya | Persons with disabilities | Members - 365,568 |
| Sahana, Thilina, Isura, Sarana, Surekuma & Dhanalaxmi | For other self employees | |

Ensuring Adequate Income Security and Safety Net for the Aged

The existing social safety net has not been able to cover persons of all ages. A universal pension scheme will therefore be introduced with private sector cooperation. Opportunities and facilities will be created to assist the senior citizens to earn an extra income. Youth will be educated on the benefits of savings and advantages of pre-retirement plans.

Developing a Well Structured and Organized Healthcare System for the Well-Being of the Elders

Creation of a healthy environment for senior citizens is a priority. Accessible and affordable healthcare provisions will be developed in order to promote healthy lifestyles, nutrition and avoidance of risk factors. Health insurance for all will be ensured. Assistive devices such as spectacles and hearing aids will be provided for the needy.



Senior citizens, who have devoted their lives to their children and the country, will not be allowed to be lonely.



(Mahinda Chintana – 2005, p 15)

Caring for Elders

Families will be encouraged to provide long term care to older members within the family. Community based rehabilitation and institutional care facilities will be strengthened for the needy. Support will be provided to temples, churches, kovils etc. that run elder care centres. Retirement villages on cost sharing basis will be established with modern and comfortable living environment. Private sector will be provided with tax and other concessions to run homes for the elders and care services.



Ensuring Accessibility to Public Services and Promoting Recreational Facilities


Facilities will be improved to ensure the easy accessibility to public places and services. Public parks and walking tracks will be established for them to spend their leisure time. Cultural and spiritual activities will be facilitated and supported.

Strengthening the Systems for Protection and Promotion of Elders' Rights


Legal aid and counseling services will be provided free of charge to avoid family disintegration and enhance their autonomy, protection and care.

Mainstreaming Differently-Abled into the Society

According to statistics, 1.6 percent of Sri Lanka's population is living with disabilities (2001 Census). The conflict that prevailed in the country during the last three decades caused an increase in the number. Most of the disabled have never attended school and therefore lack opportunities. The majority of them are unemployed, marginalized and socially excluded. Disabled women comprise one of the most neglected segments of society.




It is vital that we treat all differently abled persons as respected citizens without any discrimination.




(Mahinda Chintana – 2005, p 16)

Differently-abled in Sri Lanka are often protected and cared for by their family members and relatives. In addition, Sri Lanka has a strong partnership with private sector and non government organizations in looking after those who are unable to care for themselves. Nevertheless, the Government too has recognized its responsibility to provide them with protection and security.



The creation of a social, economic and psychological environment for differently-abled children and adults to live in dignity is an important priority.



(Mahinda Chintana – 2010, p 26)

The Government's policy aims to mobilize disabled persons, empower and integrate them into society as useful and equal partners. They will be supported to lead a healthy life and join the mainstream through the following strategic initiatives.

Caring for the Differently-Abled Persons

Providing institutional care has been recognized as a major requisite for the protection and care of the needy. It helps the families to ease the burden. With this objective, special homes for the disabled with all modern facilities will be maintained. The private sector

and NGOs will be encouraged through concessionary loan schemes to provide this facility. Special attention will be paid to reduce the hardship of the families who maintain a disabled member in their care. Welfare villages will be established for disabled soldiers.

Providing Assistive Devices

Assistive devices with latest technology will be made available in all areas of the country and the local producers of those devices will be facilitated.

Community based rehabilitation will be promoted with the aim of enabling them to enjoy their rights and to carry out responsibilities to society. Counseling services will be made available to improve their mental health. Orthopedic Treatment Units will be strengthened with modern equipment to provide treatment for disability from birth.

Increasing Special Facilities to Access Basic Services

Special educational centres will be established with modern aid equipment for children with specific disabilities. Since many individuals with disabilities have low education or have not even started schooling, they will be provided with non-formal education opportunities. Accessibility of persons with disabilities to government offices, religious and other common places and public services will be increased and regulated. The necessary support will be given for the differently-abled to improve their sports and arts capabilities. They will be provided with opportunities to identify and develop their latent capacities.

Enhancing Employability

Employability of the differently-abled persons will be improved by providing vocational training and skills development through rehabilitation centres that are managed by NGOs or other charities. New virtual courses appropriate for disabled students will be introduced to the technical education field. Private sector will be encouraged to obtain the services of the disabled. A small grants programme will be initiated to build livelihood capacities and enable persons with disabilities to be trained and to reduce the stigma of discrimination.

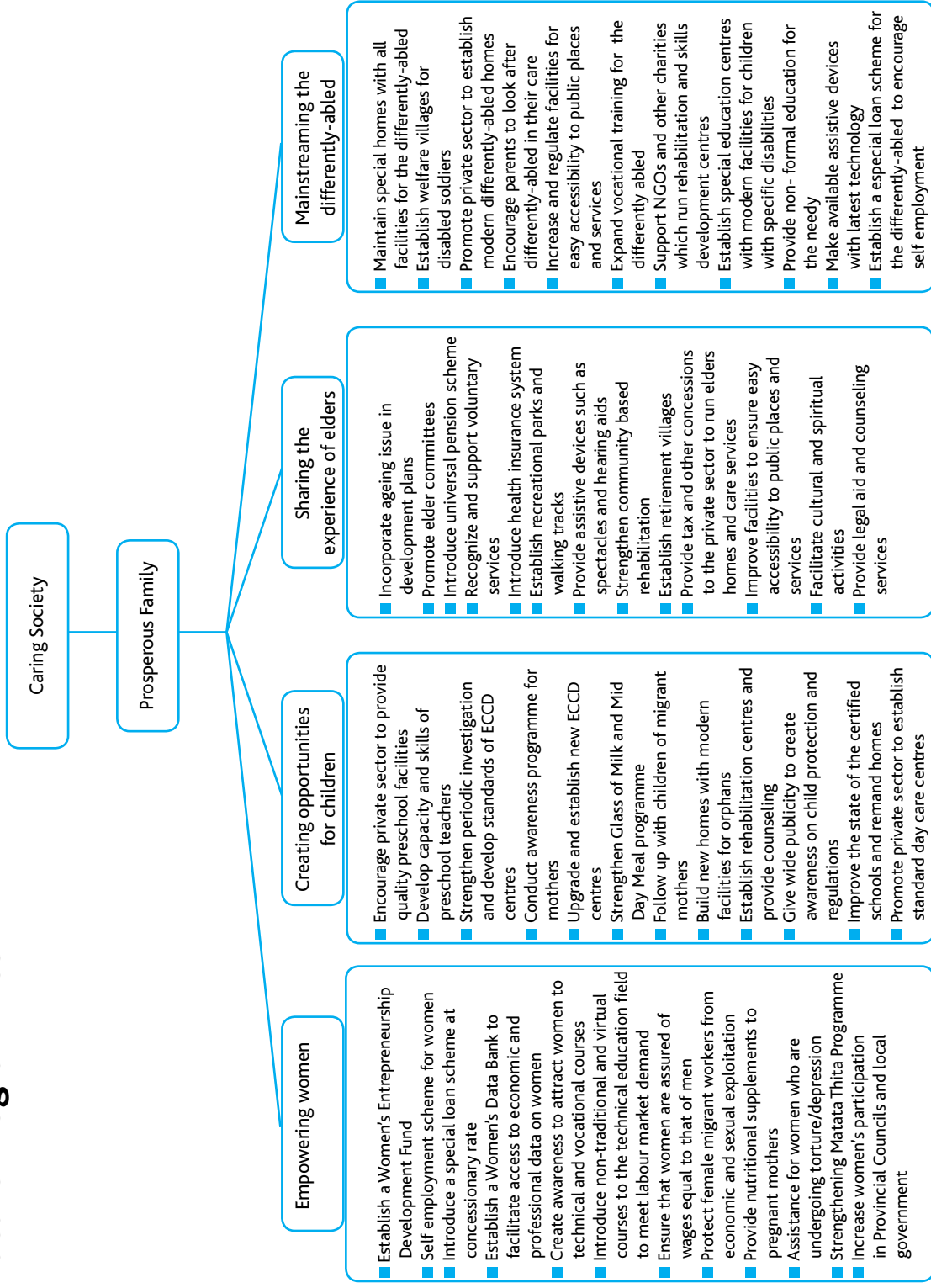
Guaranteeing the Rights

Domestic legislation will be introduced to guarantee social security and living standard of differently-abled persons and national and international standards, rules and regulations applicable to their fundamental, social and economic rights will be implemented for making Sri Lanka a truly differently-abled friendly country.

Some of the current initiatives for differently-abled

- Rs.3000/- monthly assistance for families with differently-abled persons
- Self employment programme
- Samaka Diriya Pension scheme
- Medical assistance programme
- Housing assistance programme
- Accessibility programme
- Braille course for public servants
- Mobile service programme to provide assistive devices

Future Programmes



KEY MESSAGES

EMPOWERING THE RURAL ECONOMY

ENHANCING HUMAN CAPACITY

Sri Lanka has made considerable progress in human development, which is reflected in increasing incomes and the impressive reduction in poverty. The Mahinda Chintana goals of the Ten Year Socio-Economic Development Strategy are to build on these achievements and to reach higher and more equitable levels of human development by 2020. Social services need to be expanded and improved further to achieve this goal. A stronger coordination of the means and objectives of the different sectoral strategies of the Government and Provincial Councils are essential. In particular, there are five cross-cutting challenges in relation to the design and provision of social services.

(a) Improving the quality of social services

Measures to increase the quality and motivation of service providers, particularly at local and district levels is more important than a rise in the number of service providers. Client-oriented services are the key: Public health services should be more responsive to the needs of patients, changing economic status to a middle income society and demographic characteristics with longer life expectancy. Education should promote creative thinking to meet the demands of a modern economy. The need to develop a comprehensive and modernized curriculum to prepare young generations for the challenges of the modern economies must also be addressed.

(b) Ensuring equitable access by all groups of the population

Equitable access to social services and safety nets is crucial. Accessibility is particularly important for vulnerable groups. Access to health services is hampered by high cost of service delivery. Affordable healthcare systems at provincial levels connected to well equipped hospitals in townships need to be the priority. Popularizing education at all levels particularly in rural areas and to improve survival rate and quality education too is a priority.

(c) Improving the access and the use of information and Information Technology

Information is crucial for enhancing human development. Accessibility of social services will be improved by providing information on social services and on people's entitlements to use them. The use of the Internet and modern information technologies, library systems and infrastructure should be strengthened, in order to facilitate the emergence of a knowledge-based economy. IT initiatives of the Government and Nanasala outlets in the villages are expanded to become powerful sources of dissemination of information to the people.

(d) Raising public investment in social sectors and diversifying into new sources of funds

Increasing public spending on social services and improving the knowledge focus is crucial to ensuring higher standards of quality and coverage. In the health care sector, shifts in resource allocation between provinces as well as different healthcare levels need to be explored. Alternative sources of financing for social services may be found, such as health insurance, people's contributions, cost sharing, community involvement, use of excise tax on liquor and cigarettes etc. to meet rising expenditure.

(e) Establishing appropriate roles for the state and non-state sectors

There is a need to define the roles and responsibilities of the state and non-state sectors. While the Government has a responsibility to ensure universal basic and general education, private parties are encouraged to partnership with the Government to play a constructive role in the provision and financing of higher education and vocational training. An important role for the state sector remains in ensuring and monitoring the quality and accessibility of the services provided, promoting regulatory framework and developing institutional capacities and other important sources to meet household daily needs.

8.2 Culture and National Heritage

A person with a high sense of art and culture will see the world with a serene mind. The art and culture in a country should be able to reflect its past glory as well as focus on the future of the society. Many in our country may have feared that our country's culture and arts would have been damaged by the speedy amalgamation with global cultures and values.

(Mahinda Chintana 2010, p 99)

Overview

Sri Lanka witnessed the development of a number of kingdoms and there are large numbers of historically important monuments, sites and other structures belonging to these kingdoms, now scattered in a large area of the island. Most of the archaeological sites are situated in sacred places. A large number of tourists, both local and foreign, visit these places annually.

The government assumes the prime responsibility of protection and propagation of our cultural heritage with the support of the general public. Prominent cultural sites including historically important places, monuments and archaeological sites will be developed as major tourist attractions in the Asian region.

The private sector will be encouraged to establish mutually beneficial partnership arrangements with the government in relation to propagation of arts and culture.

Elderly people in the country need an effective way to pass their leisure time. In giving special attention to this group of people in eliminating their unrest and



strengthening their mental capacities, island wide cultural programmes will be organized.

Strategies

Promotion of Cultural Centres to develop mental satisfaction of adults, teaching aesthetic skills to the younger generation particularly, and improving reading habit of rural people through conducting various programmes with the participation of the community.

The Archaeological Sites and Heritage Places which are Scattered all Over the Island will be Conserved and Preserved

These archaeological sites and heritage places will be conserved and preserved with the support of all stakeholders, including the general public. The new technology will be used extensively to improve the preservation of these sites. Basic facilities needed to attract tourists for these sites will be improved.

The archaeological places and monuments in the Northern Province fell into neglect due to the conflict situation in the area for last 3 decades. Some of these monuments and important places like historical forts in Jaffna, Mannar and Poonariyn were severely damaged. The religious and cultural activities of the people were also restricted. This unfavourable situation has led to a deterioration of the spiritual quality of life and harmonious living pattern of people. However, the

cultural activities which were hampered during this period have now been enhanced with restoration of peace in the area.

New excavation and conservation works will be strengthened with the assistance of all stakeholders, including village communities, Sri Lanka Tourism Development Authority, Provincial Councils, Divisional Secretaries, researchers and university students. Action has already been taken to develop fortresses in Kalpitiya, Jaffna, Trincomalee, Batticaloa and Matara as attractive tourist destinations. The old Dutch market in Matara and a number of buildings between Chilaw and Colombo have also been identified for preservation. After completion of the programme, all the sites selected for conservation will be major tourist attractions and tourism promotion centres for both local and foreign tourists. This will be a big boost to the life of the people in the surrounding areas as it generates a large number of self employment opportunities and thereby uplifts their living standards. The programme will also enhance harmony among all ethnic groups living in the country by making them partners in the development process.

Establish Performing Arts Theatres in each Province

By 2020, each Province in Sri Lanka will have at least one modern performing arts theatre with international level infrastructure facilities and modern hi tech facilities. The theatres will comprise of a music hall and a theatre hall with the capacity of 1,000 seats in each.



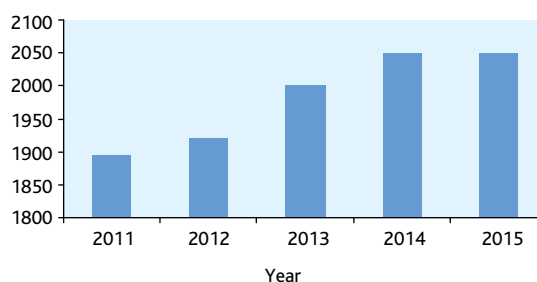
Galle Fort as a Living Museum and a Centre of Cultural Tourism

The Galle city which was built by Europeans will be developed as a Centre of Cultural Tourism. The museum, equipped with sophisticated modern hi tech facilities, will display all the resources of the sea. The existing maritime museum in Galle will also be developed to international standards.

A Sri Lankan Folk Village

A living museum type of attraction will be established in the Central Province. It will display elements of traditional Sri Lankan life and culture. There will be multiple sections in the park which will include traditional markets, restaurants, and showcases of traditional wood working and metalworking techniques. There will be performances of traditional dances, equestrian skills, marriage ceremonies and recreational activities.

Chart 8.2.1
Target Investment: 2011-2015



Modernization of the Existing Museums

National museums are treated as treasure houses of historical and cultural heritage of Sri Lanka. The existing museums will be modernized adopting new technologies and presentation methods. The National Museum will be developed as a centre, providing information, entertainment and knowledge to local and foreign tourists. New museums will be established in appropriate places based on different themes which are memorable to the public. A new museum has already been established in Sigiriya with modern display techniques.

Museum to Depict Ancient Hydraulic Civilization

The Government also plans to set up an Irrigation and Water Resources Museum in Anuradhapura with the assistance of UNESCO to depict ancient hydraulic civilization of Sri Lanka which dates back 2,500 years. Anuradhapura was the capital of Sri Lanka from the 4th century BC to 11th century AD and the people of the era marked their presence in history with a network of reservoirs and canals that provided water for rice cultivation in the ancient kingdom of Rajarata. The traditional reservoir that is called 'wewa' is a unique creation of ancient people and it had an advanced irrigation technology that is marveled at even by modern engineers. The museum will display models of ancient irrigation systems, archeological artifacts and informative data regarding the ancient irrigation technology of Sri Lanka.

Establish a New National Maritime Museum

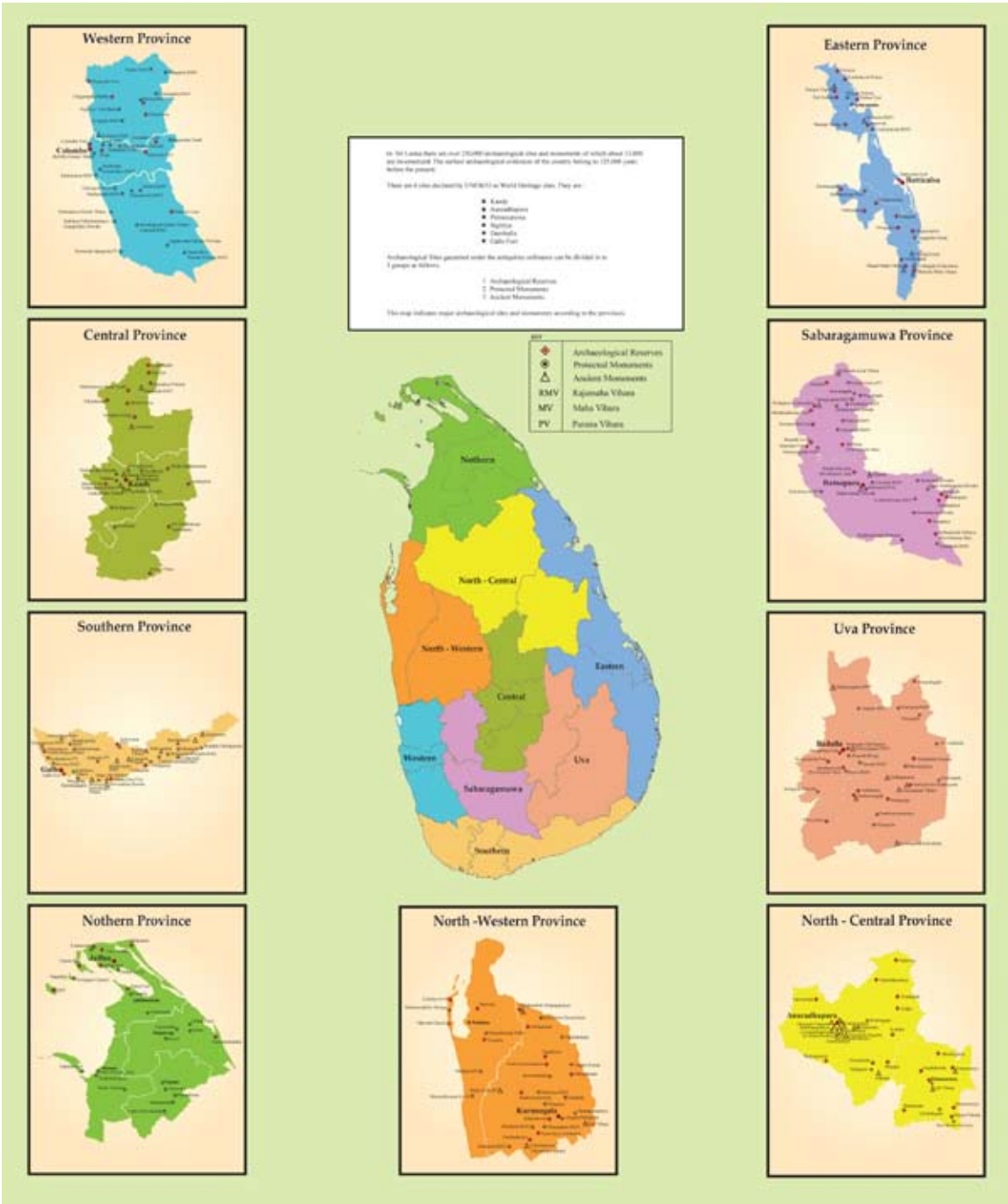
The museum, equipped with sophisticated modern hi tech facilities, will display all the resources of the sea. This will be a major tourist attraction in 2020. The existing maritime museum in Galle will be developed to international standards.



Fully Operational SAARC Cultural Centre

A fully operational SAARC Cultural Centre will also be established to preserve and promote the rich and diverse cultural heritage and distinguished arts of the South Asian region. People are motivated to identify positive cultural characteristics and thereby to promote a culture with distinct Sri Lankan identity. This will be achieved through various activities including arts and drama festivals, ballet festivals, literacy and creative skill competitions. All ancient cultural heritage places will be developed with modern technology and infrastructure facilities impressive to local and foreign tourists.

Major Archaeological Sites in Sri Lanka



Establish a Multi Ethnic Cultural Centre in Jaffna

An Arts Centre will be established in Jaffna providing opportunities for artistes in the Northern Province to develop their talents and present their performances. This will help to create leadership with broad

understanding of the need of “Unity and Diversity” and thereby respecting the Cultural Heritage of each ethnic, social and religious group.

Activity Output Matrix

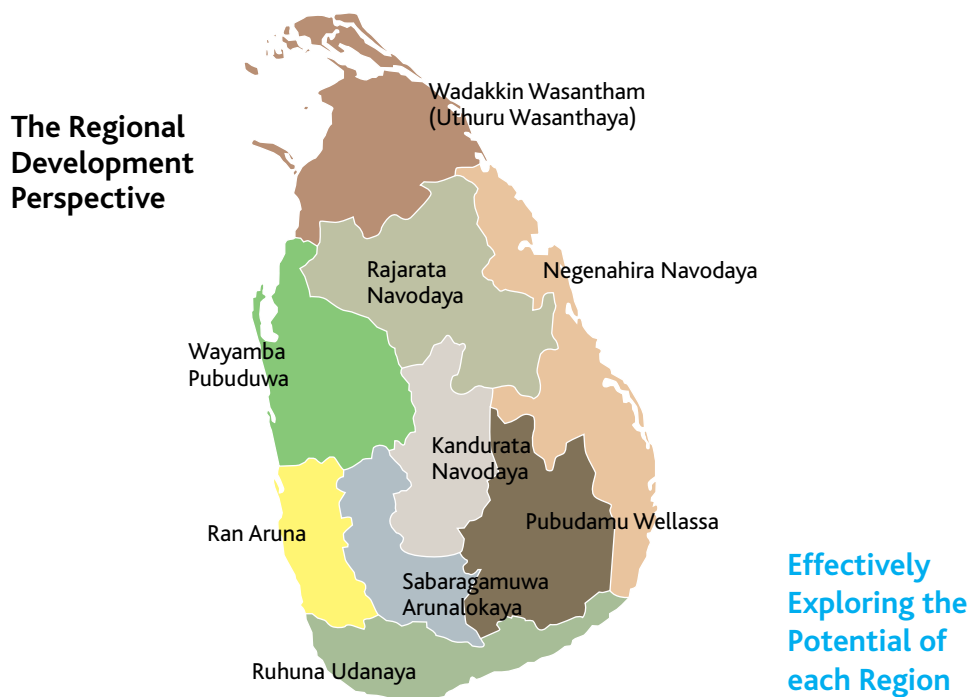
| Policy | Strategy | Activity | Time line |
|--|--|--|-------------|
| Promotion of cultural activities | Construct Cultural Centres | Fully operational SAARC Cultural Centre | 2011 |
| | | Establish a multi ethnic cultural centre in Jaffna | 2011 |
| | Establish Performing Art Theatres | Establish Performing Arts Theatres in each Province | 2011- 2014 |
| Development of prominent cultural sites including historically important places, monuments and archaeological sites as major tourist attractions in the Asian region | Establish New Museums | Galle Fort as a living museum and a Centre of Cultural Tourism | 2014 |
| | | Establish a Sri Lankan folk village | 2014 |
| | | Establish a new National Maritime Museum | 2015 |
| | | Establish a Water Museum | 2012 |
| | Modernize the existing museums | Modernize the existing museums | 2011 - 2020 |
| | Conserve and preserve the archaeological sites and heritage places | Conserve and preserve the archaeological sites and heritage places | 2011 -2020 |

8.3 Towards a Balanced Regional Development with Diversity

Macro Perspective

The Mahinda Chintana - Vision for the Future is designed to transform each of the provincial landscape and to ensure that every household in Sri Lanka will equally benefit from economic development. Identifying the uniqueness of each region, their diverse resources, potentials and national, provincial and local authority development plans, following specific regional development initiatives are being implemented to address inter and intra provincial concerns, to provide interfacing mechanism to all levels of Government in economic and social development and to accelerate provincial and rural development throughout the country.

- | | |
|----------------------------|--|
| ■ Rajarata Navodaya | – For the two North Central Districts |
| ■ Kandurata Navodaya | – For the three Districts in Central Sri Lanka |
| ■ Pubudamu Wellassa | – For the two Uva Provincial Districts |
| ■ Sabaragamuwa Arunalokaya | – For the two Districts in the Sabaragamuwa Province |
| ■ Uthuru Wasanthaya | – For the five Northern Districts |
| ■ Negenahira Navodaya | – For the three Eastern Districts |
| ■ Wayamba Pubuduwa | – For the two North Western Districts |
| ■ Ruhuna Udanaya | – For the three Districts in Southern Province |
| ■ Ran Aruna | – For the three Districts in the Western Province |

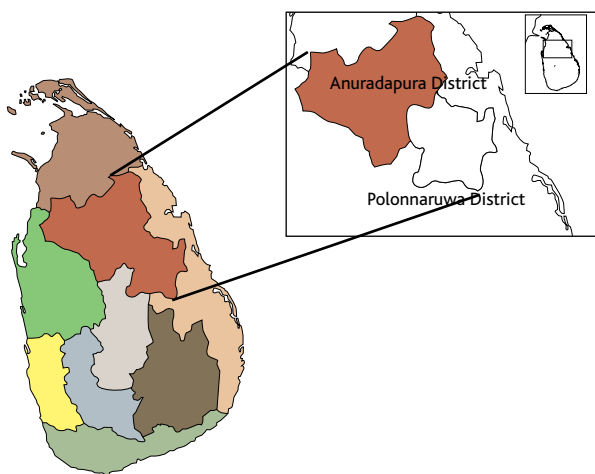


Detailed micro planning related to these initiatives is undertaken with the Provincial Councils, Local Authorities, District Secretariats, Divisional Secretariats and line agencies at the respective decentralized levels of activity.

Rajarata Udanaya

North Central Province commands a significant extent of land and is one of the largest agricultural provinces in the country. With the emergence of other competing regions, it is necessary to develop the Province to create new economic opportunities. The share of GDP of the North Central Province is 4.8 percent with a per capita income of US\$ 1,672. In the context of the country's commitment to increase per capita income to over US\$ 4,000, provincial initiatives need to be carefully planned to increase the quality of life of people in the province and to increase their income.

The two districts in the Province are known for two world famous ancient kingdoms and also for Sri Lanka's long standing excellence in irrigation engineering. However, this region severely suffered due to the impact of terrorist activities in the Northern and Eastern Provinces for nearly three decades till the conflict ended in May 2009. Most of the remote villages need heavy investments in rural infrastructure, education and health facilities and irrigation to revive livelihood. The two districts also are resourceful particularly in wildlife and tourism.



| | |
|---------------------------------|---------------|
| Area | : 8,884 sq.km |
| Population | : 1,204,000 |
| No. of DS Division | : 30 |
| No. of Grama Niladari Divisions | : 977 |
| No. of Municipal Councils | : 1 |
| No. Pradeshiya Sabhas | : 25 |
| No. of Urban Councils | : 0 |
| No. of Vilages | : 3,742 |

Development Initiatives

Infrastructure Development

- Development of inter and intra regional infrastructure - Highways such as Mahiyangana - Dibulagala - Dalukana road, Ambepussa - Kurunegala - Trincomalee, Puttalam - Trincomalee road, Kandy - Jaffna road, Trincomalee - Medawachchiya and Medawachchiya - Thalai Mannar railway line, electricity transmission and distribution network, Hingurakgoda airport etc. Moragahakanda irrigation and NCP canal are some of the major infrastucture initiatives to change the economy of Rajarata under Mahinda Chintana - Vision for the Future.
- Improve urban and rural accessibility to development related facilities such as public transportation, telecommunications, water supply etc.

- Improve irrigation efficiency and rehabilitation of the major and minor irrigation systems in the Province and develop integrated agricultural development schemes consisting of agriculture, livestock, off farm activities and inland fisheries to maximize return on water.
- Development of Anuradhapura and Plonnaruwa townships as sacred cities and promote as tourist destinations.

Economy

- Improve production and productivity of agricultural crops as the leading agricultural Province to match the production level of 5-6 Mt of paddy per hectare in Mahaweli scheme.
- Develop agro-based value added industries.
- Increase production and improve productivity through technological support for inland – fisheries, livestock, ornamental fishing, home gardening, field crops and fruit crop cultivation.
- Develop tourist attractions and related infrastructure facilities.

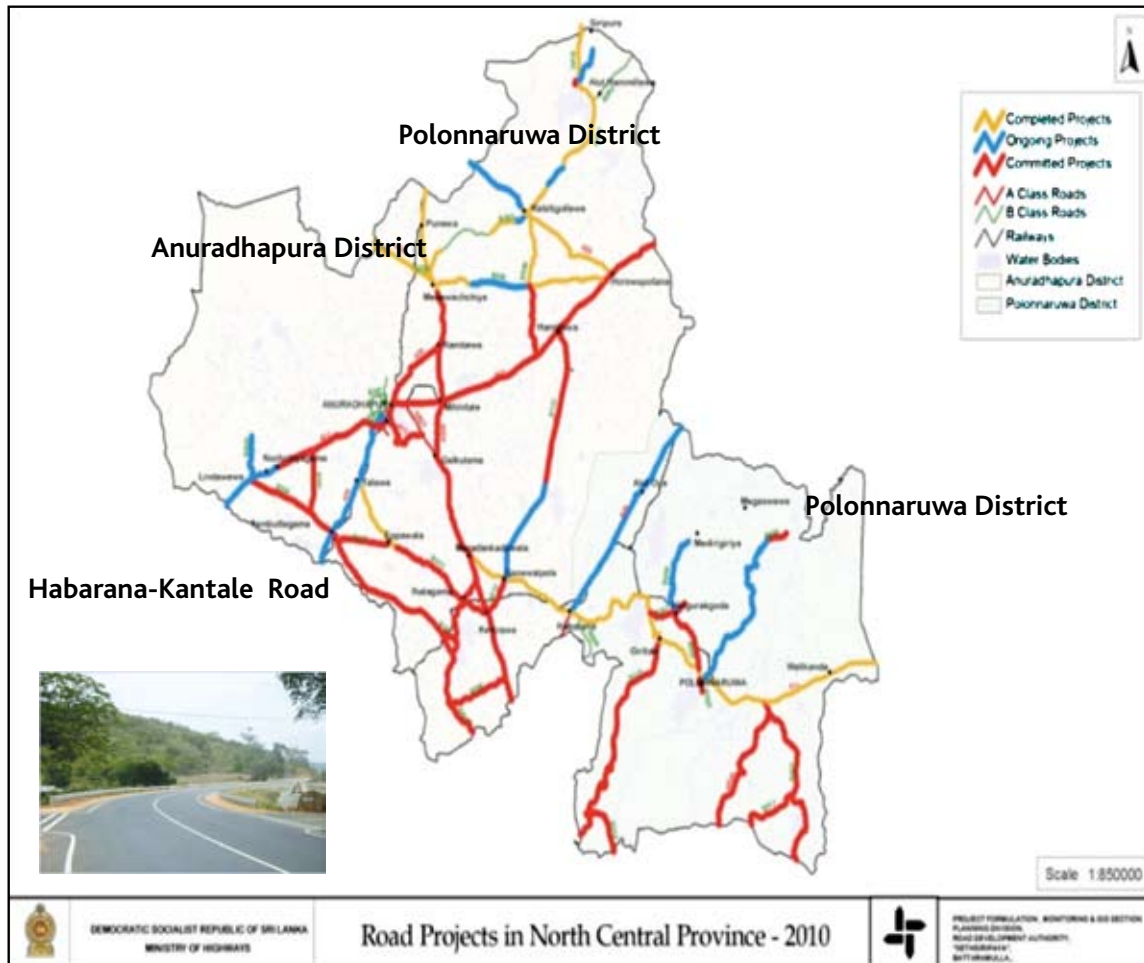
Human Resources Development

- Develop Rajarata University and the neighborhood as a university township to promote the university as a major learning centre in specified fields.
- Development and upgrading of hospital wards, operation theaters, laboratories, OPD units, blood banks etc. to meet emerging demand for health service.
- Quality improvement of maternity and child health services and rural hospitals.
- Improve physical and human resources status in schools to improve quality education
- Vocational training and skills development initiatives for youth.
- Develop sports and related infrastructure to facilitate new opportunities to rural youth.

Rural Economy

- Development of the small and medium enterprises and industry network in the Province.
- Promotion of handicraft and handloom industries.
- Promotion of rural home gardening and self employment activities.
- Popularize rural banking and micro financing in remote villages to develop livelihood activities.

Road Development



Manampitiya Bridge



Jayanithipura A11 Road



Maradankadawala-Habarana Road



Medawachchiya-Poonewa Road

Proposed Roads & Length (km.)

| | |
|--|-------|
| Mahiyangana - Dibulagala - Dalukana Road | 48.06 |
| Improvements to Elahara - Giritale Road | 40 |
| Improvements to Minneriya Hingurakgoda Airport Road | 8.65 |
| Naula - Elahera - Pallegama - Hettipola Road | 13.91 |
| Improvement of Polonnaruwa -Thambala-Sungawila -Somawathiya Road | 26 |

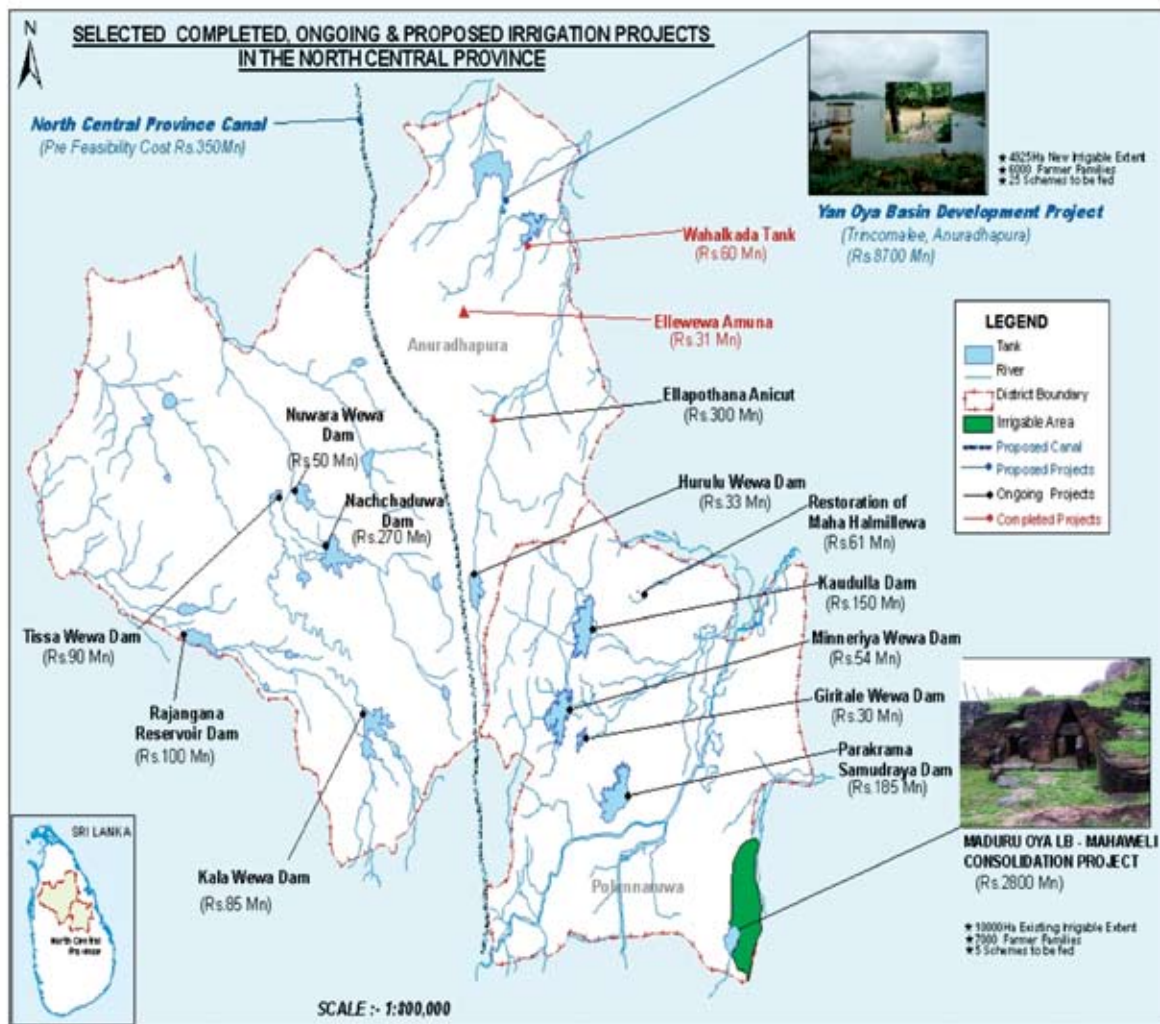
Ongoing and Planned Roads Construction

| | Length of Road Section in the District (km) | Total Project Length (km) |
|---|---|---------------------------|
| Ongoing | | |
| Anuradhapura | | |
| Puttalam - Trincomalee Road from Puttalam to Nochchiyagama | 15.2 | 50.0 |
| Anuradhapura - Padeniya Road | 29.1 | |
| Improvements to Vavuniya - Horowpathana Road | 15.4 | 15.4 |
| Bogaswewa Pulmodai Road | 12.0 | 12.0 |
| Improvements to Ganewalpola - Dachchihalmillawa Road | 10.0 | 10.0 |
| Rehabilitation of Kebithigollewa - Padaviya Road | 6.0 | 6.0 |
| Improvements to Medawachchiya - Horowpathana Road | 12.5 | 12.5 |
| Padaviya - Galkulama Road | 7.4 | 7.4 |
| Improvements to Approach Road to Wilpattu Sanctuary | 7.7 | |
| AC surfacing of Ganewalpola - Dachchihalmillawa Road (24.5 - 26km) Galenbidunuwewa town | 1.5 | |
| Improvements to Ganewalpola - Dachchihalmillawa Road | 10.0 | |
| Polonnaruwa | | |
| Ambepussa - Kurunegala - Trincomalee Road from Habarana to Kantalai | 34.8 | 43.5 |
| Improvements to Hingurakgoda - Batukotuwa - Medirigiriya Road (0 - 13.14km) | 13.1 | 13.1 |
| Planned | | |
| Anuradhapura | | |
| Improvement of Kandy - Jaffna Road from Dambulla to Thonigala | 20.8 | 23.3 |
| Improvement of Kandy Jaffna Road from Thonigala to Galkulama | 24.2 | 24.2 |
| Improvement of Kandy - Jaffna Road from Galkulama to Rambewewa | 18.4 | 18.4 |
| Improvement of Puttalam - Trincomalee Road from Nochchiyagama to Anuradhapura | 26.4 | |
| Improvement of Puttalam Trincomalee Road from Anuradhapura to Mihintale | 10.5 | |

| | Length of Road Section in the District (km) | Total Project Length (km) |
|--|---|------------------------------|
| Improvement of Puttalam Trincomalee Road from Mihintale to Kahatagasdigiliya | 21.2 | |
| Improvement of Puttalam - Trincomalee Road from Kahatagasdigiliya to PB(NCP/East) | 32.4 | |
| Galkulama - Anuradhapura Road | 10.0 | 10.0 |
| Asphalt laying of Anuradhapura - Rambawewa Road | 14.5 | 14.5 |
| Maithreepala Senanayaka Mawatha | 2.3 | 2.3 |
| Eppawala - Thimbiriwewa Road | 11.1 | 11.1 |
| DBST to Ganewalpola - Dachchihalmillewa Road | 25.5 | 25.5 |
| Kalawewa - Awkana Road | 4.0 | 4.0 |
| Kekirawa - Ganewalpola Road | 6.9 | 6.9 |
| Improvement of Kekirawa - Talawa Road | 23.0 | 23.0 |
| Improvement of Kahatagasdigiliya - Rathmalgahe wewa - Kiulekada Road | 13.0 | 13.0 |
| Improvements to Tonigala Kalawewa Galewewa Road | 33.0 | 33.0 |
| Improvements to Balaluwewa - Andarawewa Road | 52.7 | 52.7 |
| Madatugama - Andiyagala Road | 13.2 | 13.2 |
| Padaviya - Galkulama Road | 6.2 | 6.2 |
| Improvement (Asphalt surfaces) of Kandy -Jaffna Road from Rambawewa to Madawachchiya | 9.5 | |
| Improvement of Nochchiyagama - Kukulkatuwa Road | 21.0 | 21.0 |
| Improvement of Otappuwa - Ihalawewa Road | 13.8 | |
| Polonnaruwa | | |
| Mahiyangana - Dibulagala - Dalukana Road | 48.0 | 48.0 |
| Improvements to Elahara - Giritale Road | 40.0 | 40.0 |
| Improvements to Minneriya - Hingurakgoda Airport Road | 8.6 | 8.6 |
| Naula - Elahera - Pallegama - Hettipola Road | 13.9 | 13.9 |

Irrigation

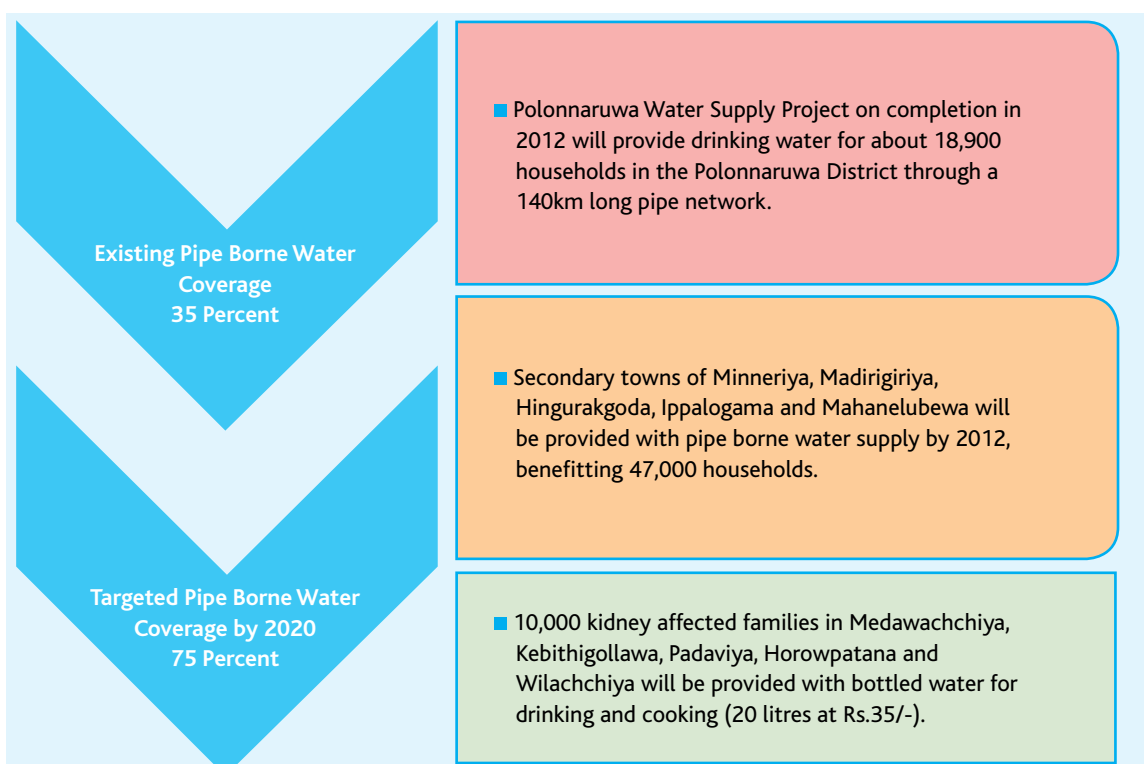
The North Central Province being the second largest paddy producer has given much priority for the rehabilitation and construction of small, medium and large irrigation schemes to sustain the paddy production at the maximum potential level.



4,925 new irrigable extent of land can be cultivated once the Yan Oya Basin Development Project is completed feeding 25 schemes and benefitting 6,000 farmer families. The proposed North Central Province Canal (about 100km in length) which will carry water up to Kanagaran Aru in Vavunia will augment the existing reservoirs in the North Central and the Northern Provinces supplying sufficient water to agricultural lands in both provinces. This is a landmark development in irrigation systems in the Province.

Ongoing Irrigation Works

| Name of the Project | District | Current Status | Extent Benefitted (ha.) | No. of Farmer Families |
|--|---------------------------|----------------|-------------------------|--------------------------|
| Ellepothana Anicut | Anuradhapura | Ongoing | 625 | 1038 |
| Restoration of Maha Halmillewa Project | Polonnaruwa | Ongoing | 105 | 100 |
| Mahaweli Consolidation Project (System B Rehabilitation) | Polonnaruwa, Batticaloa | Ongoing | | 20,000 direct & indirect |
| Yan Oya Reservoir | Trincomalee, Anuradhapura | Ongoing | 4,925 | 7,000 |
| Rajangana Scheme | Anuradhapura | Ongoing | 5668 | |
| Nachchaduwa | Anuradhapura | Ongoing | 2540 | |
| Nuwarawewa | Anuradhapura | Ongoing | 1134 | |
| Tissawewa | Anuradhapura | Ongoing | 365 | |
| Abayawewa | Anuradhapura | Ongoing | 100 | |
| Maha Basawakkulama | Anuradhapura | Ongoing | 90 | |
| Maminiyawa | Anuradhapura | Ongoing | 211 | |
| Periyakulama | Anuradhapura | Ongoing | 91 | |





Rural Development Projects



- 176km of provincial roads have been upgraded and 220km being upgraded. Under Maga Neguma, 1,108km of rural roads are being upgraded.



Rural Water Supply

- 22 pumping schemes have been commissioned and 27 are ongoing to provide drinking water to 19,450 households and 4,541 families are to be provided with water from point sources such as dug wells etc.



Minor Irrigation

- 53,701ha of agricultural lands can be irrigated through rehabilitation of 2,911 schemes in the Province benefitting 87,540 farmer families



Rural Electrification

- 600 rural electrification schemes are being implemented by CEB to expand electricity distribution to every village in the North Central Province.

Rajarata Udanaya initiative will supplement resources provided under Provincial Councils and line agencies to rehabilitate and uplift conflict affected areas such as Welioya, Kebithigollewa, Madawachchiya etc. Roads, irrigation facilities, electricity and drinking water are the key priorities.

Rajarata Navodaya

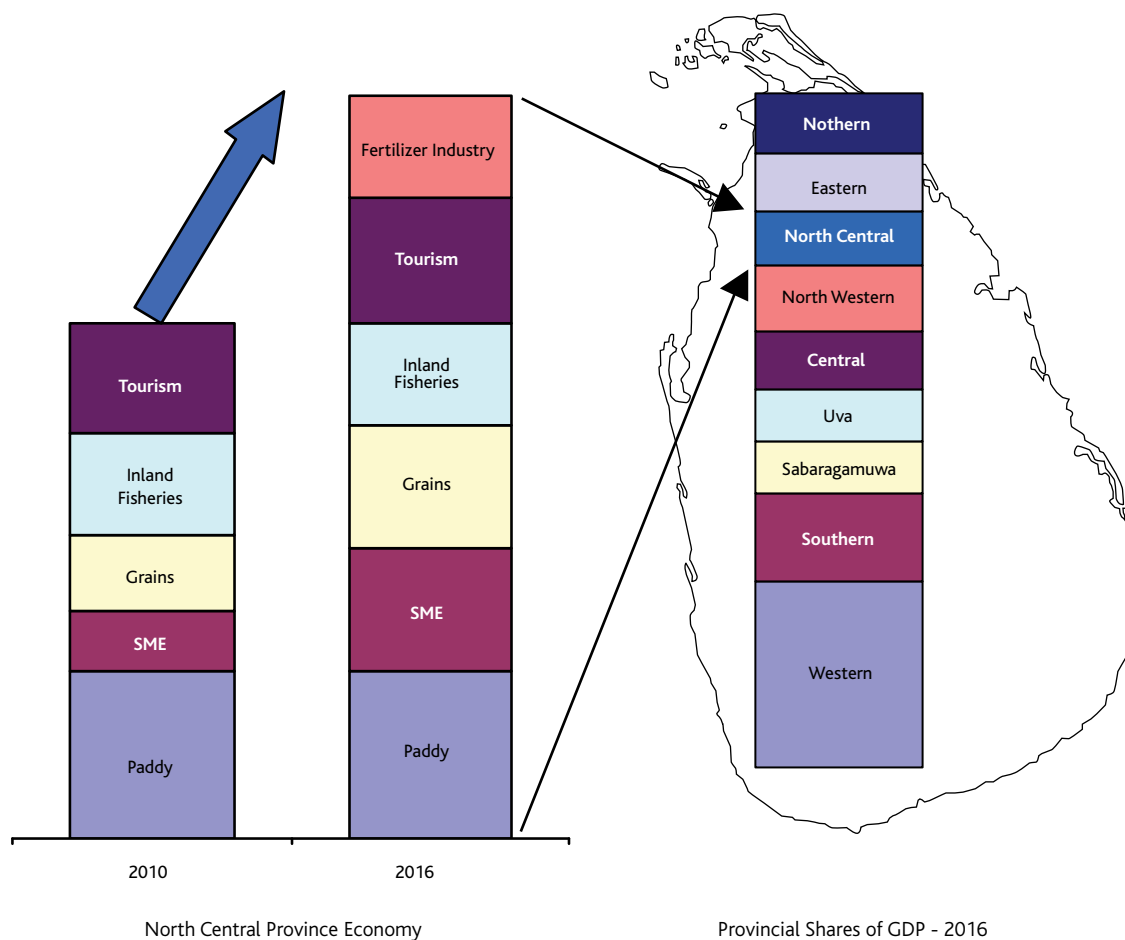
Gama Neguma Programme: 2006 - 2013

| Investment Area | Progress - 2006-2010 | | | | Planned Investment (Rs. mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|--------------|--------------|--------------|
| | No of Projects Implemented | Expenditure (Rs. mn) | Output (km/Units/ Projects) | No . Of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 2,551 | 1,172 | 1,911 | 732,085 | 395 | 540 | 1,100 | 1,100 |
| Electricity | 344 | 428 | 334 | 221,381 | 56 | 57 | 113 | 113 |
| Water Supply & Sanitation | 186 | 71 | 156 | 87,880 | 113 | 114 | 227 | 227 |
| Small Irrigation | 414 | 157 | 377 | 261,474 | 169 | 171 | 340 | 340 |
| Common Buildings | 230 | 151 | 224 | 54,393 | 56 | 57 | 113 | 113 |
| Livelihood | 23 | 12 | 22 | 6,189 | 226 | 228 | 453 | 453 |
| Social Development | 625 | 149 | 580 | 247,526 | 113 | 114 | 227 | 227 |
| Total | 4,373 | 2,141 | 3,604 | 1,610,928 | 1,129 | 1,280 | 2,409 | 3,689 |

Performance

| Year | 2005 | 2009 | 2016 |
|---|------|------|------|
| Provincial GDP (Rs.bn.) | 91 | 232 | 675 |
| Per Capita Income (Rs.'000) | 78 | 189 | 514 |
| Poverty Headcount Index | 14.2 | 7.0 | 4.0 |
| Infant Mortality Per 1000 Live Births | 20.3 | 8.5 | 4.7 |
| Maternal Mortality Ratio Per 1000 Live Births | 0.28 | 0.22 | 0.15 |
| Access to Safe Water % | 80.5 | 82.7 | 90 |
| Access to Electricity % | 63.0 | 82.3 | 100 |
| Unemployment Rate | 6.3 | 4.7 | 2.7 |

Emerging Economy of the North Central Province The Diversity and Growth



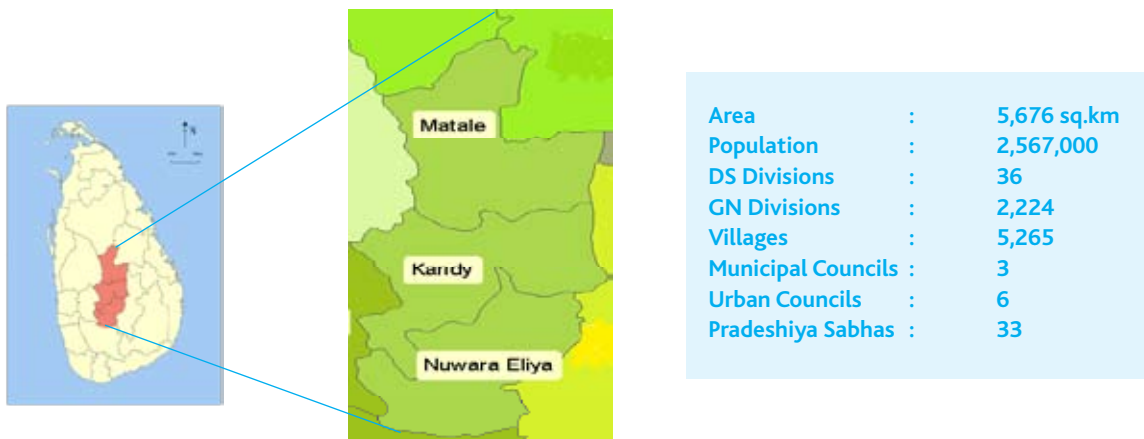
Kandurata Udanaya

Central Province has been considered as one of the two fastest growing peripheries outside the Western Region. Economy of this province consists predominately of tea plantations, tourism resources, export processing zone activities and agricultural activities. The Province also has one of the leading universities, vocational and agriculture schools, reputed primary and high schools, teaching hospitals, research facilities and one of the best known Botanical Gardens in the world. The world famous Temple of the Tooth Relic together with several archaeological sites are also located in the Central Province. With a share of 9.6 percent of the GDP and a per capita income of US\$ 1,548, the Province stands at a relatively better position in comparison to other provinces and has potential to be a key province driving the economic progress.

Social, economic and infrastructural disparities in the estate areas as well as rural areas have been specific concerns to the Central Province. It is expected that these issues will be addressed through the initiatives made under Kandurata Udanaya enabling the Province to exploit its full economic potential.

Several key initiatives that have been identified to change the development pattern of Central Province include;

- Development of the Kandy city with circular roads, bypasses and other facilities to provide modern traffic arrangements to preserve historical identity of Kandy.
- Dedicated Economic Centre at Dambulla to be developed as a trading hub under Greater Dambulla Development initiatives and related market infrastructure to the neighboring agricultural districts.
- Nuwara Eliya to be developed as a holiday and leisure tourist township with facilities to attract both local and foreign tourists and integrate to the provincial economy.
- Up market tourist facilities to be developed in unique locations in the Province.
- Major townships in the Province to be expanded and connected to the surrounding rural economy through Gama Neguma and development initiatives of provincial and local authorities.



As provincial specific geographical characteristics in the Central Province make access to interior villages more difficult, it is necessary to focus on the provision of basic facilities such as access to quality water, electricity, roads, schools, and health facilities. Parallel with the development of national roads, railway networks, power generation and water supply schemes, province specific roads, electricity, water supply and irrigation schemes will be a priority to ensure that the inter provincial integration is well addressed.

- Water supply and waste disposal facilities for Kandy, Matale and Nuwara Eliya districts.
- Resettlement initiatives and new township development in upper Kothmale and Moragahakanda reservoir development areas.
- Small holder plantation to be promoted with aggressive replanting and infilling arrangements to raise yield in tea production.
- Small enterprises engaged in fruits and vegetable cultivation, minor agricultural products, floriculture, craftsmanship etc. to be given priority in livelihood activities.
- Promote full potential in dairy industry exploiting climate advantage in the province.
- Pallekele Industrial Park to be linked to the provincial economic activities through backward linkages and transformed to an industrial township.

Development Priorities

Infrastructure Development

- Build up connectivity with other regions – Development of highways, railways, transport, and communication networks
- Create universal access within the region - Increase accessibility to electricity, drinking water, and housing etc.
- Develop peripheral villages/estates
- Promote sustainable settlements
- Develop tourism infrastructure, make city centers as commercial attractions while preserving the historical/ natural harmony
- Rehabilitate large infrastructure assets related to irrigation, power and energy




Economy

- Revitalizing plantations and upcountry agriculture including major export crops
- Diversification of dairy and livestock industries
- Promoting tourism industry
- Development of traditional Kandyan industries

Human Resources Development

- Increase accessibility to health and education services through strategic expansion of such services
- Development of related infrastructure identifying the specific needs of different areas in an integrated manner with other supportive requirements
- Vocational training and skills development

National Projects

-  Completed Roads
-  Ongoing Road Projects
-  Future Road Projects



Katugastota Bridge



Nawalapitiya - Ginigathena Road



Ramboda 220m Tunnel Rs. 207mn

Road Development Plan

| | National Roads | | | | Future Plans | | |
|------------------|----------------|----------------|------------------|----------------|----------------|-------------|-------------|
| | Completed | | Ongoing Projects | | National Roads | Provincial | Maga Neguma |
| District | Length (km) | No. of Bridges | Length (km) | No. of Bridges | Length (km) | Length (km) | Length (km) |
| Kandy | 102 | 6 | 31.82 | 2 | 290.41 | | |
| Matale | 80 | 9 | 20.12 | | 167.00 | | |
| Nuwara Eliya | 92 | 4 | 33.80 | 1 | 313.00 | | |
| Central Province | 274 | 19 | 85.74 | 3 | 770.41 | 1,300 | 1,200 |

Flagship Projects



Development of Kandy Teaching Hospital



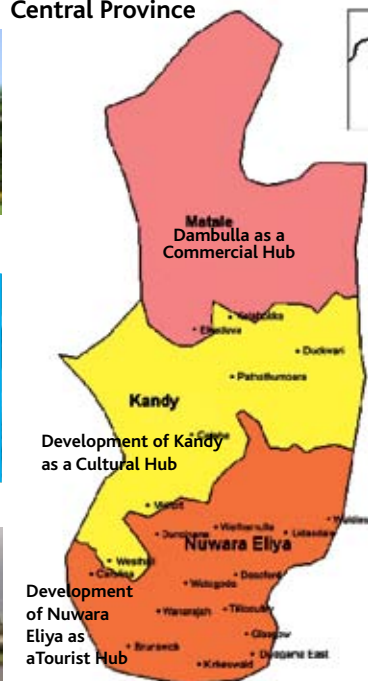
Hotel School Kandy

Beautification of Gregory Lake



Nuwara Eliya Gandstand Sport Complex

Central Province



Development of Nuwara Eliya as a Tourist Hub



Development of Isuru Colleges



Industrial estates at Palkelele (22 factory units) & Nalanda and Ulapane industrial estates (50 factory units)



Kundasale Kala Nikethana

Establishment of 2 new NAITA Centers



Development of infrastructure facilities in 3 District Base Hospitals (Teldeniya, Hettipola, and Rikillagaskada)

Establishment of a five storied ward complex at the Sirimavo Bandaranaike Children's Hospital, (Peradeniya)

Construction of 150 beds hospital at Hatton – Dikoya health services in hospitals at Matale



Drinking Water Supply and Sewerage

Access to Pipe Borne Water - 42 percent of the population in 2010
Target - 65 percent of the population by 2020

- Water supply scheme in the towns south of Kandy will cover 80,000 households in Peradeniya, Kadugannawa, Gampola and Ulapane
- Nuwara Eliya scheme will cover 21,000 households in Ginigathhena, Hatton, Maskeliya, Ragala, Rikillagaskada and Walapane
- Greater Kandy Water Supply Project with treatment capacity of 50,000m³ will cover 51,000 households in Kandy city and suburbs
- A sewerage system will be established in Kandy to provide sewerage facilities to the people in the Kandy Municipal Area. The project components include construction of a 22km long sewerage network, pumping stations, treatment plant with the capacity of 8,500m³ etc. and provision of 5,800 new sewerage connections.
- A large scale water supply scheme is expected for Greater Matale
- Nawalapitiya Water Supply Scheme was completed in 2008
- Marassana and Thalawakale/ Lindula Water Supply Schemes will be completed by 2011
- Kundasale Water Supply Scheme - to cover Kundasale, Manikhinna, Dambarawa, Polgolla, and Panvila, benefitting about 40,000 households and other establishments, including the Kundasale Industrial Zone

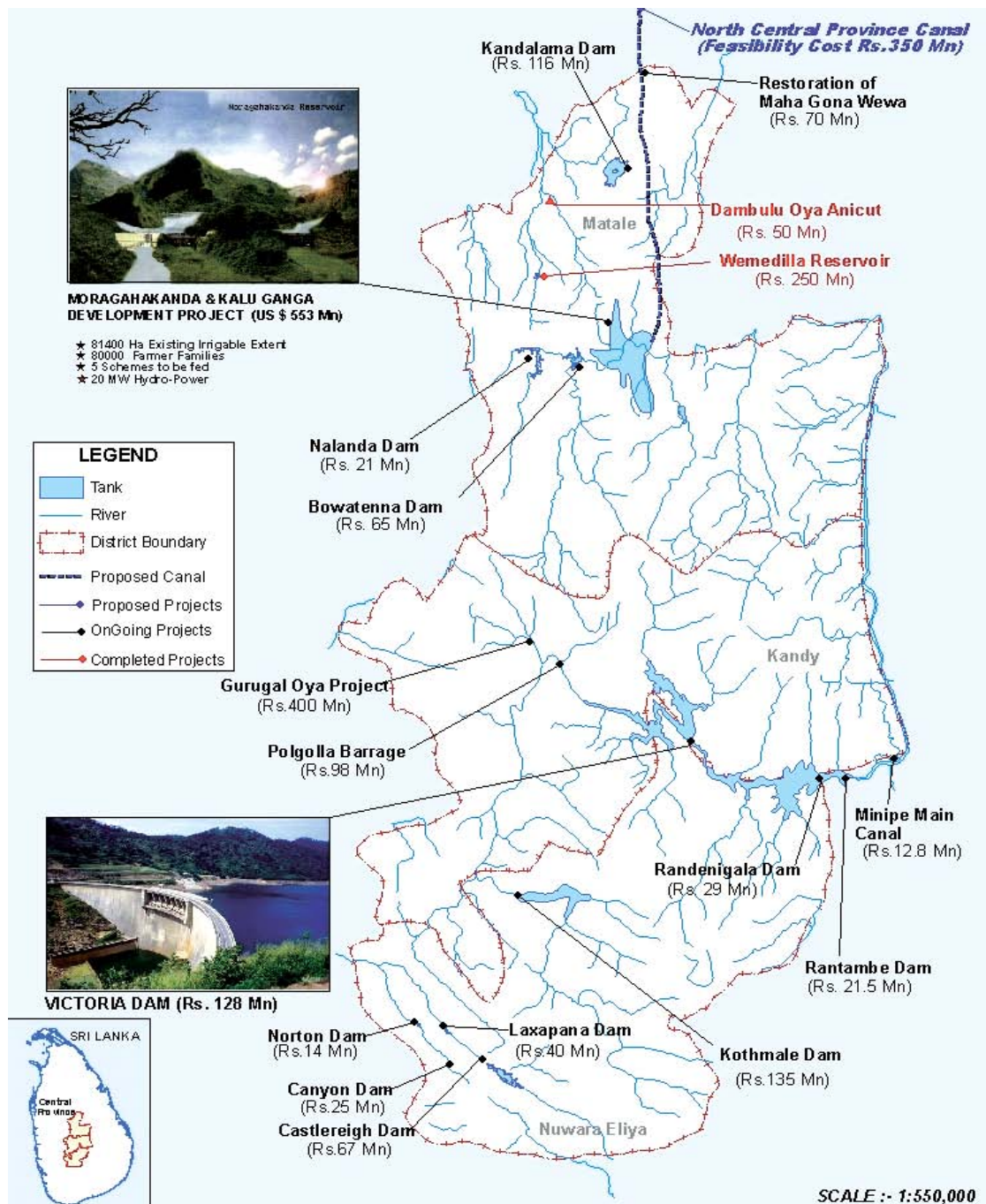
Electricity

| Description | Kandy | Matale | N'Eliya | Kandurata (Total) |
|---|--------|--------|---------|-------------------|
| Electrification Level in 2005 (%) | 74 | 74 | 77 | 75 |
| Present Electrification Level (%) | 79 | 84 | 86 | 83 |
| Expected Target by 2013 (%) | 100 | 100 | 100 | 100 |
| Number of Electricity Schemes to be Implemented | 510 | 970 | 463 | 1,943 |
| Expected No. of Beneficiaries | | | | |
| ■ No. of Households | 97,400 | 46,252 | 16,671 | 160,323 |
| ■ No. of Micro, Small and Medium Scale Industries | 1,000 | 700 | 700 | 2400 |
| Expected Investment (Rs. mn) (2010-2015) | 8,719 | 5,179 | 1,176 | 15,074 |



Irrigation

Selected Completed, Ongoing and
Proposed Irrigation Projects In Central Province



Irrigation Development Work

| Name of the Project | District | Current Status | Extent Benefitted (ha.) | No. of Farmer Families |
|---|--|----------------|--------------------------|--|
| Moragahakanda & Kaluganga Reservoir Project OPEC, SAUDI, Kuwait, JICA (20 MW Hydro Power) | Trincomalee, Anuradhapura, Matale, Polonnaruwa | Ongoing | 81,422ha. existing lands | Farmer families in nine Mahaweli Systems |
| Gurugal Oya Project | Kandy and Nuwara Eliya | Ongoing | 810 | 2400 |
| Rehabilitation of Minipe Main Canal | Kandy | Ongoing | 6100 | 1000 |
| Construction of Dambulu Oya Anicut | Matale | Ongoing | 265 | 265 |
| Wemadilla Reservoir | Matale | Ongoing | 720 | 600 |
| Mahagoana Wewa Project | Matale | Ongoing | 250 | 500 |
| Dam Safety & W. R. P. Project (10 Dams) | Matale, Kandy and Nuwara Eliya | Ongoing | | |



The launch of the largest ever irrigation reservoir, Moragahakanda, is a landmark event in the country's agricultural sphere, bringing large tracts of land under cultivation. This project will overcome water deficits in the Yala season affecting 87,439ha in Matale, Anuradhapura, Polonnaruwa and Trincomalee Districts.

Moragahakanda: Lanka's largest investment in irrigation

Rural Development Projects

Minor Irrigation

27,810ha of agricultural land and 98,999 farmer families will benefit from the rehabilitation of 4,915 irrigation schemes

Rural Water Supply

60 Grama Niladari Divisions (GNDs) in the Kandy District, 52 GNDs in the Matale District and 81 GNDs in the Nuwara Eliya District have been covered by community water schemes benefitting about 29,000 households including several estates.

Rural Electrification

255 rural electrification schemes are being implemented, benefitting about 6,000 households.

Rural Roads

142km of Provincial roads have been upgraded and 169km of roads are being upgraded in the province. Under Maga Neguma, 508km of roads have been upgraded and this is continued annually

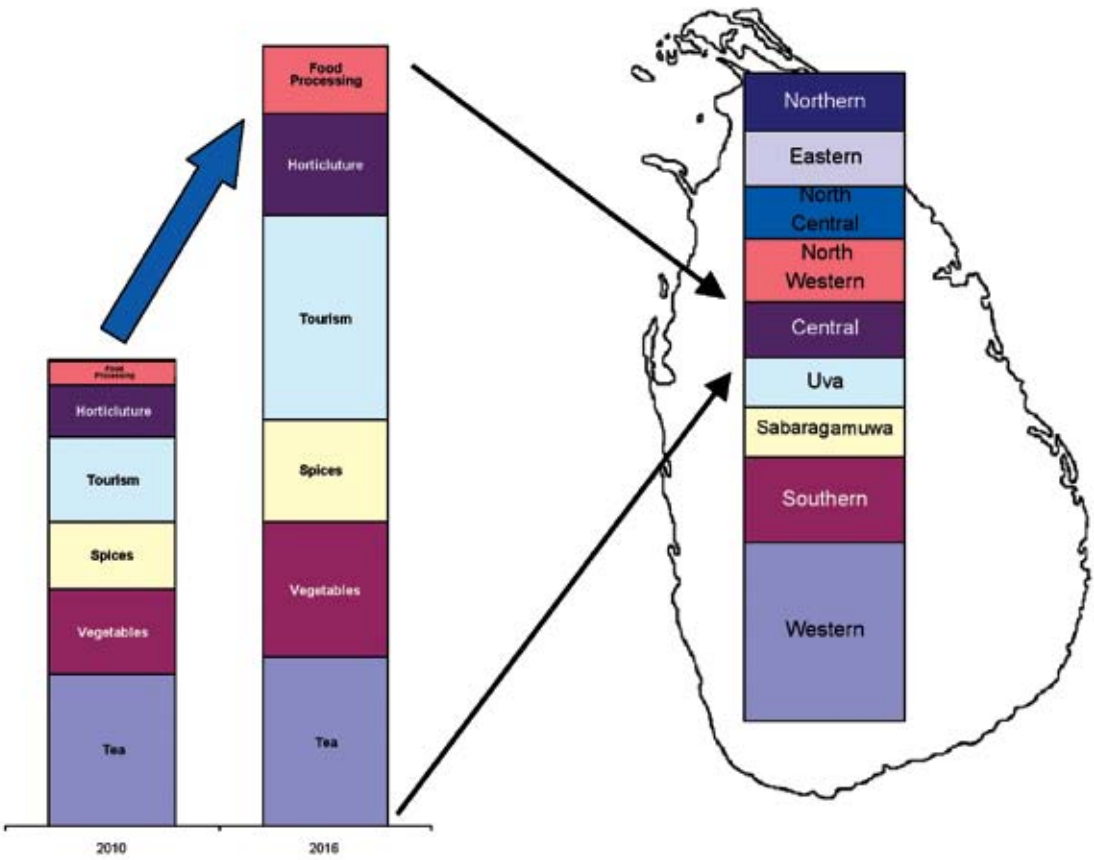
Kandurata Udanaya Gama Neguma Programme: 2006 - 2013

| Investment Area | Progress - 2006-2010 | | | | Planned Investment (Rs. mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|-------------|-------------|-------------|
| | No of Projects Implemented | Expenditure (Rs. mn) | Output (km/Units/ Projects) | No. of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 7,805 | 2,533 | 12,224 | 1,619,747 | 719 | 815 | 983 | 2517 |
| Electricity | 357 | 175 | 237 | 10 | 103 | 103 | 140 | 347 |
| Water Supply & Sanitation | 316 | 86 | 98 | 15,417 | 205 | 207 | 281 | 693 |
| Small Irrigation | 566 | 76 | 100 | 34,104 | 308 | 310 | 421 | 1040 |
| Common Buildings | 539 | 458 | 258 | 3,211 | 103 | 103 | 140 | 347 |
| Livelihood | 417 | 145 | 19 | - | 411 | 413 | 562 | 1386 |
| Social Development | 181 | 63 | 170 | 8,636 | 205 | 207 | 281 | 693 |
| Total | 10,181 | 3,536 | 13,106 | 1,681,125 | 2054 | 2159 | 2810 | 7022 |

Performance

| | 2005 | 2009 | 2016 |
|---|------|------|-------|
| Provincial GDP Rs.bn | 178 | 465 | 1,125 |
| Provincial Per Capita Income Rs.'000 | 70 | 175 | 394 |
| Poverty Headcount Index | 22.3 | 9.5 | 5.9 |
| Infant Mortality Per 1000 Live Births | 14.5 | 11.1 | 5.9 |
| Maternal Mortality Ratio Per 1000 Live Births | 0.49 | 0.46 | 0.21 |
| Access to Safe Water (%) | 70.6 | 72.1 | 80.0 |
| Access to Electricity (%) | 75.0 | 89.6 | 100.0 |
| Unemployment Rate | 6.9 | 6.5 | 4.5 |

Emerging Economy of the Central Province The Diversity and Growth



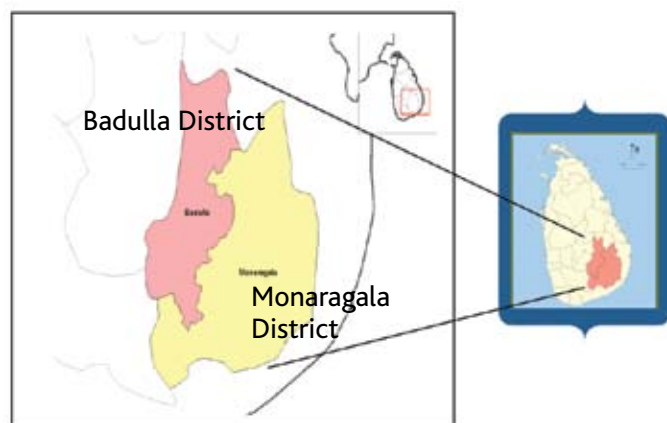
Central Province Economy

Provincial Shares of GDP - 2016

Pubudamu Wellassa

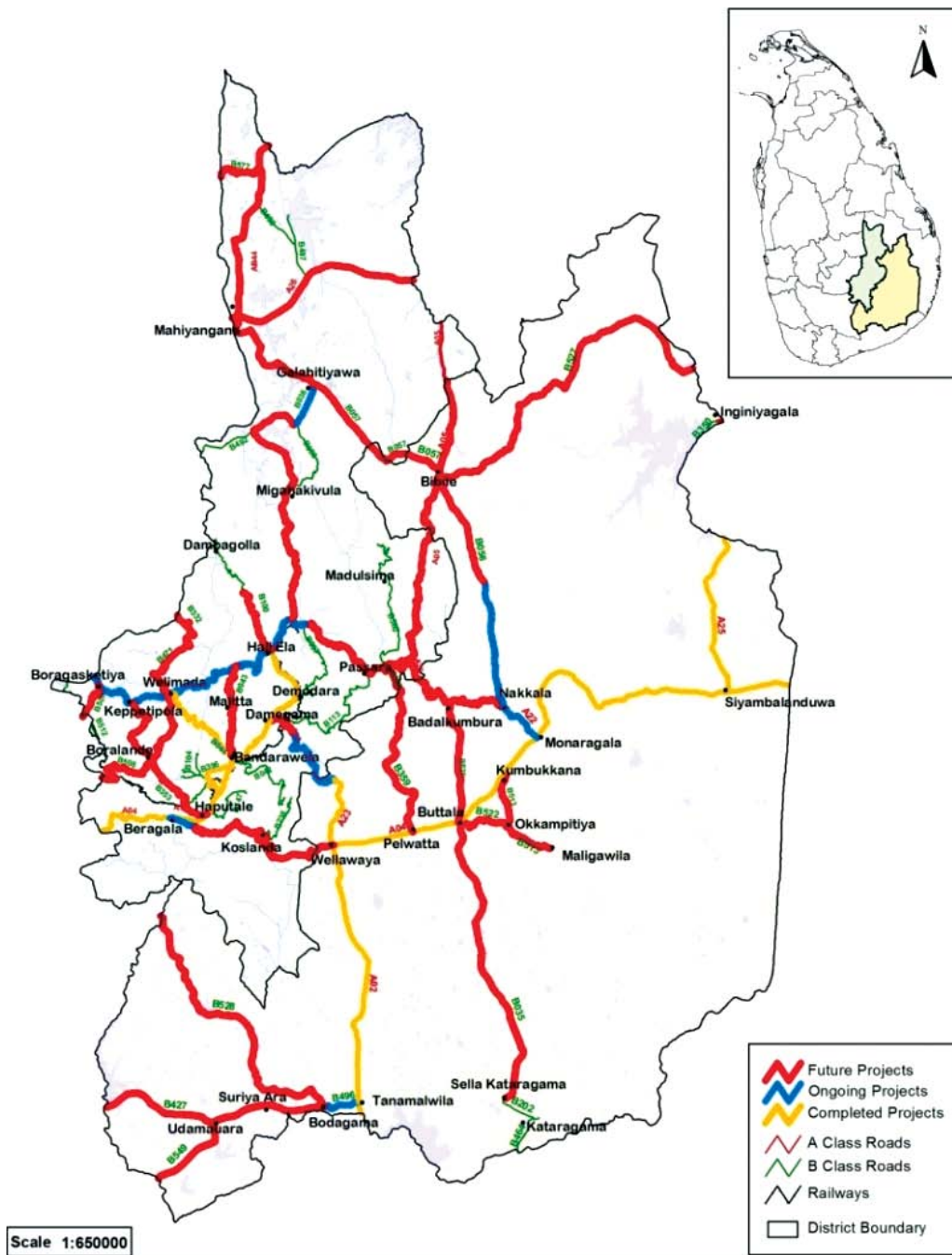
Uva Province consisting of Badulla and Moneragala districts and once known as the "Rice Bowl" of Sri Lanka, has a per capita income of US\$ 1,486. This economy consists of tea plantation, upcountry and low country vegetables, rubber, paddy, maize, sugar and subsidized crops as well as several tourism attractions. The rapid development of estate sector having electricity, drinking water, sanitation, schools, health facilities and market places, transport facilities, minor irrigations are key priorities under the regional initiative of "Pubudamu Wellassa".

| | |
|-----------------------------------|----------------|
| Area | : 8,335 sq.km. |
| Population | : 1,309,000 |
| No. of DS Divisions | : 26 |
| No. of Predeshiya Sabha Divisions | : 24 |
| No. of GN Divisions | : 886 |
| No. of Villages | : 3,320 |
| No. of Municipal Councils | : 1 |
| No. of Urban Councils | : 2 |



Development Initiatives

| | |
|---|---|
| Regional Economy; <ul style="list-style-type: none"> ■ Diversification and productivity improvement of agricultural products ■ Agricultural entrepreneurship development ■ Intensive level of livestock development ■ Develop all potential tourist attractions and related infrastructure ■ Development of fishery harbours | Rural Economy; <ul style="list-style-type: none"> ■ Promotion of rural industries and backyard industries |
| Infrastructure; <ul style="list-style-type: none"> ■ Development of intra-regional, regional and rural infrastructure ■ Improve electricity distribution and transmission ■ Conduct feasibility of rail transportation ■ Improve irrigation efficiency ■ Upgrade accessibility to services of transport, telecommunication and water supply | Human Resources Development; <ul style="list-style-type: none"> ■ Development and upgrading of health and education infrastructure ■ Vocational training ■ Development of sports and related infrastructure |



Road Projects in Uva Province



DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
MINISTRY OF HIGHWAYS



PROJECT FORMULATION, MONITORING & GIS SECTION
PLANNING DIVISION,
ROAD DEVELOPMENT AUTHORITY,
"SETHSIRIPAYA",
BATTARAMULLA.

Road Development

| Completed Roads | Ongoing Road Works | Planned Road Works |
|---|---|---|
| Colombo - Ratnapura - Wellawaya - Batticaloa Road | Wellawaya - Ella - Kumbalwela Road | Badulla - Karametiya - Andaulpotha Road |
| Beragala - Hali-Ela Road | Peradeniya - Badulla - Chenkaladi Road Nuwara Eliya to Badulla | Wellawaya - Ella - Kumbalwela Road |
| Beragala - Hali-Ela Road | Badulla - Kandy (Rajamawatha) New Road | Peradeniya - Badulla - Chenkaladi Road |
| Bandarawela - Welimada Road | Feasibility Study of Badulla - Kandy Road (Uva - Ketawala to Keerthibandarapura) | Passara - Moneragala Road |
| Roehampton - Diyatalawa - Bandarawela Road | Badulla - Karametiya - Andaulpotha Road | Kandy - Mahiyangana - Padiyathalawa Road |
| Colombo - Galle - Hambantota - Wellawaya Road | Colombo - Ratnapura - Wellawaya - Batticaloa Road | Mahiyangana - Dimbulagala - Dalukkane Road |
| Colombo - Ratnapura - Wellawaya - Batticaloa Road | Udawalawe - Tanamalwila Road | Udawalawe - Tanamalwila Road |
| Siyambalanduwa - Damana - Ampara Road | Passara - Moneragala Road | Rectification and overlay of internal roads in Dayatakirulasite |
| Colombo - Ratnapura - Wellawaya - Batticaloa Road | Bibile - Medagama - Nakkala Road | Badalkumbura - Buttala - Sella Kataragama Road |
| Wellawaya - Ella - Kumbalwela Road (0 km to 14.08 km) including Wellawaya bypass | | Kumbukkana Okkampitiya Maligawila Road Passara - Hingurukaduwa Pelwatte Road |

In the ongoing and proposed National Road Development Plan, the Province has been properly connected to Western, Southern, Northern and Central Provinces enhancing the opportunities to increase the transportation facilities for the production in Uva Province.

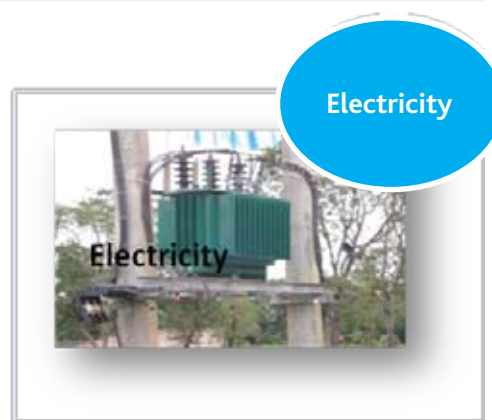


Wellawaya-Siyambalanduwa Road

Weeravila-Kataragama Road

Rural Roads;

- Maga Neguma - 491km of rural roads have been upgraded to motorable level.
- Gama Neguma - 4,220 rural road development projects have been completed on tar base and concrete base, 2006-2010



Urban Water Supply

Access to pipe borne water will be increased from existing 20 percent to 35 percent by 2016 in the Province through implementation of the following water supply schemes;

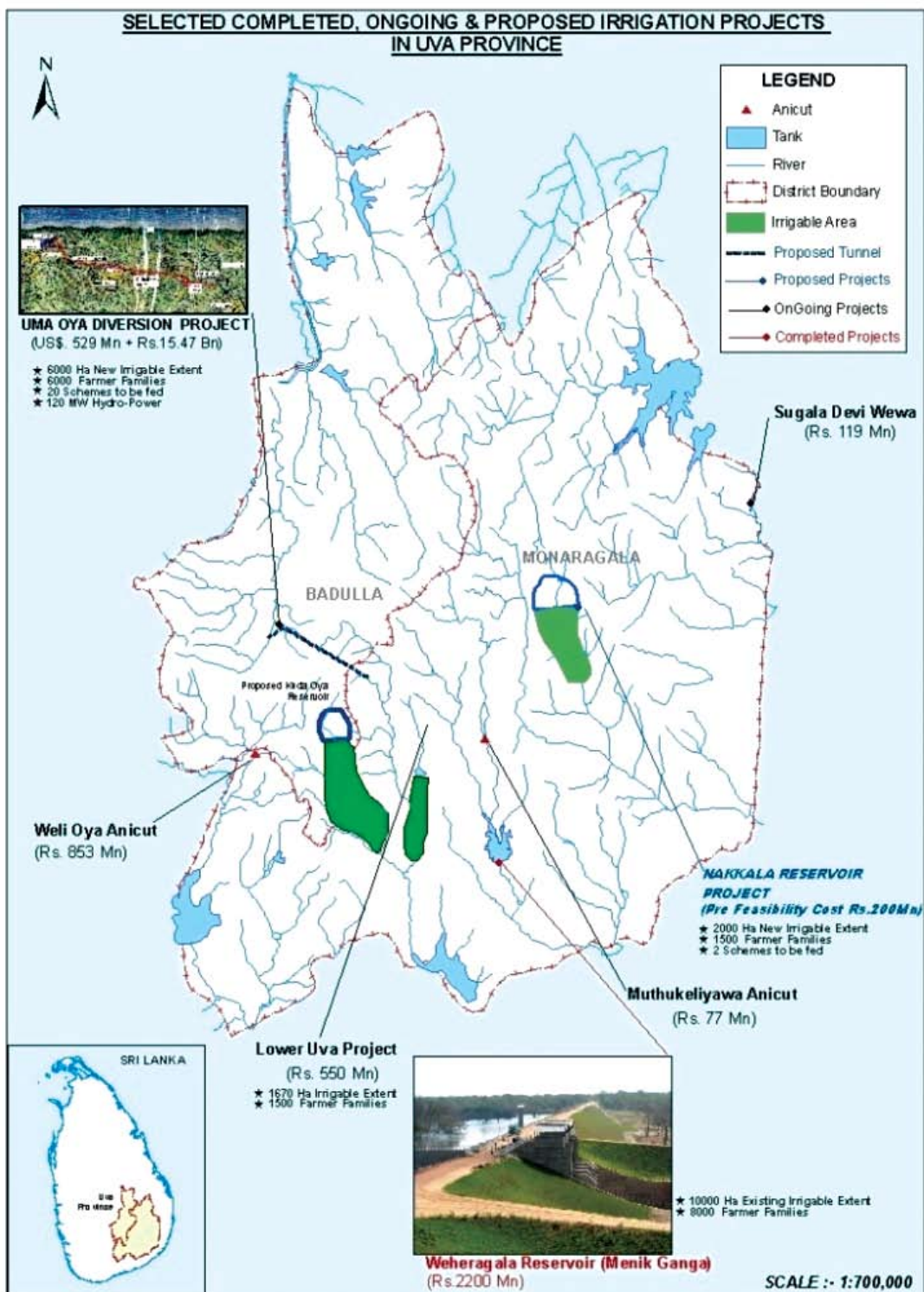
| Ongoing | Number of Beneficiaries |
|------------------------------------|-------------------------|
| Ohiya Transmission | 31,150 |
| Moneragala Water Supply | 9,800 |
| Badalkumbura Water Supply | 22,000 |
| Ambagasduwa Water Supply | 6,000 |
| Wellawaya Water supply | 6,000 |
| Buttala Scheme | |
| To be started | |
| Moneragala-Buttala Scheme | 75,000 |
| Badalkumbura-Alupotha Scheme | 12,000 |
| Augmentation of Mahiyangana Scheme | 30,000 |
| Badulla-Haliella & Ella Scheme | 170,000 |

Urban

Access to electricity will be improved from 75 percent to 100 percent of population during 2010-2016 through the mega schemes of Uva Udanaya, Pubudamu Wellassa and Access to Clean Energy and Lighting Sri Lanka.

Uva Udanaya project will be implemented in 515 areas providing electricity to 16,000 households.

Rural electrification project will cover 340 schemes benefiting 18,000 households. Clean energy Access Project will increase the distribution capacity.





Menik Ganga (Weheragala) Scheme - Water will be diverted through a 23km long canal from Weheragala to irrigate 3,100ha while 3,000 families will be provided with drinking water.

Improvement of Hospitals



Construction of a Chest Clinic at Badulla Hospital

The Badulla and Moneragala hospitals were given a facelift as the best hospitals in Sri Lanka. The paying wards in the hospital were refurbished and new wards were constructed.

A Chest Clinic at Badulla hospital and new wards at Moneragala hospital are being constructed.

Ambulances were provided to most of the hospitals in the Province enabling the people in these two districts to enjoy a healthy lifestyle.

The estate hospital facilities will be improved with equipment and MBBS qualified doctors .

Flagship Projects

Wellassa-Bibila-Badulla New Rail Line – Feasibility study is being undertaken 2010-2011



An Industrial Estate at Buttala is being developed targeting high quality timber production

Uva Wellassa State University - Facilities are being improved





Badulla as a 'Green City;' Being a city of culture, religion and nature with different climatic areas and known as the mountainous city Badulla is to be developed as a Green City.



Uva Province Tourism Development; As a Province which is home to a large sector of bio-diversity, natural resources and historical sites such as Badulla, Bandarawela, Ella, Haputale, Buttala, Thanamalwila, Wellawaya and Kataragama that are frequently visited by local and foreign tourists, tourism has much potential in the Uva Province to create employment, regional development and multiple spin-offs for rural poverty alleviation.

Rural Development Initiatives in the Uva Province

Rural and Estate Housing

To uplift the lives of people working in the estate sector, 27 housing projects have been implemented in Badulla District. By these projects, 765 housing units will be constructed in the four divisions – including 194 housing units in Haldummulla, 183 in the Haputale, 105 units in Passara and 100 housing units in Hali Ela.

Livelihood Development

Gama Neguma - 829 livelihood development projects, 537 social development projects and 420 community development projects were completed during 2006-2010 period. Agriculture, Inland Fishing, Fisheries, Kirigammana, Rural Industries are also covered. To avoid wastage of fruits and vegetables, post harvest technology has been provided.

One of the largest milk processing plants in Sri Lanka will be opened in Pelwatte. The factory will collect 150,000 litres of milk per day benefitting 20,000 farmer families.



Minor Irrigation Schemes

- 4,692 provincial minor irrigation schemes were rehabilitated providing facilities to irrigate 19,097ha to facilitate more than 80,000 farmer families.
- Gama Neguma – Jathikasaviya Programme has rehabilitated 133 minor irrigation schemes during 2006-2010 period.
- Muthkeliyawa anicut, Dambe wewa and Horabokka anicut were rehabilitated under Mutukandiya scheme.
- Ugasladevi wewa, Katupothwewa scheme, Bahirawa Channel scheme, Ethili wewa scheme, and Pelessa wewa scheme were restored.
- Feeder canal and minor tanks were rehabilitated under the Weli Oya project

Rural Water Supply; Under Gama Neguma, 335 water supply schemes have been completed during 2009-2010 period. Fifteen community water supply schemes have been completed within the last five years in Badulla district benefitting about 3,000 households.

Rural Electrification; Sri Lanka's first solar power enabled village has been established providing facilities to 300 houses in Galgamuwa village in Moneragala. Under Gama Neguma, 379 rural electricity projects have been completed during 2005-2010 period. A total of 346 rural schemes are being provided with electricity by CEB benefitting 18,000 households in the Province.

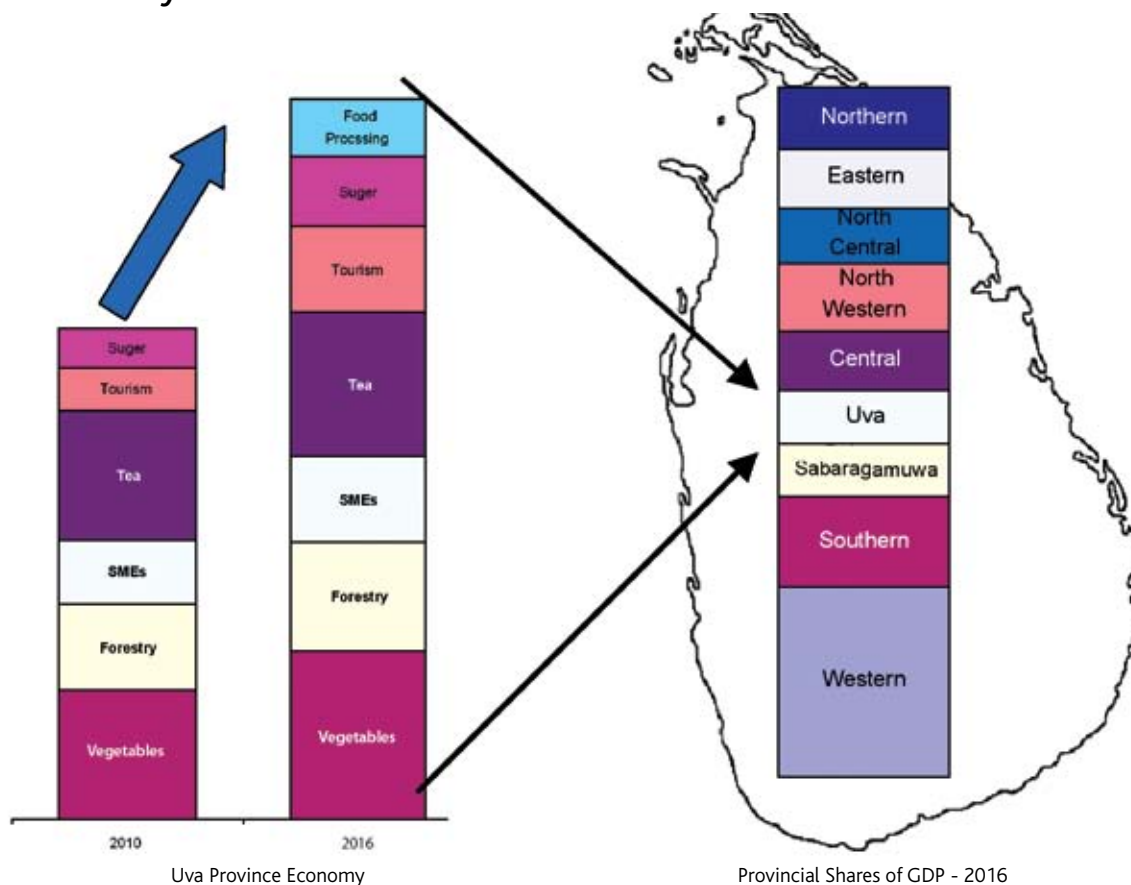
Pubudamu Wellassa - Gama Neguma Programme: 2006 - 2013

| Investment Area | Progress - 2006-2010 | | | | Planned Investment (Rs. mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|-------------|-------------|-------------|
| | No of Projects Implemented | Expenditure (Rs. mn) | Output (km/Units/ Projects) | No . of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 4,523 | 1,812 | 3,909 | 253,606 | 410 | 640 | 750 | 1800 |
| Electricity | 293 | 307 | 293 | 10,020 | 59 | 59 | 76 | 194 |
| Water Supply & Sanitation | 359 | 114 | 335 | 14,807 | 117 | 118 | 153 | 388 |
| Small Irrigation | 226 | 59 | 133 | 13,501 | 176 | 177 | 229 | 582 |
| Common Buildings | 358 | 142 | 358 | 15,280 | 59 | 59 | 76 | 194 |
| Livelihood | 829 | 103 | 829 | 320 | 234 | 236 | 305 | 776 |
| Social Development | 600 | 80 | 599 | 32,260 | 117 | 118 | 153 | 388 |
| Total | 7,188 | 2,618 | 6,456 | 339,794 | 1171 | 1409 | 1742 | 4321 |

Uva Province Performance

| | 2005 | 2009 | 2016 |
|---|------|------|-------|
| Provincial GDP (Rs.bn) | 95 | 220 | 675 |
| Provincial Per capita GDP Rs. '000 | 77 | 168 | 481 |
| Poverty Headcount Index | 27 | 9.3 | 5.8 |
| Infant Mortality per 1000 live births | 7.5 | 5.5 | 2.0 |
| Maternal mortality ratio 1000 live births | 0.62 | 0.57 | 0.31 |
| Access to safe water % | 67.9 | 78.3 | 88.0 |
| Access to Electricity % | 55.0 | 75.5 | 100.0 |
| Unemployment | 8.2 | 4.6 | 3.0 |

Emerging Economy of the Uva Province The Diversity and Growth



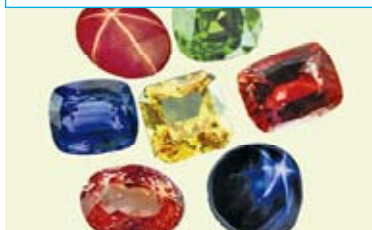
Sabaragamuwa Arunalogaya

The Sabaragamuwa Province which is well known for its gems, spices and plantations, contributes to about 6.3 percent of the GDP. The provincial economy enjoys a per capita income of US\$ 1,570. Under the Sabaragamuwa Arunalogaya, Kegalle and Ratnapura districts will be developed with the aim of exploiting their economic potential. It is expected to increase the contribution to the GDP by the two districts of the Province with uniquely different resources in each district, which offer quite a diverse opportunity for development.

The Mahinda Chintana - Vision for the Future introduces Sabaragamuwa Arunalogaya with the aim of exploiting the opportunities to provide benefits to the people in the province. As both districts have a large part of estate and rural communities, this regional development initiative will aim at addressing their needs on housing, drinking water, electricity, roads, schools and health facilities, whilst supplementing the benefits of development programmes of Provincial Councils and line agencies of the Government.



| | |
|--------------------|---------------|
| Area | : 4,968 sq.km |
| Population | : 1.9 million |
| DS Divisions | : 28 |
| GN Divisions | : 1,148 |
| Villages | : 3,573 |
| Municipal Councils | : 1 |
| Urban Councils | : 3 |
| Pradeshiya Sabhas | : 14 |



Provincial Economy

Minerals – Gem, Graphite, Quatzite, Mica, Thorianite

Tea-Rubber Plantation
Cardamom, Cinnamon, Cloves,
Nutmeg & Pepper
Coffee & Cocoa
Vegetable & Fruits
Paddy Cultivation
Floriculture

Beverage and Tobacco
Wood Products and Furniture
Paper Products
Handicraft
Rubber and Plastic

Development Priorities Infrastructure Development

- Improvement of national and provincial road infrastructure to facilitate improved connectivity and integrate with emerging economies in the Magam-Ruhunupura, Western Province, North Western Province and Central Province
- Rehabilitation of Chandrika Wewa for expansion of irrigated agriculture
- Expansion of power distribution and transmission system
- Replanting and new planting of plantation crops to sustain high yield
- Develop as a gem cutting and processing centre
- Management of natural disasters

Economy

- Promote eco-tourism and leisure activities through the development of Pinnawala Zoological Garden, and Elephant Orphanage
- Promote horticulture in Kuruwita, Ratnapura and Kegalle areas
- Conservation of environmental and wildlife resources

Human Resources Development

- Develop Sabaragamuwa University with modern infrastructure facilities and other resources to be on par with other national universities
- Increase literacy and skills of out of school youth and adults
- Upgrade technical colleges and train instructors
- Establish national apprenticeship and technical training colleges
- Upgrade working conditions of gem mining workers

National Projects

Road Development (km)

| Sector | Ratnapura | Kegalle | Sabaragamuwa |
|--------------------------------|-----------|---------|--------------|
| National Roads | 711 | 509 | 1220 |
| ■ Upgraded/ in good condition | 71 | 53 | 124 |
| ■ Expected to be upgraded | 455 | 207 | 662 |
| Provincial Roads | 1,260 | 1,267 | 2,527 |
| ■ Upgraded/ in good condition | 210 | 245 | 455 |
| ■ Expected to be rehabilitated | 289 | 368 | 657 |
| Rural/Estate Roads | 7,369 | 2,728 | 10,097 |
| ■ Upgraded/ in good condition | 2,646 | 1,478 | 4,124 |
| ■ Expected to be upgraded | 1,100 | 1,000 | 2,100 |

Construction Road Map
National Roads Development in Sabaragamuwa Province

| | Length of Road Section in the District (km) | Total Project Length (km) |
|--|---|------------------------------------|
| Ongoing | | |
| Kegalle | | |
| Improvements to Talduwa Meevitigammana Road | 4.74 | 4.74 |
| Improvements to Mawanella - Aranayake - Horewela Road | 14.45 | 14.45 |
| Improvements to Nelundeniya - Tuntota - Galapitamada Road | 5 | 5 |
| Improvements to Dehiowita - Deraniyagala - Noori Road | 2 | 2 |
| Improvement of Karadupona - Rambukkana Road | 8.81 | 8.81 |
| Ratnapura | | |
| Rehabilitation of Idangoda - Ayagama Road | 6.0 | 6.0 |
| Balance work of Idangoda - Ayagama Road | 7.0 | 7.0 |
| Improvements of Middeniya - Panamure (4.6 - 12.45km) and Embilipitiya - Panamure Bulutota Road (0 - 10.05km) | 17.9 | 17.9 |
| Rehabilitation and DBST on Kalavana - Depdene - Rakwana Road (10 - 22 km) | 12.0 | 12.0 |
| Rehabilitation and DBST on Kalavana - Depdene - Rakwana Road | 22.0 | 22.0 |
| Improvement of drainage at Ratnapura Town on Colombo - Ratnapura - Batticaloa Road | 1.0 | 1.0 |
| Committed | | |
| Kegalle | | |
| Improvement of Polgahawela - Kegalle Road | 8.86 | 8.86 |
| Kegalle - Bulathkohupitiya - Karawanella Road from Kegalla to Warawala Jn | 35.2 | 35.2 |
| Ambepussa - Kurunegala - Trincomalee Road from Ambepussa - Provincial Boundary | 7.11 | 7.11 |
| Improvement of Eheliyagoda - Dehiowita Road from 3.2 - 16.785km | 13.58 | 13.58 |
| Improvements to Talduwa - Meevitigammana Road Stage - 111 (9.20-13.00km) | 3.80 | 3.80 |
| Improvements to Mawanella - Hemmathgama - Gampola Road (0.00 - 5.00km) | 5.00 | 5.00 |
| Improvements to Dedugala - Palampitiya - Dolosbage Road (7.00 - 10.20km) | 3.20 | 3.20 |

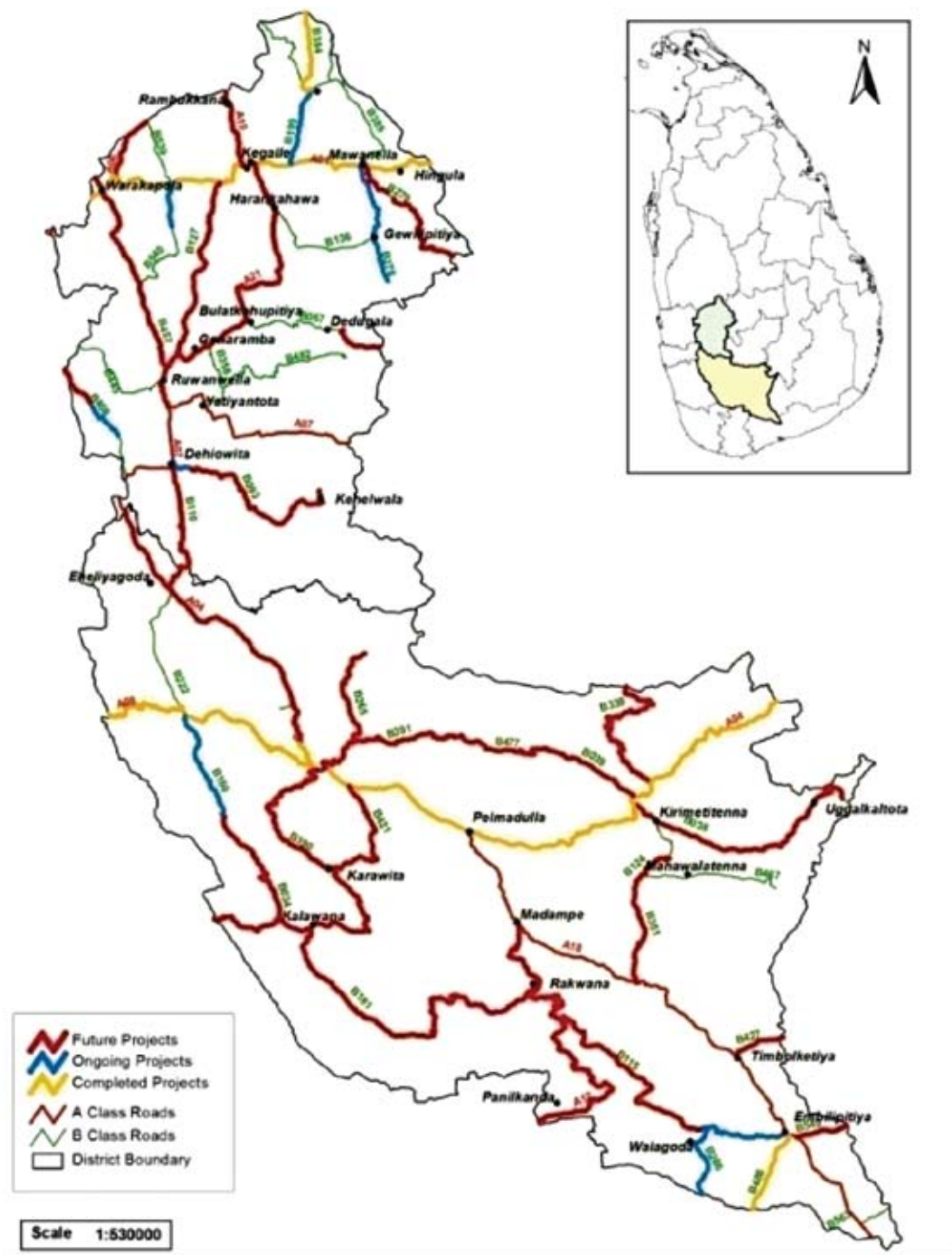
| | Length of Road Section in the District (km) | Total Project Length (km) |
|--|---|---------------------------|
| Improvements to Dehiowita - Deraniyagala - Noori Road (B093) | 25.96 | 25.96 |
| Improvement of Galigomuwa - Ruwanwella Road | 22.52 | 22.52 |
| Kegalle - Bulathkohupitiya - Karawanella Road | 6.65 | 6.65 |
| Warakapola - Kandalama Road | 1.95 | 1.95 |
| Warakapola - Ruwanwella Road | 22.26 | 22.26 |
| Improvements to Mawanella - Hemmathgama - Gampola Road | 16.00 | 16.00 |
| Ratnapura | | |
| Widening of Udawalawa - Tanamalwila Road | 5.00 | 5.00 |
| Improvement of Eheliyagoda - Dehiowita Road | 3.22 | 3.22 |
| Improvement of Embilipitiya - Moraketiya - Kiriibbanara - Uda Mauara Road | 5.62 | 5.62 |
| Rehabilitation of Bandaranayaka Mawatha (Hospital - Esplanade Road, Ratnapura) | 1.00 | 1.00 |
| Widening of Goodshed Road | 1.20 | 1.20 |
| Improvement of Ratnapura - Wewelwatte Road | 28.00 | 28.00 |
| Rehabilitation of Malwala - Karniya Road | 14.48 | 14.48 |
| Improvement of Tiruwanaketiya - Agalawatte Road | 47.86 | 47.86 |



Ingiriya-Ratnapura Road



Balangoda Bypass



DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
MINISTRY OF HIGHWAYS

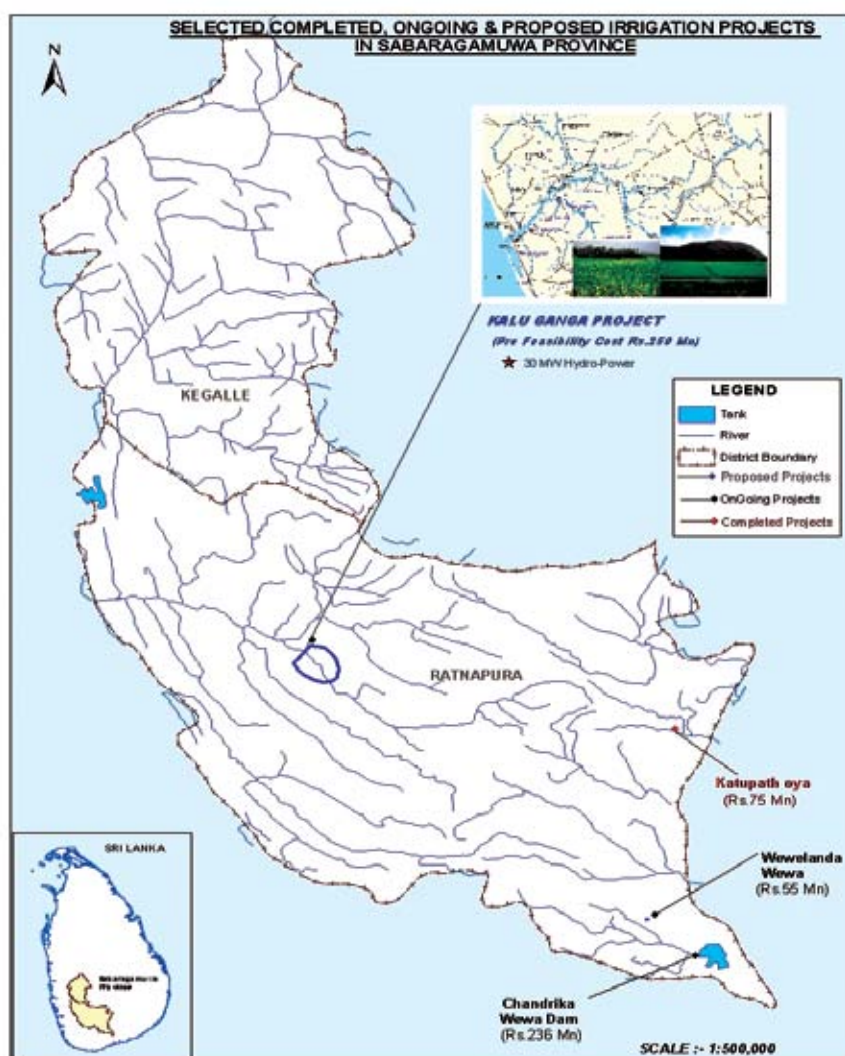


PROJECT FORMULATION, MONITORING & GIS SECTION
PLANNING DIVISION,
ROAD DEVELOPMENT AUTHORITY,
'SETHURIPAYA',
BATTARAMULLA.



Electricity : The present coverage of electricity in Ratnapura and Kegalle districts is 70 and 79 percent, respectively. It is expected to increase the coverage in Sabaragamuwa province to 100 percent by 2012. In order to achieve this target, 2150 rural electrification projects in Ratnapura district and 925 projects in Kegalle district will be implemented.

Irrigation Sector Development in the Sabaragamuwa Province



Irrigation Schemes:

- Wewlanda Wewa, which is located in Ratnapura district, is being rehabilitated. The extent benefitted through this scheme will be 350ha.
- Rehabilitation of Chandrika Wewa in Ratnapura district is another scheme which is being carried out under the Dam Safety and Water Resources Project.
- In addition, 2,395 minor irrigation schemes have been initiated throughout the Sabaragamuwa Province. Under these schemes, 16,478ha and 66,565 farmer families will benefit.
- The pre-feasibility study on Kaluganga scheme will be undertaken to explore the possibility of initiating a new large scale irrigation scheme.

Supply of Drinking Water

Currently, access to pipe borne water in the Province stands at 20 percent of the total population and it is expected to increase this to 42 percent

| Name of the Project | District | Current Status | No.of Beneficiaries |
|---|-----------|----------------|---------------------|
| Embilipitiya Water Supply Scheme | Ratnapura | Ongoing | 84,000 |
| Pelmadulla Water Supply Scheme | Ratnapura | Ongoing | 14,500 |
| Nivitigala Water Supply Scheme | Ratnapura | Ongoing | 9,400 |
| Udawalawa Water Supply Scheme (Stage I & II) | Ratnapura | Ongoing | 51,000 |
| Gadakawela Water Supply Scheme | Ratnapura | Ongoing | 22,500 |
| Gonagala Water Supply Scheme | Ratnapura | Committed | 20,000 |
| Kollonna-Balangoda Integrated Water Supply Scheme | Ratnapura | Proposed | 140,000 |
| Ratnapura Water Supply Scheme (Stage I) | Ratnapura | Proposed | 140,000 |
| Kiriella Water Supply Scheme | Ratnapura | Proposed | 8,000 |
| Alupiniella Water Supply Scheme | Ratnapura | Proposed | 20,000 |
| Yatiantota Water Supply Scheme | Kegalle | Ongoing | 9,400 |
| Pattampitiya Water Supply Scheme | Kegalle | Ongoing | 7,300 |
| Galigamuwa Water Supply Scheme | Kegalle | Ongoing | 30,800 |
| Ruwanwella Water Supply Scheme | Kegalle | Proposed | 110,000 |
| Warakapola Water Supply Scheme | Kegalle | Proposed | 90,000 |



Tourism

- Establish Pinnawala Zoological Park
- Build 2,000 hotel rooms under private sector investment
- Establish Tourism Information Centres
- Develop Belihul Oya Rest House
- Establish three Leisure Parks at Embilipitiya, Ratnapura and Kegalle
- Promote eco tourism at Sinharaja, Sri Pada and Udawalawa
- Promote adventure tourism based on rivers and mountains

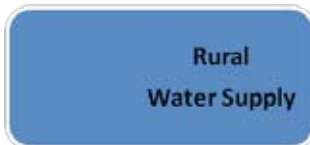
Industry

Establish an Investment Promotion Zone at Galigamuwa Embilipitiya and Kuruwita

5,270 employment opportunities will be created



747km of rural roads have been upgraded and 162km of provincial roads have been upgraded and 181km of roads are being upgraded



18 community schemes have been completed providing access to drinking water supply to 4,078 households in Ratnapura District



16,478ha extent of agricultural land can be irrigated through rehabilitation of 2,395 schemes in the Province benefitting 66,656 farmer families



Lighting Sri Lanka project will be implemented in 246 schemes providing electricity to 2,600 households

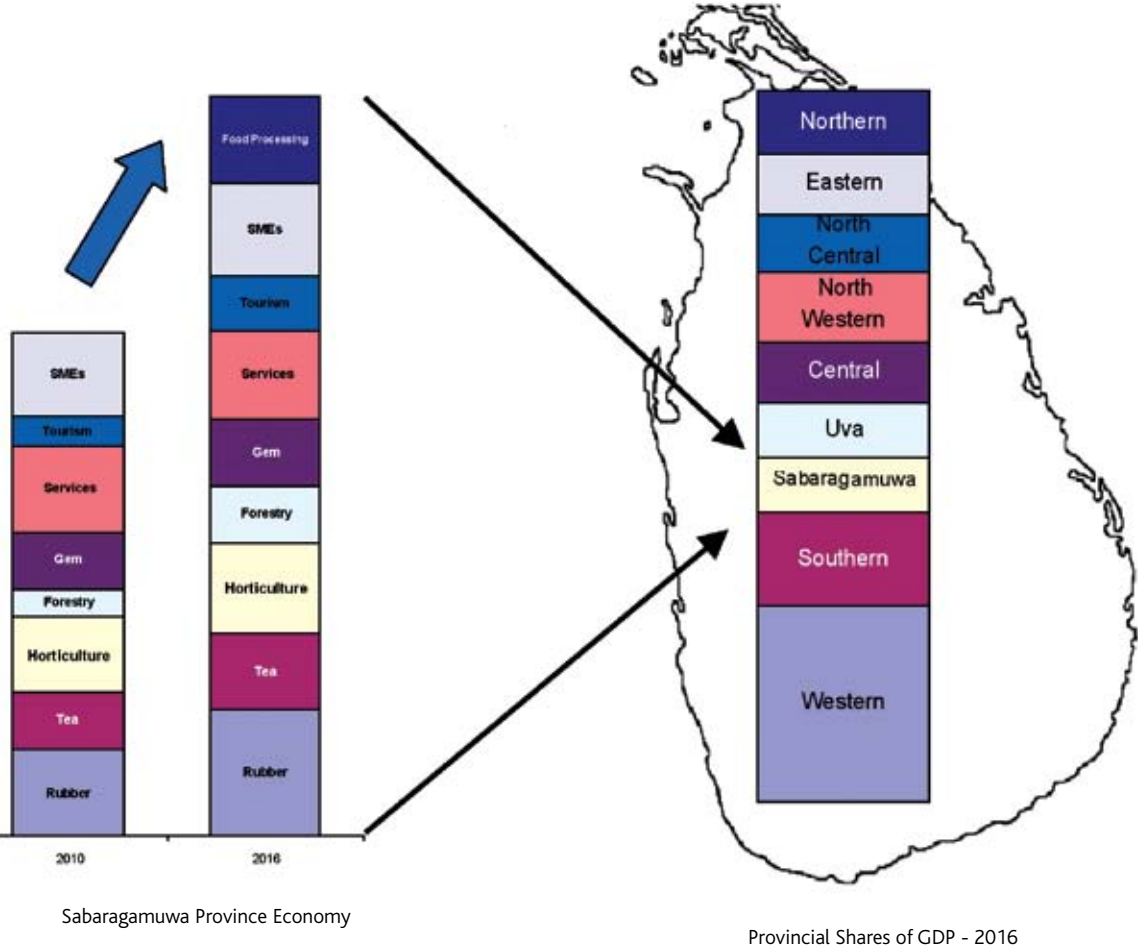
Sabaragamuwa Arunalokaya Gama Neguma Programme: 2006 - 2013

| Investment Area | Progress - 2006-2010 | | | | Planned Investment (Rs. mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|--------------|--------------|--------------|
| | No of Projects Implemented | Expenditure (Rs. mn) | Output (km/Units/ Projects) | No . of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 10,681 | 3,150 | 5,871 | 997,694 | 560 | 710 | 780 | 2,050 |
| Electricity | 188 | 77 | 112 | 11,625 | 65 | 66 | 88 | 220 |
| Water Supply & Sanitation | 287 | 84 | 170 | 20,941 | 131 | 132 | 177 | 439 |
| Small Irrigation | 818 | 141 | 342 | 32,228 | 196 | 198 | 265 | 659 |
| Common Buildings | 91 | 60 | 51 | 16,520 | 65 | 66 | 88 | 220 |
| Livelihood | 3,803 | 118 | 2,126 | 43,024 | 262 | 264 | 353 | 878 |
| Social Development | 730 | 134 | 480 | 55,366 | 131 | 132 | 177 | 439 |
| Total | 16,598 | 3,764 | 9,152 | 1,177,398 | 1,410 | 1,567 | 1,928 | 4,905 |

Sabaragamu Province Performance

| | 2005 | 2009 | 2016 |
|--|------|------|-------|
| Provincial GDP (Rs.bn.) | 133 | 303 | 787 |
| Per Capita Income (Rs.'000) | 72 | 157 | 381 |
| Poverty Headcount Index | 24.2 | 9.3 | 5.7 |
| Infant & Child Mortality Per 1000 Live Births | 11.1 | 5.5 | 2.5 |
| Maternal Mortality Ratio Per 100,000 Live Births | 0.45 | 0.44 | 0.28 |
| Access to Safe Water | 63.8 | 72.9 | 85.0 |
| Access to Electricity | 65.5 | 83.5 | 100.0 |
| | | | |
| Unemployment Rate | 7.8 | 5.7 | 3.7 |

Emerging Economy of the Sabaragamuwa Province - The Diversity and Growth

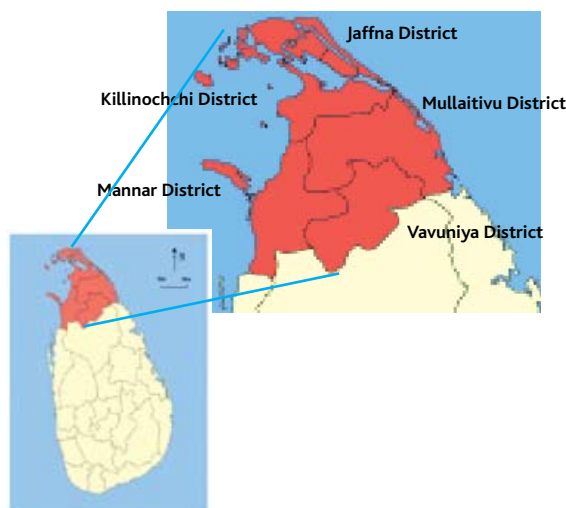


Uthuru Wasanthaya

The Uthuru Wasanthaya (Vadakkinn Wasantham), the Northern reawakening programme is the accelerated regional development initiative of the Government to rebuild the Northern part of Sri Lanka liberated from LTTE in May 2009. This Province together with adjoining districts in the North Central Province and Eastern Province, suffered severe setback and lost the entire infrastructure facilities and the economy during the 26 year long LTTE terrorism. Currently the Northern Province contributes 3.3 percent of GDP in the country. The Provincial GDP amounted to Rs. 159 bn. and per capita income is about US\$ 1,185 in comparison to the national average of US\$ 2,053. The new initiative is designed to regain missed opportunities in the Province and place it for an economic take-off based on its untapped resources. The strategy has following features;

- Demining of mined areas to make the province mine free with the priority being on farm lands and public places in the immediate to short term.
- Resettlement of displaced people in their respective homes in the short to medium term.
- Rebuilding and restoration of nearly 600,000 fully and partially damaged houses.
- Construction of Government offices and residential facilities, schools, hospitals, court houses, market places, bus stands, townships, banking facilities, cooperatives and trading facilities.
- Restoration of temples, kovils, churches, mosques and archaeological cities.
- Provision of electricity, water, telecommunication facilities, public transportation, irrigation and rural and provincial roads.
- Rebuilding of national highways, railway lines, ports and airports as a part of the national infrastructure drive and economic integration.
- Restoration of the agricultural farms, fisheries, harbours and development of industrial estates and livelihood activities.
- Development of stadiums, playgrounds and recreation facilities.
- Conservation programmes for coastal belt, forestry and water resources.

The Government has progressed in demining, resettlements, restoration of basic facilities and gradual normalization of civil life. Nearly US\$ 2,000 million from multilateral and bilateral funding sources have been mobilized and budgetary resources have been committed for the medium to long term development. The medium term reconstruction strategy, which has commenced from mid 2010, is expected to be completed by 2012.



| | |
|---------------------------------|---------------|
| Area | : 8,884 sq.km |
| Population | ; 1,291,000 |
| No. of DS Divisions | ; 33 |
| No. of Grama Niladari Divisions | ; 931 |
| No. of Villages | ; 2,939 |
| No. of Municipal Councils | ; 1 |
| No. Pradeshiya Sabhas | ; 28 |
| No. of Urban Councils | ; 5 |

Development Priorities

Infrastructure Development;

- Fast tracked infrastructure development such as all highways of A 9, A 32, Point Pedro Road, Jaffna-Ponnalai-Point Pedro Roads, main bridges, railways, ports and airports telecommunications, electricity transmission & distribution, ports, aviation etc.
- Reconstruct and rehabilitate the major irrigation systems such as Iranamadu, Giant Tank etc. in the Province
- Increase the access to services of transport, telecommunications, water supply etc.
- Development of town centres as main service points which serve for business development
- Establishment of wastewater and storm water drainage systems

Human Resources Development

- Reconstruction, upgrade and development of essential health and education infrastructure
- Improve health and education services
- Vocational training
- Development of Jaffna University as a knowledge centre

Economy

- Bring 50,000ha. of abandoned paddy lands under cultivation by and increase paddy yield from 3.05 mt/ha to 4 mt/ha
- Increase the extent of cultivation and productivity of other field crops by 30%
- Develop tourism potential in Mannar, Jaffna and Mullaitivu districts.
- Strengthen local/home technology and products
- Reactivate the defunct agriculture processing systems, Cooperative Societies, market centres etc.

- Development of fishing infrastructure and increase of fish production from 15,000 Mt to 50,000 Mt
- Revitalize the existing industries and develop new industrial establishments
- Rebuild the underperforming economic activities
- Exploit alternative energy sources
- Make long term investments in cement, salt and chemicals industries.

National Projects

Roads

Road Density in Northern Province is currently 0.48km/km² whereas it is 1.5km/km² at the national level, indicating prolonged neglect and underinvestment. To address this immediately efforts have been made on rehabilitation and improvement of the road network in the Northern Province with sustained investment. It is expected that improved road connectivity will infuse much impact on creating opportunities and improving competitiveness in this region.



Mannar Causeway



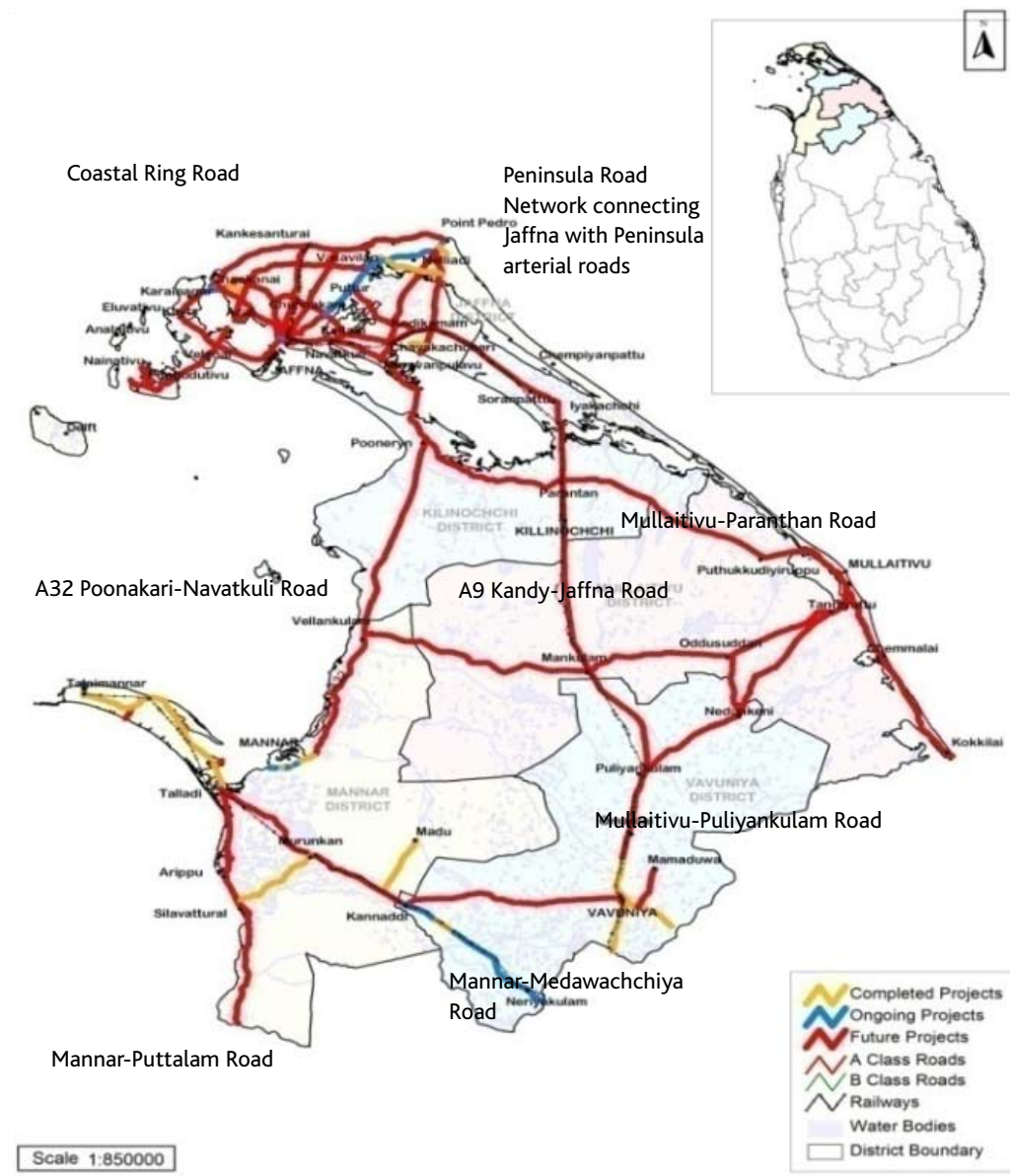
Mannar Bridge



Murunkan-Chilawaturai Road



Kandy - Jaffna Road



Road Projects in Northern Province - 2010

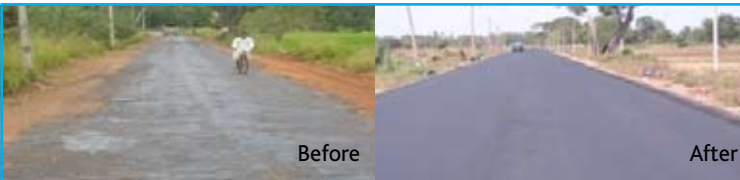



DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
MINISTRY OF HIGHWAYS



PROJECT FORMULATION, MONITORING & GIS SECTION
PLANNING DIVISION,
ROAD DEVELOPMENT AUTHORITY,
"SETHUPATHY",
BATTARAMULLA.



Construction Road Map National Roads in the Northern Province

| | | | |
|---|----|---|------------------------------|
|  | | Length of Road Section in the District (km) | Total Project Length (km) |
| Construction Ongoing - 2010 | | | |
| Jaffna | | | |
| Jaffna-Manipay-Karainagar Road (Karainagar Causeway) | 3 | 3 | |
| Jaffna - Point Pedro Road | 23 | 3 | |
| Killinochchi | | | |
| Vavuniya-Parayanalankulam Road | 10 | 10 | |
| Medawachchiya-Mannar-Thalaimannar Road | 17 | 17 | |
| Vavuniya | | | |
| Improvements to Medawachchiya-Mannar-Talaimannar Road | 30 | 30 | |
| Rehabilitation of Nawathkuli-Karativu-Mannar Road | 10 | 10 | |
| Making passable road section from 0km to 46km of South Coast Road (Thalyadi-Arippu-Marichchi Kadai Road (B403)) with gravel surfacing | 47 | 47 | |
| Construction of Pulliyadrakkam-Madu Road | 10 | 10 | |
| Rehabilitation of Navatkuli- Keritivu-Mannar Road | 11 | 1 | |
|  | | Length of Road Section in the District (km) | Total Project Length (km) |
| Construction Planned – Beyond 2011 | | | |
| Jaffna | | | |
| Improvement of Kandy - Jaffna Road from Thandikulam to Jaffna | 33 | 73.21 | |
| Navatkuli-Kerativu Road | 17 | 17 | |
| Manipay-Kaithady Road | 14 | 14 | |
| Vallai-Tellipallai-Araly Road | 27 | 27 | |
| Rehabilitation of Jaffna-K.K.S Road | 19 | 19 | |
| Improvement of Jaffna-Palali Road | 17 | 17 | |
| Improvement of Jaffna-Ponnalai-Point Pedro Road | 54 | 54 | |
| Improvement of Puloly-Kodikamam-Kachchai Road | 19 | 19 | |
| Improvement of Puttur-Meesalai Road | 64 | 64 | |
| Improvement of Manipay-Kaithady Road | 14 | 14 | |
| Improvement of Chavakachcheri-Puloly Road | 20 | 20 | |

| | Length of Road Section in the District (km) | Total Project Length (km) |
|---|---|------------------------------|
| Improvement of Vauniya Parayankulam Road | 10 | 10 |
| Rehabilitation/Improvement of Mullaitivu-Puliyankulam Road | 20 | 20 |
| Improvement of Oddusudan-Nedunkerny Road | 2 | 2 |
| Improvement of Kandy-Jaffna Road from Thandikulam to Jaffna | 39 | 39 |
| Bazaar Street, Vavuniya. | 2 | 2 |
| Velikulam-Mamaduwa Road | 8 | 8 |
| Vavuniya-Parayanalankulam Road | 26 | 26 |
| Killinochchi | | |
| Navatkuli-Keritivu-Mannar Road | 25.6 | 25.6 |
| South Coast Road | 46.7 | 46.7 |
| Medawachchiya-Mannar-Thalaimannar Road | 29.0 | 29.0 |
| Improvement of Mankulam-Vellankulam Road | 8.0 | 8.0 |
| Vavuniya | | |
| Improvement of Mankulam-Mullaitivu Road | 49.1 | 49.1 |
| Improvement of Mankulam-Vellankulam Road | 29.8 | 29.8 |
| Rehabilitation/Improvement of Mullaitivu-Puliyankulam Road | 21.7 | 21.7 |
| Improvement of Mullaitivu-Kokkilai Road | 36.2 | 36.2 |
| Rehabilitation/Improvement of Oddisudan-Nedunkeny Road | 9.3 | 9.3 |
| Rehabilitation/Improvement of Paranthan-Mullaitivu Road | 37.7 | 37.7 |
| Improvement of Kandy-Jaffna Road from Thandikulam to Jaffna | 25.8 | 25.8 |

Electricity

Giving electricity to the people of the North is a top priority on the agenda under Uthuru Wasanthaya Programme. During the years of conflict, all transmission lines have been damaged and the entire network has to be reconstructed while power distribution sub stations should be developed immediately to provide electricity to the rural areas.

| | | | |
|--|---|---|---|
|   | <p>Mullaitivu Electricity Supply Scheme has been setup</p> <p>50km electricity line along the A34 highway from Mankulam to Mullaitivu via Oddusudan is done</p> | <p>To reinforce the transmission network, 67km Vavuniya-Killinochchi 132 KW transmission line will be constructed.</p> <p>Constructing a grid substation at Killinochchi.</p> <p>132 KW Killinochchi-Chunakkam 67.2km Transmission line to be constructed.</p> <p>Augmentation of Vavuniya Grid Substation</p> <p>North East Transmission Development</p> | <p>Northern Electricity Coverage</p> <p>2010 - 48%</p> <p>2015 - 100%</p> |
| | | | |

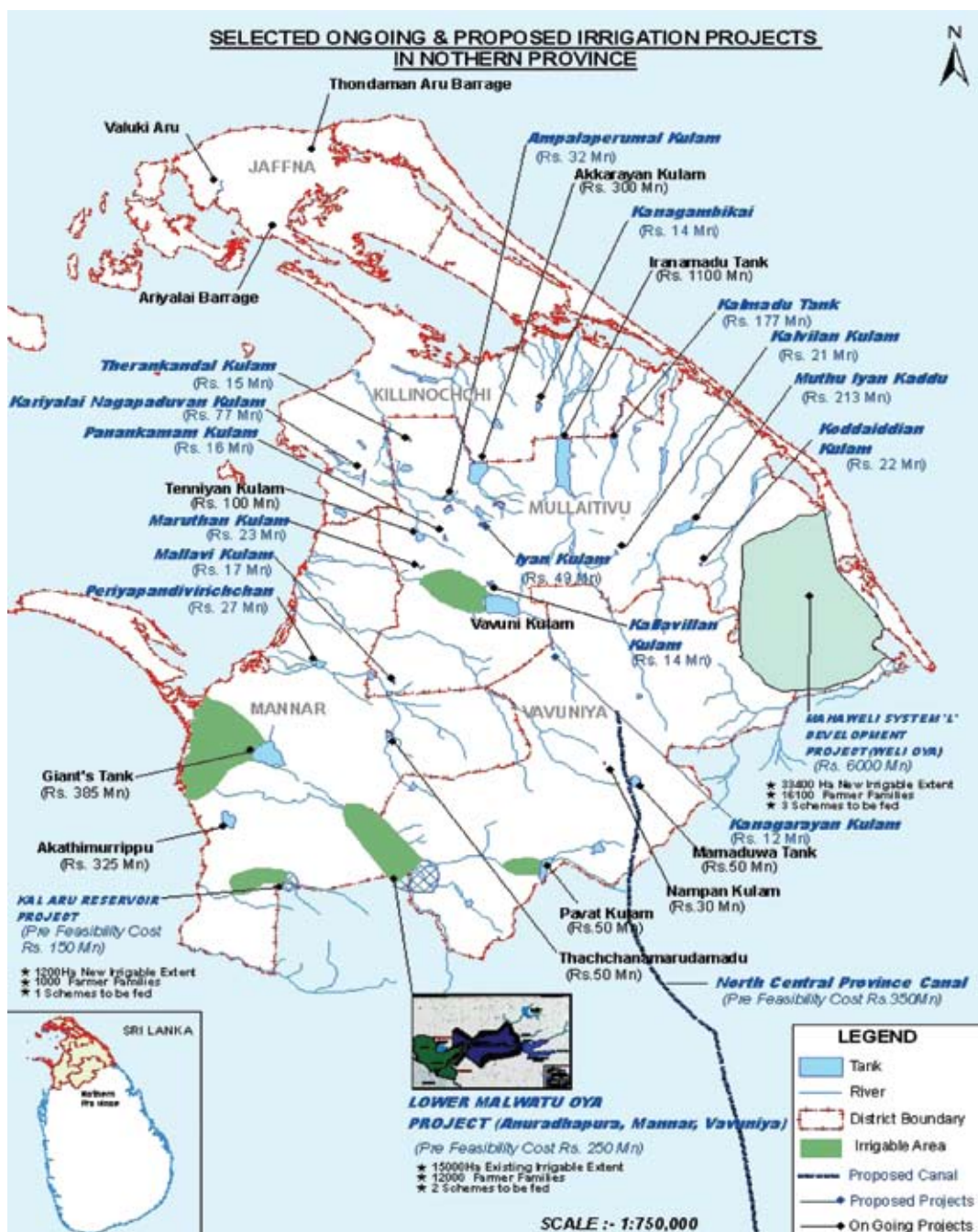
Irrigation

People in the Northern Province for centuries have depended mainly on agriculture, which is the prominent source of their income. Available paddy land extent in the Northern Region is estimated at about 100,000ha. of which about 45,000ha. of land comes under the command area of an irrigation scheme. With the completion of the rehabilitation of irrigation schemes, irrigable lands will be fully utilized in the region.

At present, several major, medium and minor irrigation tanks are being rehabilitated and the renovation of large irrigation schemes, such as Giant's tank and Iranamadu tank are also in progress allowing farmers to restart cultivation in their ancestral lands after a lapse of several years.



Iranamadu, the first irrigation tank constructed in Sri Lanka by the Irrigation Department and the main water resource for drinking water and for irrigation in the North



Rehabilitation of Irrigation Schemes in the Northern Province

| Name of the Irrigation Scheme | District | Current Status | Extent Benefitted (ha.) | No. of Farmer Families |
|-------------------------------|--------------|----------------|-------------------------|------------------------|
| Nampan Kulum | Vavuniya | Ongoing | 104 | 110 |
| Mamaduwa | " | " | 267 | 270 |
| Akathimurippu | Mannar | " | 2523 | 2220 |
| Thadchanamaruthamadu | Mannar | " | 215 | 214 |
| Tenniyan Kulum | Mullaitivu | " | 344 | 340 |
| Pavakkulam Irrigation Scheme | Vavuniya | " | 1674 | 1555 |
| Giant's Tank | Mannar | " | 9894 | 10455 |
| Akkarayan | Killinochchi | " | 1311 | 1300 |
| Iranamadu | Killinochchi | " | 8454 | 10100 |
| Kanagarayan Kulum | Vavuniya | Committed | 94 | 90 |
| Ampalaperumal | Mullaitivu | " | 252 | 250 |
| Iyan Kulum | Mullaitivu | " | 385 | 350 |
| Kalvilan Kulum | Mullaitivu | " | 162 | 160 |
| Koddaiddina Kulum | Mullaitivu | " | 164 | 160 |
| Kallavillan Kulum | Mullaitivu | " | 106 | 100 |
| Mallavi Kulum | Mullaitivu | " | 132 | 130 |
| Maruthan Kulum | Mullaitivu | " | 182 | 180 |
| Panankamam Kulum | Mullaitivu | " | 121 | 121 |
| Therankandal Kulum | Mullaitivu | " | 121 | 110 |
| Muthu Iyan Kaddu | Mullaitivu | " | 1680 | 1680 |
| Kalmadu | Killinochchi | " | 1397 | 1450 |
| Kariyalai Nagapaduvan | Killinochchi | " | 609 | 550 |
| Kanagambikai | Killinochchi | " | 105 | 90 |
| Periyapandivirichchan | Mannar | " | 215 | 214 |

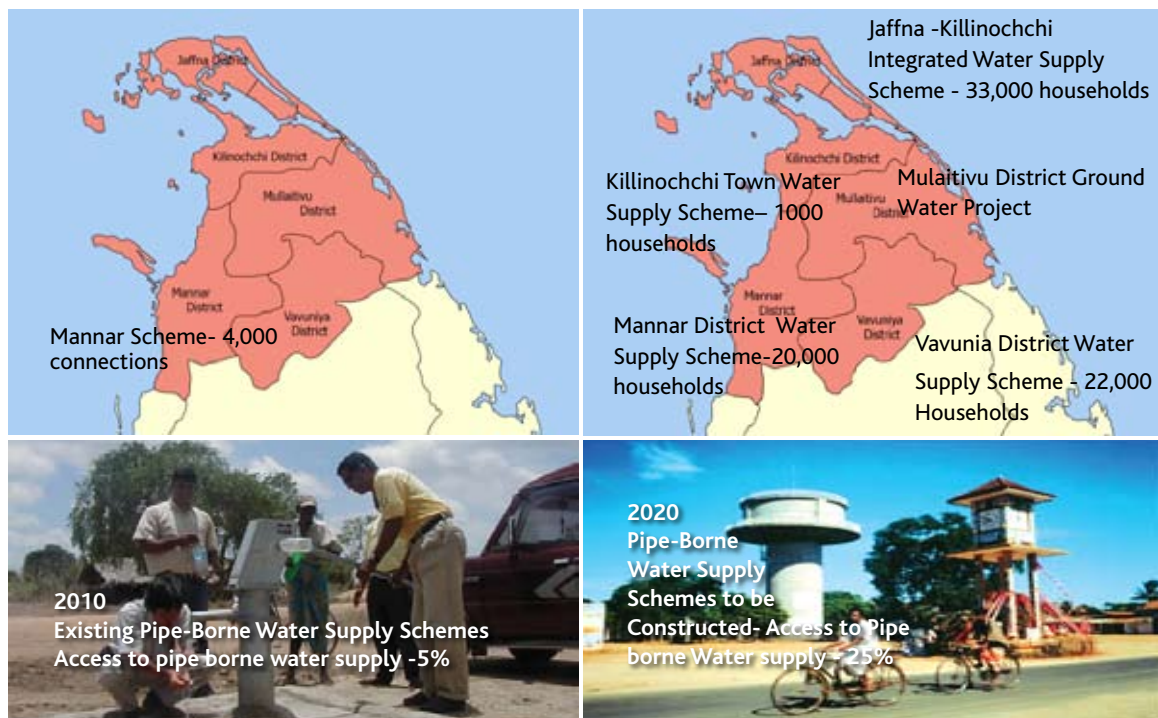


Reconstructed Thondamanaru Barrage to address the issue of salt water intrusion to Jaffna Peninsula, Valukkalai Aru main channel work in progress and Giant's Tank Rehabilitation

Drinking Water Supply

As acute shortage of drinking water continues to prevail across almost all the villages in the entire Northern Province, there is an urgent need to augment water supply facilities. Currently, access to safe water in the Province stands at 83 percent of the population and access to pipe borne water stands at 5 percent. To address this, there are several mega water supply projects lined up for implementation.

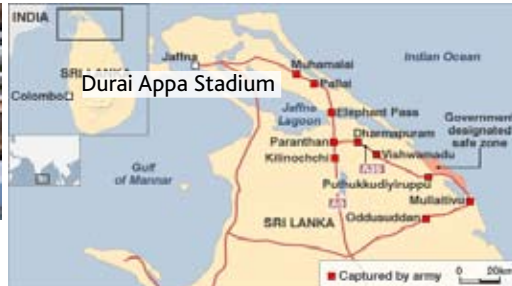
Access to Pipe-borne Water Supply



Flagship Projects



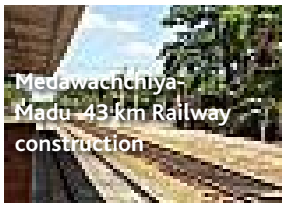
Madu-Thalaimannar 63km
Railway Line



Durai Appa Stadium



Construction of
Kankasanturai-Pallai
Railway Line



Medawachchiya-
Madu 43 km Railway
construction

Moving ahead from merely bringing the day to day life back to normal, several strategic initiatives will be implemented to reawaken the Northern economy.



65-acre Achuweli Economic
Zone, one of the main
industrial attractions in Jaffna
is also to be rebuilt



Development of
Kankasanturai Port



Replacing of
Omanthai-Pallai
Railway Line



Administrative
Complex at
Mankulam



Jaffna Teaching Hospital
after renovation



Proposed Killinochchi Industrial Estate; To uplift the living standards of unemployed youth and low income people in the Killinochchi district and encourage them to enter into small and medium scale industries.

Palmyrah Industry Development; It is proposed to set up an Industrial Estate to produce Palmyrah related products – Expecting such a development, large scale Palmyrah planting is underway.



Mannar Basin oil exploration work in progress - Looking for oil in a 3,000sq km block in deep sea water ranging from 400 metres in the East to about 1,900 metres towards the West.

Rural Development Projects



Maga Neguma

472km of rural roads have been upgraded under Maga Neguma and 217km of provincial roads are being upgraded.



Rural Water Supply

140 rural schemes have been completed providing access to drinking water supply.



Minor Irrigation

26,550ha. extent of agricultural land can be irrigated through rehabilitation of 1,737 schemes in the Province benefitting 60,173 farmer families.



Rural Electrification

Out of 103 rural electrification projects commenced, 93 schemes have been completed. 400 schemes are being implemented by CEB to expand electricity distribution to the villages in the Northern Province.

Uthuru Wasanthaya Gama Neguma Programme 2006 – 2013

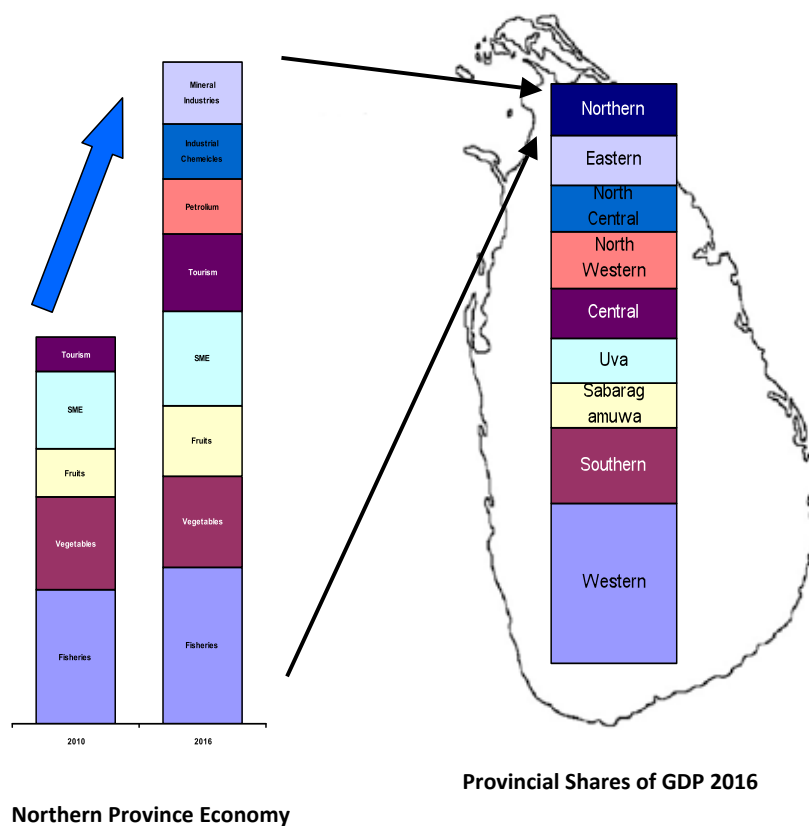
| Investment Area | Progress - 2006-2010 | | | | Planned Investment (Rs. Mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|--------------|--------------|--------------|
| | No of Projects Implemented | Expenditure (Rs. Mn) | Output (KM/ Units/ Projects | No of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 338 | 190 | 311 | 64,367 | 521 | 526 | 688 | 1,735 |
| Electricity | 145 | 102 | 92 | 14,225 | 74 | 75 | 98 | 248 |
| Water Supply & Sanitation | 170 | 56 | 135 | 8,672 | 149 | 150 | 196 | 495 |
| Small Irrigation | 57 | 51 | 54 | 7,721 | 223 | 226 | 295 | 744 |
| Common Buildings | 42 | 25 | 36 | 24,694 | 74 | 75 | 98 | 248 |
| Livelihood | 554 | 365 | 530 | 40,193 | 298 | 301 | 393 | 992 |
| Social Development | 162 | 85 | 131 | 42,829 | 149 | 150 | 196 | 495 |
| Total | 1,468 | 874 | 1,289 | 202,701 | 1,490 | 1,503 | 1,964 | 4,958 |

Uthuru Wasanthaya

Performance

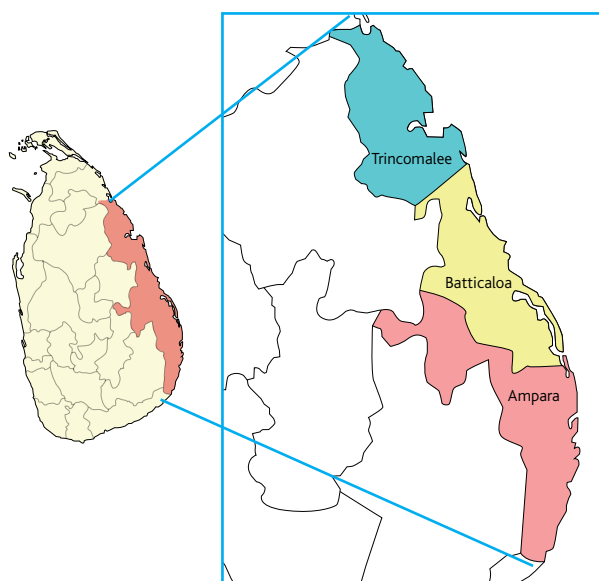
| | 2005 | 2009 | 2016 |
|---|------|------|-------|
| Provincial GDP Rs. bn | 63 | 159 | 787 |
| Provincial Per Capita GDP Rs.'000 | 56 | 134 | 618 |
| Poverty Headcount Index | N/A | N/A | 6.9 |
| Prosperity Index | 41.8 | 43.6 | |
| Infant Mortality per 1000 Live Births | 4.5 | 3.0 | 1.5 |
| Maternal Mortality Ratio per 1000 Live Births | 0.59 | 0.56 | 0.31 |
| Access to Safe Water % | N/A | N/A | 70.0 |
| Access to Electricity % | 35.5 | 48.2 | 100.0 |
| Unemployment | N/A | N/A | 3.0 |

Emerging Economy of the Northern Province The Diversity and Growth



Negenehira Navodaya

Since the complete liberation of the Eastern Province from LTTE terrorism in July 2007, an accelerated development programme was implemented for the Eastern Province. The economic contribution of Eastern Province to GDP is about 5.8 percent. The provincial GDP is contributed by all three sectors; Agriculture, Industry and Services. Eastern Province currently grows at around 14 percent and the per capita income is US\$ 1,877.



| | |
|-----------------------------------|---------------|
| Area | : 9,996sq.km. |
| Population | : 1,539,000 |
| No. of DS Divisions | : 45 |
| No. of Predeshiya Sabha Divisions | : 37 |
| No. of GN Divisions | : 1,079 |
| No. of Villages | : 2,378 |
| No. of Municipal Council | : 2 |
| No. of Urban Councils | : 4 |

Development Potential

The Eastern Province has diversified natural resources to develop paddy, agriculture, tourism, wildlife, fisheries, livestock and sugar in all three districts. The three districts consists of about 15% of the country's land area which is arable for wide variety of crops and owns plenty of natural resources varying from fisheries to minerals. The Eastern Province is the highest contributor to the country's paddy production and has much potential in agriculture and lucrative agri-businesses.

■ Many initiatives have been undertaken to support and enhance economic development of the Province, including the following:

- Electricity
- Roads
- Transport (Roads, Railways)
- Power generation plant at Trincomalee and distribution and transmission network
- All national roads, connecting Trincomalee, Batticaloa, and Ampara to other provinces
- Eastern Railway Development Project, Trincomalee
- Medawachchiya Railway Line

- Ports
- Water Supply and Sanitation
- Trincomalee and Oluvil ports
- The completed two Phases of Ampara Water Supply Scheme, the third Phase started in 2010, Batticaloa Water Supply Scheme, Eastern Province Water Sector Development Project, Muttur Water Supply Project, Greater Trincomalee Water Supply Project etc.
- Rural Infrastructure Development – Gama Neguma Programme

■ Strengthening Social Infrastructure and Fostering Social Services

- Education
- Health
- Culture
- Eastern University and South Eastern University
- Ampara District General Hospital, Kalmunai
- Ashraff Memorial Hospital, Akkaraipattu Base Hospital
- Swami Vipulananda Institute for Aesthetic Studies



Access to electricity coverage in the province will be increased from 70% to 100% in 2015

- Proposed Trincomalee Coap Power Project will generate a capacity of 500MW
- During 2011-2015, augmentation of grid sub stations at Habarana and Trincomalee and transmission line between Trincomalee-Veyangoda, Ampara-Rantambe and Habarana-Valachchenai projects will be completed.

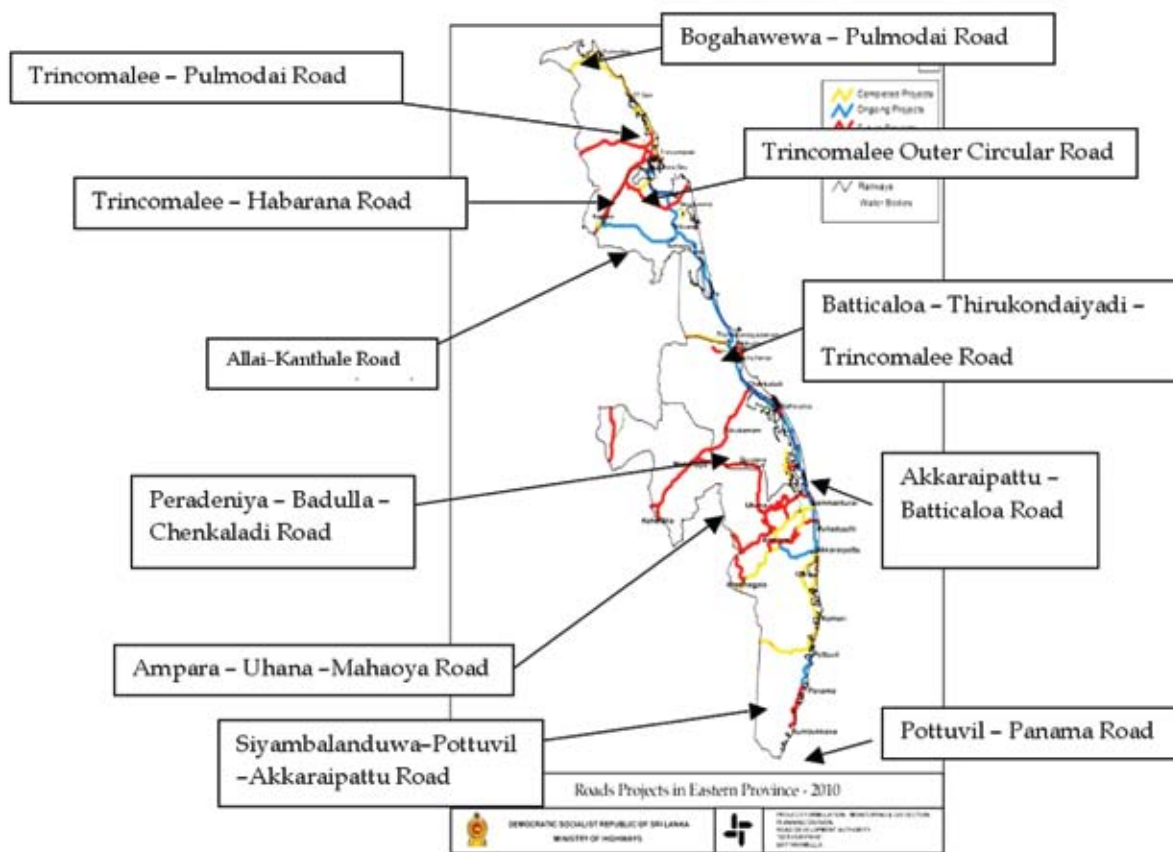


Oluvil Port will be completed by March 2011.

- Proposed Ocean City Development - Seeking potential investors for the development of industrial and tourism zone using 10,565 access of land around the Trincomalee harbour.

Road Development

Eastern Province has a road network of 10,207km, which includes 857km of national roads, 1,100km of provincial roads and 8,250km of rural roads. During 2005-2009 period, 368km of national roads and 362km of provincial roads have been rehabilitated.



Road Development Programme in the Eastern Province

| Name of the Road | Length of Road Section in the District (km) | Total Project Length (km) |
|--|---|---------------------------|
| Completed Road Improvement | | |
| Ampara | | |
| Peradeniya-Badulla-Chenkaladi (PBC)/Road | 20.90 | 20.90 |
| Colombo - Ratnapura - Wellawaya - Batticaloa Road | 75.30 | 86.00 |
| Sammanthura - Malkampitty - Deegawapi Road | 9.00 | 9.00 |
| Panama - Kumbukkana Road | 14.00 | 14.00 |
| Akkaraipattu- Varipathanchenai Road | 18.00 | 18.00 |
| Karaitivu - Ampara Road & Ampara - Siyambalanduwa Road | 54.00 | 54.00 |
| Potuvil - Panama Road | 17.80 | 17.80 |
| Akkaraipattu - Sagamam Road | 18.20 | 18.20 |
| Batticaloa | | |
| Maradankadawela -Habarana -Tirikkondiadimadu Road Jayanthipura - Thirukkondaidimadu) | 21.15 | 68.86 |
| Ampilanthurai - Veeramunai Road | 14.88 | 14.88 |
| Trincomalee | | |
| Bogahawewa- Pulmuddai Road | 15.58 | 15.58 |
| Tincomalee -Pulmuddai Road | 55.33 | 55.33 |
| Ongoing Road Development | | |
| Ampara | | |
| Akkaraipattu - Warapathanchenai Road | 18.31 | 18.31 |
| Pottuvil - Panam Road | 17.60 | 17.60 |

| | | |
|---|-------|-------|
| Colombo - Ratnapura - Wellawaya – Batticaloa/(CRWB) Road | 29.60 | 29.60 |
| Batticaloa | | |
| Colombo - Ratnapura - Wellawaya – Batticaloa/(CRWB) Road | 34.40 | 34.40 |
| Batticaloa - Tirikkondiadimadu – Trincomalee (BTT) Road | 78.02 | 78.02 |
| Trincomalee | | |
| Seruwavila - Somawathiya Road (7.15 km) | 7.15 | 7.15 |
| Batticaloa- Trincomalee Road, including Kyankerni, Verugal, Ralkuli, Gangai, Upparu Bridges | 98.08 | 98.08 |
| Allai- Kanthale Road | 41.36 | 41.36 |
| Planned Road Development | | |
| Ampara | | |
| Ampara-Uhana- Mahaoya Road | 57.83 | 57.83 |
| Mahiyangana-Dimbulagala-Dalukkane Road | 25.83 | 25.83 |
| Ampara Town Road | 30.57 | 30.57 |
| Peradeniya - Badulla - Chenkalady Road | 39.95 | 39.95 |
| Batticaloa | | |
| Peradeniya-Badulla-Chenkalady Road (242.44 km - Chenkalady) | 33.20 | 33.20 |
| Trincomalee | | |
| Ambepussa-Kurunegala- Trincomalee Road (Kantale to Trincomalee) | 43.00 | 43.00 |
| Outer Circular Highway -Trincomalee | 67.00 | 67.00 |
| Puttalam-Trincomalee Road (NCP/East PB to Trincomalee) | 36.90 | 36.90 |

Bridges - To increase the mobility, many ferries in the Eastern Coastal Belt have been replaced with new bridges and narrow bridges have been reconstructed.



Kinnya Bridge



Arugam Bay Bridge

Completed Bridges

- Arugam Bay Bridge
- Kinnya Bridge
- Irakkandy Bridge
- Koddakallaru Bridge
- Periyakallaru Bridge
- Komari Causeway
- Illaankathurai Causeway
- Thiraiodai Bridge
- Neinakadu Bridge
- Lagugala Bridge
- Yanaivilunthan Bridge
- Warapitty Bridge
- Bakinigasdowa Bridge
- Oddamavadi Bridge
- Yan Oya Bridge
- Pudawaikkattu Bridge

On-going & Planned Bridges

- Kallady Bridge
- Kayankerny Bridge
- Panichchankerny Bridge
- Verugal Bridge
- Gangai Bridge
- Rlakuili Bridge
- Upparu Bridge



Koddakallaru Bridge

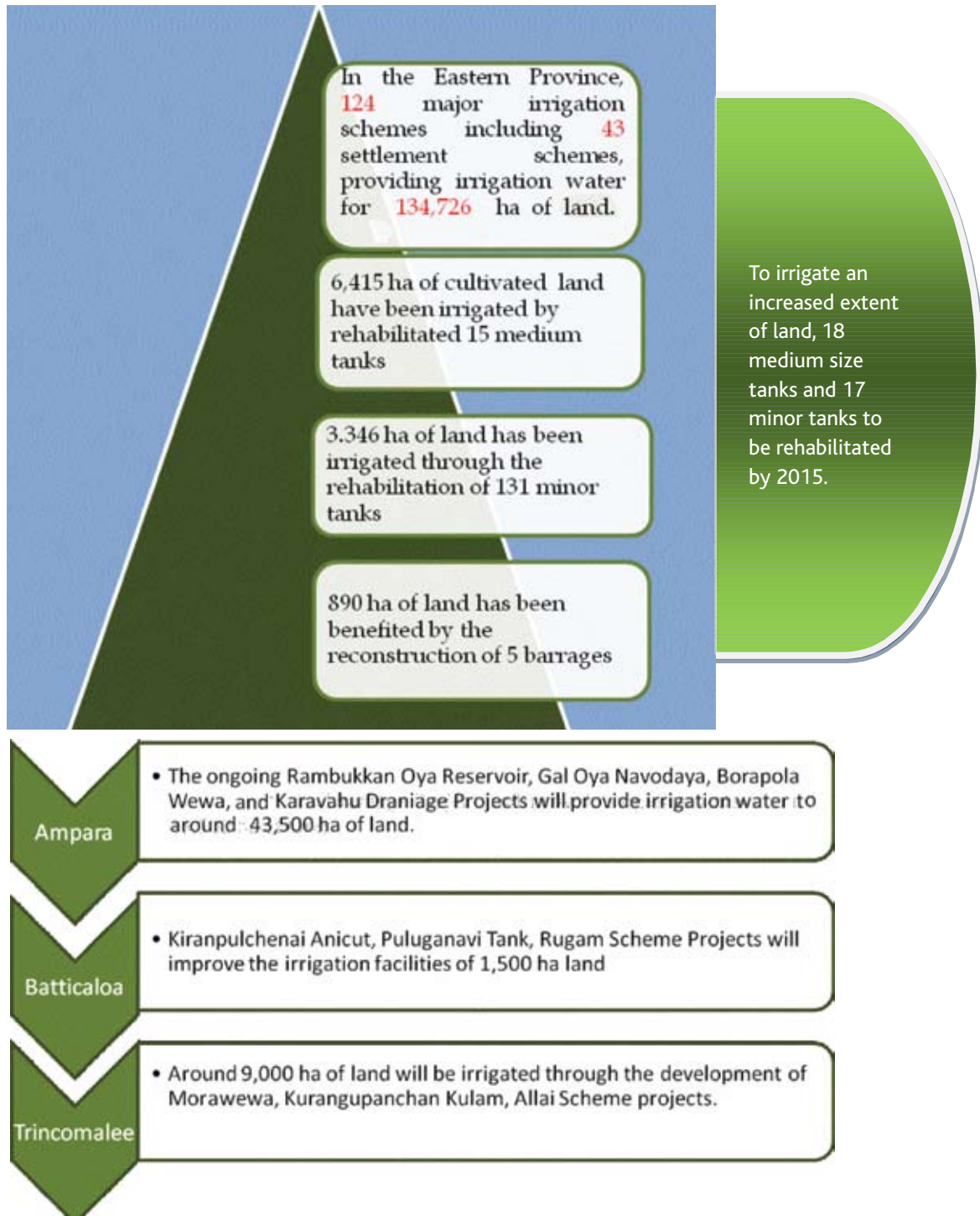


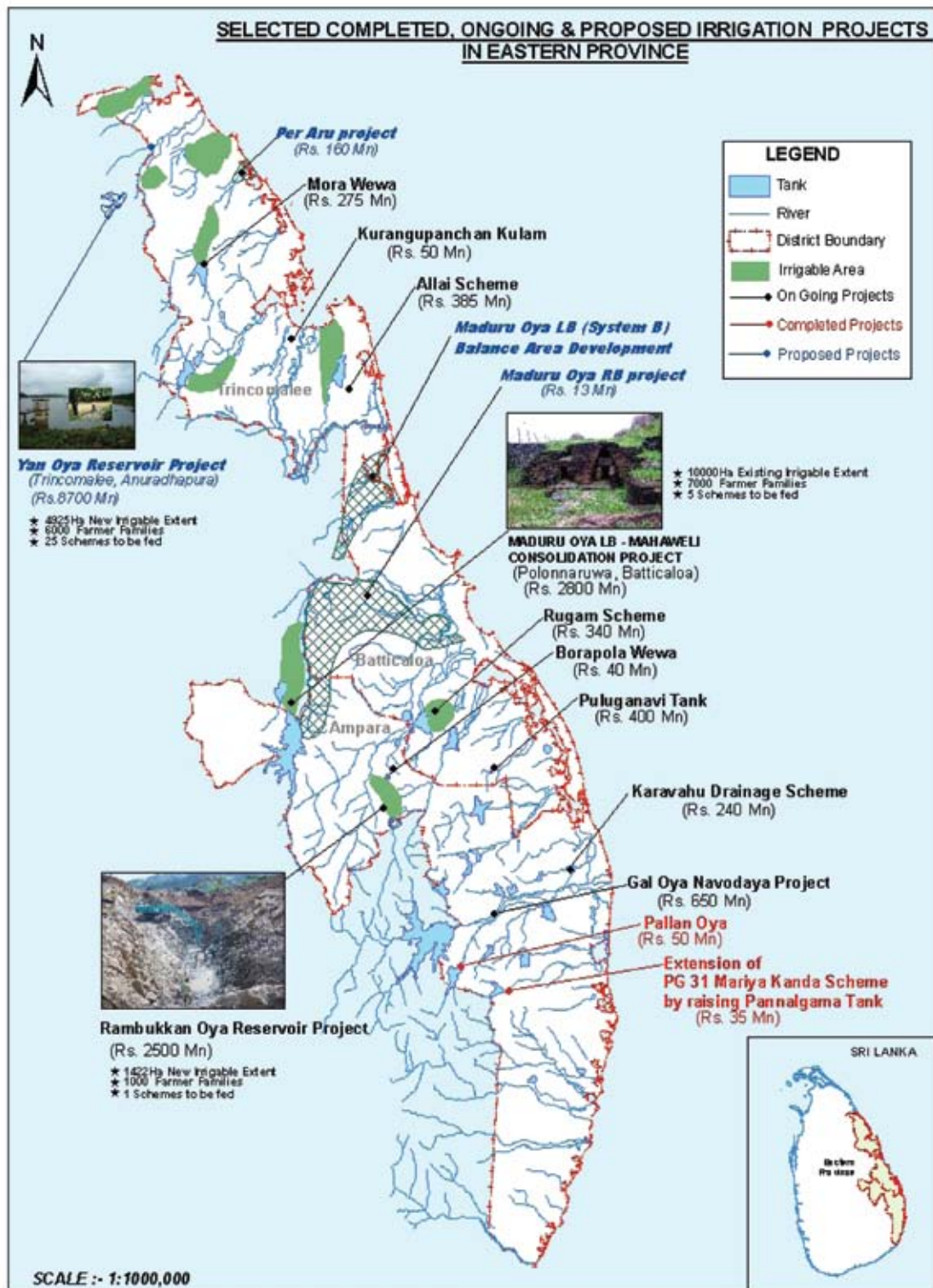
Irakkandy Bridge



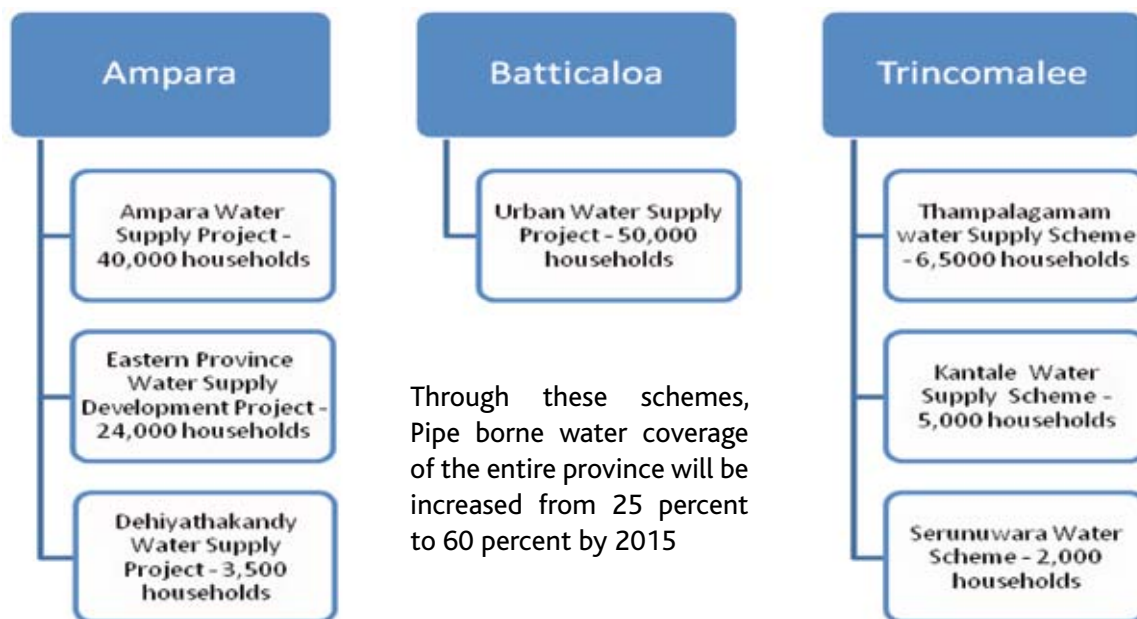
Komari Bridge

Irrigation and Water Supply





Water Supply



Real Economy

Natural resources such as agricultural land, forests, water bodies, wetlands, lagoons, bays and attractive beaches have the potential to diversify economic activities, to increase the unit value of its products and to achieve high growth of the Provincial economy.



- Of the total requirement of country's paddy production, 20% comes from Eastern Province.
- Cultivated paddy land has been extended from 52% to 92%, by 97,200 ha.
- During 2006 - 2010, paddy production has increased from 704,000 Mt to 1,146,000 Mt.
- Long beautiful beaches i.e. Nilaveli, Passikudah, Kuchchaveli & Arugam Bay are declared as eco tourism sites.
- Tourism Development Project - It is targeted to increase direct jobs by around 15,000 and indirect jobs by around 25,000 in the region through the development of exclusive tourist resorts with 10,000 hotel rooms.

- 20% of fish production comes from Eastern Province.
- During 2007-2009, fish production has increased from 35,000 Mt to 67,500 Mt.
- Number of families engaged in fishing has been increased



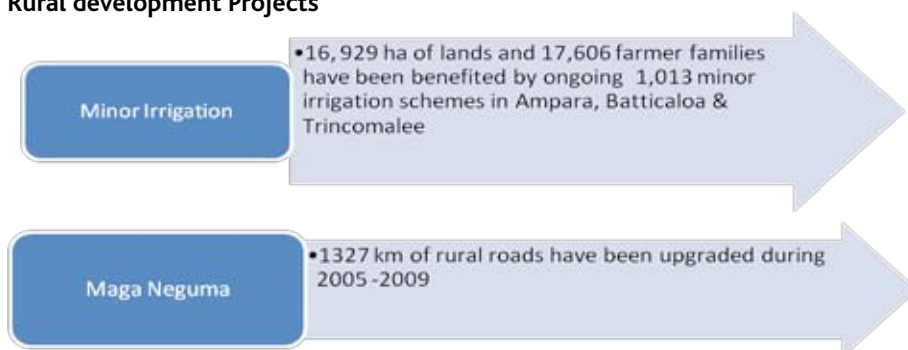
- Eastern Province which has 30% of livestock population of the country contributes 17% of milk production.
- During 2006 - 2009, milk production has been increased from 6.9 mn litres/day to 18.4 mn litres/day



- Two industrial estates have been completed at Navagampura and Lakshauyana
- Proposed industrial estates at Trincomalee & Batticaloa will provide 4,280 direct jobs



Rural development Projects



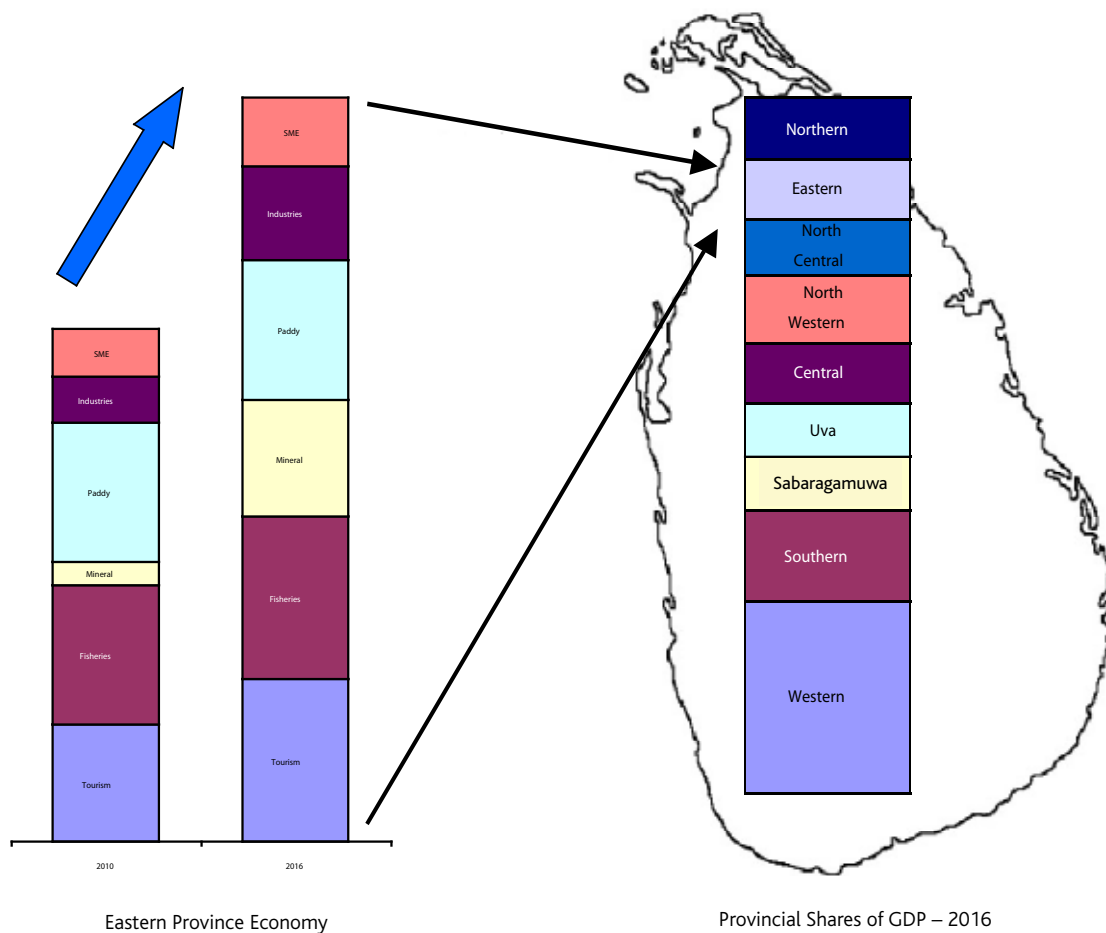
Nagenehira Navodaya Gama Neguma Programme, 2006 - 2013

| Investment Area | Progress- 2006-2010 | | | | Planned Investment (Rs. Mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|--------------|--------------|--------------|
| | No of Projects Implemented | Expenditure (Rs. Mn) | Output (KM/Units/ Projects) | No. of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 2,960 | 2,070 | 2,880 | 2,861,547 | 435 | 438 | 583 | 1,456 |
| Electricity | 142 | 51 | 141 | 23,366 | 62 | 63 | 83 | 208 |
| Water Supply & Sanitation | 150 | 57 | 150 | 40,493 | 124 | 125 | 167 | 416 |
| Small Irrigation | 118 | 83 | 115 | 40,756 | 186 | 188 | 250 | 624 |
| Common Buildings | 36 | 12 | 36 | 43,095 | 62 | 63 | 83 | 208 |
| Livelihood | 2,804 | 325 | 1,754 | 52,043 | 248 | 250 | 333 | 832 |
| Social Development | 884 | 254 | 791 | 325,421 | 124 | 125 | 167 | 416 |
| Total | 7,094 | 2,852 | 5,867 | 3,386,721 | 1,242 | 1,252 | 1,667 | 4,161 |

Performance

| | 2005 | 2009 | 2016 |
|---|------|------|-------|
| Provincial GDP Rs. bn | 99 | 281 | 787 |
| Provincial Per Capita GDP Rs. 000' | 64 | 183 | 477 |
| Poverty Headcount Index | 10.8 | 5.0 | 2.0 |
| Infant Mortality per 1000 live births | 11.3 | 10.7 | 5.9 |
| Maternal Mortality Ratio per 1000 live births | 0.6 | 0.53 | 0.38 |
| Access to Safe Water % | N/A | 89.1 | 94.0 |
| Access to Electricity % | 52.3 | 70.6 | 100.0 |
| Unemployment | N/A | 7.7 | 3.1 |

Emerging Economy of the Eastern Province The Diversity and Growth



Wayamba Pubuduwa

The Wayamba Province, being the second highest provincial economy in Sri Lanka is one of the major emerging business incubators. Provincial GDP at Rs. 495 billion, places the province with a per capita income of US\$ 1,885. This provincial economy mainly consists of coconut plantations, paddy, fisheries, tourism, and wildlife related activities, well established SMEs, banking and trading, townships, schools, health facilities and archeological cities.

The well diversified resource base in the province provides a unique opportunity to double its provincial GDP by 2016. The key national and provincial level development initiatives, implemented under Wayamba Pubuduwa are as follows.

- Expansion of national and provincial road network and railway to properly establish inter and intra provincial connectivity and make easy economic integration with the rest of neighbouring townships in the Western, Northern, North Central, Central and Sabaragamuwa Provinces.
- Restoration of all large and small irrigation facilities
- Diversion of Deduru Oya to expand areas under irrigated water
- Develop Norochcholai area– The home for the national coal power generation project, and a new township area expanding as a windmill power generation zone
- Expand provincial power distribution and transmission system to provide quality supplies of electricity to reach electricity for all by 2012
- Develop quality drinking water facilities and waste disposal systems in all major townships.
- Implement coast conservation strategies in the coastal belt of the Province.
- Develop Kalpitiya township with 4,000ha tourist resort and surrounding tourist resources in the sea and wildlife in the Wilpattu National Park.
- Restore all archeological and historical cities and securing townships.
- Develop the Coconut Triangle as a part of the national drive to increase coconut plantation and associated industrial activities.
- Restore the storage facilities for paddy, fruits and vegetables and fish production and associated industries with special emphasis to support the expansion of large and SME rice milling industry.
- Develop special programmes to promote human-elephant co-existence.
- Develop rural schools and hospitals to ensure villages are empowered with the access to education and health.
- Expand Gama Neguma – the national rural empowerment initiative, to supplement development programme of the Provincial and Local Authorities.
- Exploit full potential of industrial zones, agriculture, research and seed farms and livestock activities.
- Promote SME and rural agro based industries.
- Empower low income facilities with special livelihood activities, strong backyard / home economy network development.
- Develop sports and recreation facilities in the Province.
- Promote the Province as a knowledge supplier through skills education establishments and Wayamba University to meet the emerging demand.

| | |
|---------------------------|----------------|
| Area | : 7,888 sq.km. |
| Population | : 2,320,000 |
| No. of DS Divisions | ; 46 |
| No. of Predeshiya Sabha | |
| Divisions | ; 28 |
| No. of GN Divisions | : 2,158 |
| No. of Villages | : 5,682 |
| No. of Municipal Councils | : 1 |
| No. of Urban Councils | : 3 |



Development Priorities

Infrastructure;

- Development of the intra-regional infrastructure i.e. roads, electricity distribution and transmission, and railways
- Improve irrigation network and its effectiveness
- Upgrade accessibility to services of transport, telecommunications, and water supply

Economy;

- Improve production and productivity of agricultural crops
- Agricultural and industrial entrepreneurship development
- Intensive level of livestock development
- Develop all potential tourist attractions and related infrastructure
- Develop fishery harbours and market facilities

Human Resources Development

- Develop and upgrade health and education infrastructure
- Improve health and education services
- Promote vocational training and university education
- Develop sports and related infrastructure to meet the international standards

Rural Economy

- Promote handcraft and handloom industries
- Promote rural home gardens and backyard industry

National Projects



Padeniya-Anuradhapura 55km Road

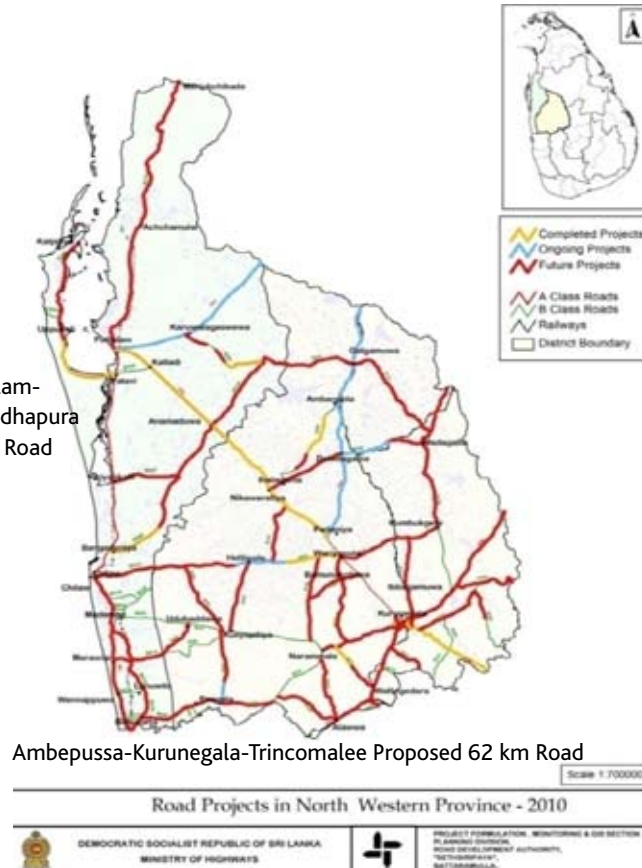


Puttalam-Kurunegala-Katugastota Road



Puttalam – Colombo Road

Puttalam-Anuradhapura
38km Road



Ambepussa-Kurunegala-Trincomalee Proposed 62 km Road

Roads; During 2005-2009 out of total 1,315km of national roads, 145km of roads and 20 bridges have been rehabilitated. Also, 217km of provincial roads and 16 bridges were completed.

- During 2010-2013 period, another 156km of national roads are to be improved.
- 772km national roads and 800km of provincial roads will be developed by 2020.



Puttalam-Padeniya 62km
Road

- Construction of Puttalam – Marichikade Road, Palavi-Kalpitiya Road, Madampe-Thoppu Road and Deduruoya, Kochchikade and Kadigawa Bridges are to commence.

As the proposed Colombo-Kandy expressway, and the Ambepussa-Dambulla road pass through the North Western Province, the property value in the area will be increased while and enhancing the industrial opportunities and provincial hub status.

Construction Road Map National Roads Development in Wayamba Province

| | Length of Road Section in the District (km) | Total Project Length (km) |
|---|---|------------------------------|
| Ongoing | | |
| Kurunegala | | |
| Improvements to Maho Hospital Junction to Makaduwwa Thumbullegama Road (0-11km) | 11 | 11 |
| Improvements to Galtanwewa Junction to Thalapathwewa - Karambe - Yapahuwa Junction Road (0- 14.6 km) | 14.6 | 14.6 |
| Improvements to Nikaweratiya - Moragollagama - Siyambalangamuwa Road | 10 | 48.51 |
| Chilaw - Wariyapola Road (29 - 40 km) | 11 | 11 |
| Ambanpola-Elabodagama-Divulwawa-Ranoruwa Road | 10 | 10 |
| Pannala - Kuliyapitiya Road | 5 | 16.25 |
| Anuradhapura-Padeniya Road from PB km (NCP/NWP) to Padeniya | 54.57 | 54.57 |
| Puttalam | | |
| Puttalam-Marichchikade Road | 1.5 | 1.5 |
| Puttalam-Nochchiyagama Road | 37.01 | 53 |
| Committed | | |
| Kurunegala | | |
| Widening of structures on Ibbagamuwa - Kumbukgete – Madagalla Road (24-34.7km) | 10.7 | 10.7 |
| Construction of base and surfacing from 24 to 34.7km on Ibbagamuwa - Kumbukgete - Madagalla Road | 10.7 | 10.7 |
| Improvements to Nikaweratiya-Moragollagama- Siyambalanduwa (28-48.7km) | 20.7 | 20.7 |
| Improvements to Nikaweratiya-Moragollagama-Siyambalangamuwa Road | 17 | 17 |
| Improvements to Mallawapitiya-Rambadagalla-Keppetigala Road | 22 | 22 |
| Improvements to Anamaduwa -Uswewa-Galgamuwa Road | 14.88 | 14.88 |
| Improvements to Kadahapola-Rambawewa Road (0-18.91km) | 18.91 | 18.91 |
| Improvements to Chilaw - Wariyapola Road (13.27-29km) | 15.73 | 15.73 |
| Improvements to Muttettugala - Hiripitiya Road (0-18.5km) | 18.5 | 18.5 |
| Puttalam | | |
| Rehabilitation of Thoppu - Madampe Road (0 - 26.65km) | 26.65 | 26.65 |
| Improvements to Palavi - Kalpitiya Road (14 - 40.23km) | 26.23 | 26.23 |
| Improvements to Karuwalagaswewa-Meeyellawa Road | 5.4 | 5.4 |
| Improvements to Anamaduwa-Uswewa-Galgamuwa Road | 24.14 | 24.14 |
| Improvements to Puttalam - Marichchikaddi Road | 26.5 | 26.5 |
| Improvements to Chilaw -Wariyapola Road (0-13.27km) | 13.27 | 13.27 |
| Improvements to Bangadeniya - Andigama - Anamaduwa Road | 26.7 | 26.7 |
| Improvements to Kiriyanakalliya- Andigama Road | 13.83 | 13.83 |

Electricity



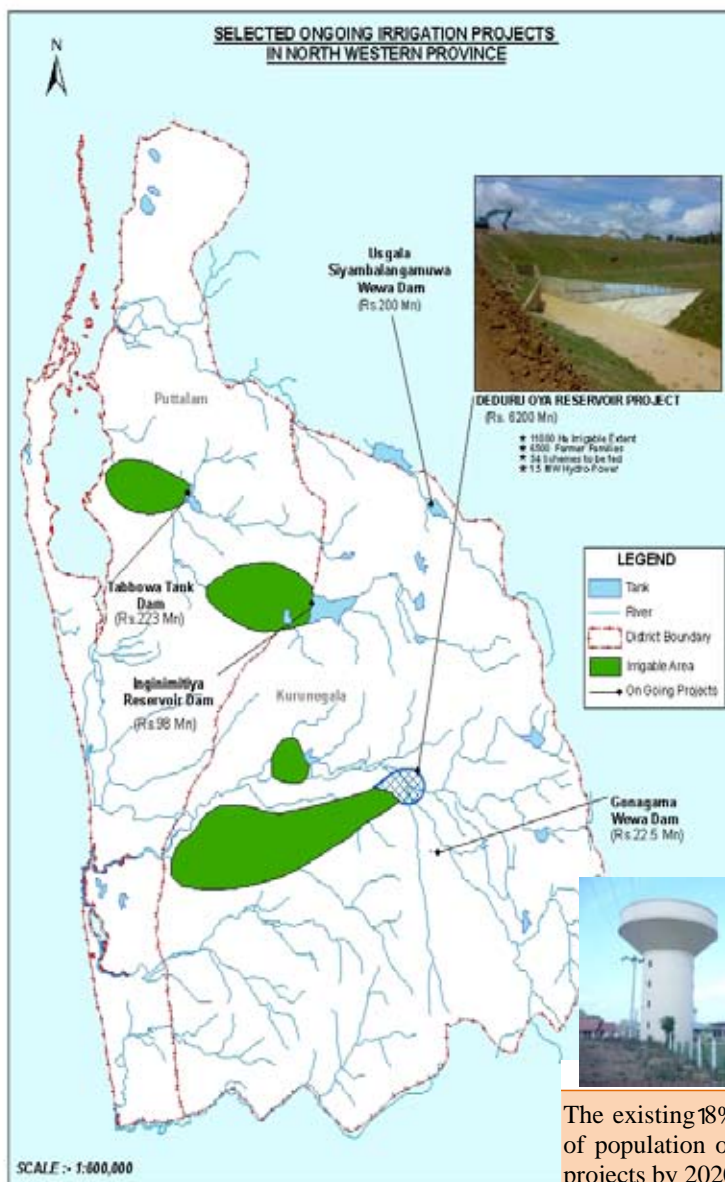
Norochcholai 900 MW Coal Power Plant- Phase I is almost completed and will be commissioned in 2010

- Augmentation of Grid Substations and Transmission Lines through Clean Energy and Access Improvement Project
- 30MW wind power plant at Puttalam
- Access to electricity has been increased from 73 percent of the total population in the Province in 2005 to 92 percent in 2010. This will be increased to 100 percent by 2015.

Irrigation & Drinking Water Supply

Rehabilitation of Irrigation Schemes in the Wayamba Province

| Name of the Project | District | Current Status | Extent Benefited (ha.) | No. of Farmer Families |
|---|----------------------|----------------|------------------------|------------------------|
| Deduru Oya reservoir (1.5 MW Hydro Power) | Kurunegala, Puttalam | On going | 11,000 | 6500 |
| Medagama Gonagama wewa | Kurunegala | " | 57 | 200 |
| Magalla wewa | Kurunegala | " | 2632 | 2500 |
| Hulugalla wewa | Kurunegala | " | 121 | 100 |
| Palukadawala wewa | Kurunegala | " | 956 | 925 |
| Attaragalla wewa | Kurunegala | " | 462 | 450 |
| Abakola wewa | Kurunegala | " | 410 | 400 |
| Mahagalgamuwa wewa | Kurunegala | " | 193 | 386 |
| Mahananneriya wewa | Kurunegala | " | 158 | 300 |
| Meddaketiya wewa | Kurunegala | " | 98 | 175 |
| Moragoda wewa | Kurunegala | " | 194 | 350 |



Irrigation & Drinking Water Supply

- **Deduru Oya Project** - Irrigable extent- 3,715ha. of paddy land, new cultivable extent is 400ha., cropping intensity increased to 2.0 from 1.25 and can supply drinking water to about 50,000 people and generate 1.5MW hydro power
- **Wari Pubuduwa-Rehabilitation** of minor and medium irrigation schemes, income generation and micro credit programme to benefit 25,000 farmer families.

Drinking Water Supply; Through 31 pipe borne water supply schemes, 887,734 m³ of water is produced per month to serve 36,344 households and other connections



The existing 18% coverage will be increased to 75% of population on completion of the following mega projects by 2020.

- **Greater Kurunegala Water Supply Projects I & II;** The proposed projects are to address the severe drinking water issue in the city and suburbs. This will benefit about 70,000 households in the Kurunegala district.
- **Puttalam & Chilaw Water Supply Project;** Construction activities of a large scale drinking water supply project will be completed in 2014 in Chilaw and Puttalam districts. Target service area covers 38 Grama Niladari Divisions in Puttalam and 20 Grama Niladari Divisions in Chilaw. There will be water serving households of around 16,000 in the townships of Chilaw and 37,991 in Puttalam by 2020. Two treatment plants, water reservoirs and pumping stations and 227km distribution network will be constructed.

Flagship Projects

Tourism Industry- Kalpitiya Integrated Tourism

Development Project -

Provide 15,000 direct jobs
- Exclusive tourism resorts with 5,000 hotel rooms.



Rehabilitation of Fishery Harbour
-Chilaw



Improvement of Hamilton Canal for Prawn Farming

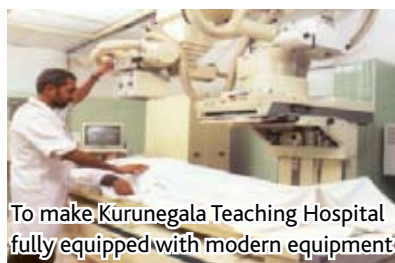


Puttalam 7,500 Housing Scheme



Madampe Industrial Estate

Fisheries Industry/Prawn Farming - Country's export-oriented commercial prawn farming industry is concentrated in the coastal areas of the Puttalam district.



To make Kurunegala Teaching Hospital fully equipped with modern equipment



Wayamba is the land for **Mawathagama** and **Polgahawela** Export Processing Zones and for several other industrial estates such as Dambadeniya, Makandura West, Makandura East, Pannala, Lunuwila, Heraliyawela, Dangaspitiya, Dankotuwa

Rural Development Projects



Minor Irrigation

- Extent of 50,324 Ha will be irrigated after rehabilitation of 5,850 irrigation schemes in both Districts benefiting 149,919 farmer families.



Vocational Training

- Implementation of Self-employment training programme through a Revolving Fund



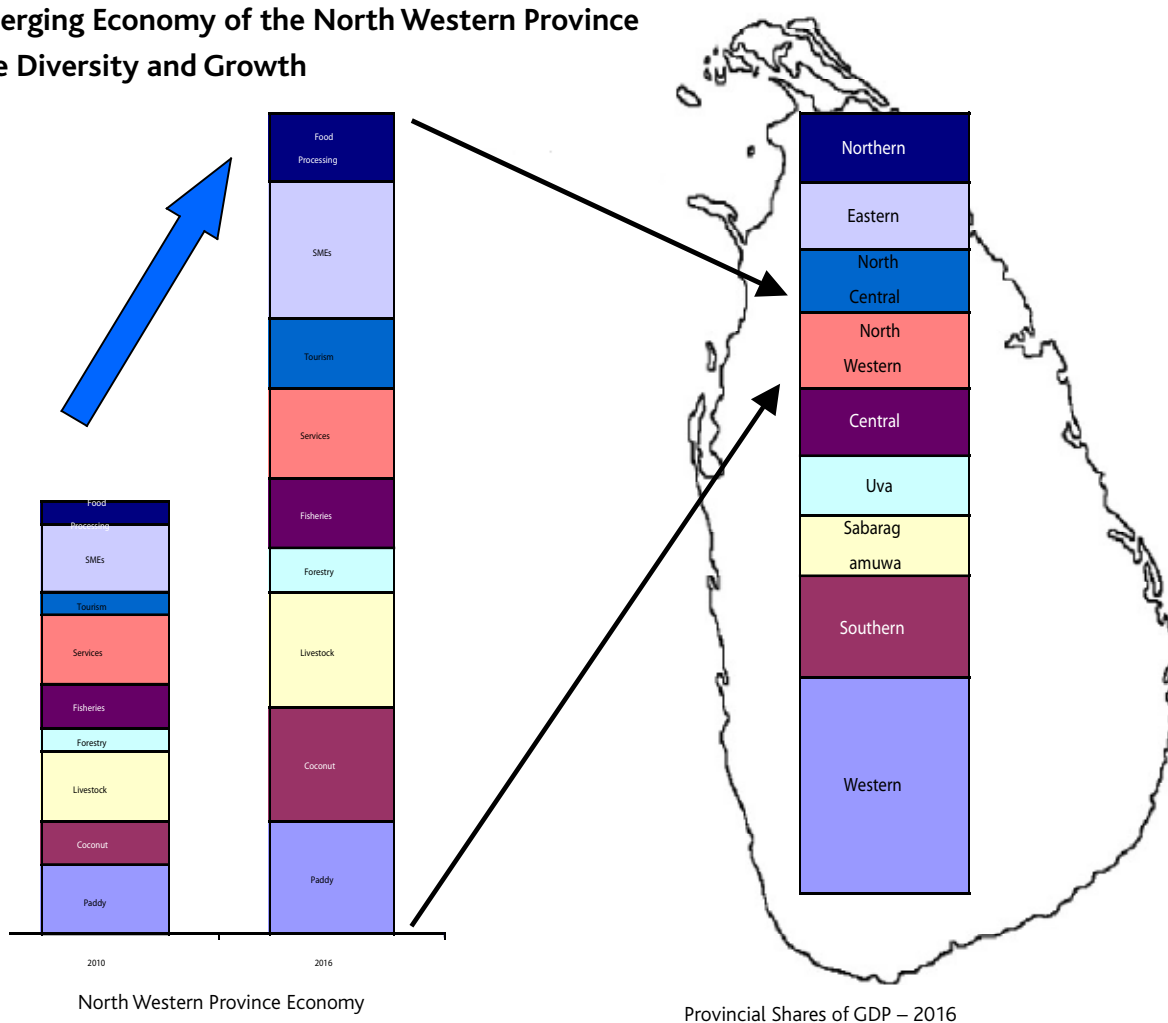
Wayamba Pubuduwa Gama Neguma Programme, 2006 - 2013

| Investment Area | Progress- 2006-2010 | | | | Planned Investment (Rs. Mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|-------------|---------------|-------------|
| | No of Projects Implemented | Expenditure (Rs. Mn) | Output (KM/Units/ Projects) | No. of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 7,536 | 2,108 | 5,825 | 1,102,752 | 719 | 950 | 1016 | 2685 |
| Electricity | 1,654 | 633 | 1,501 | 35,069 | 103 | 103 | 145 | 351 |
| Water Supply & Sanitation | 475 | 152 | 390 | 115,867 | 206 | 206 | 290 | 702 |
| Small Irrigation | 603 | 212 | 553 | 102,907 | 308 | 310 | 435 | 1053 |
| Common Buildings | 619 | 201 | 619 | 220,504 | 103 | 103 | 145 | 351 |
| Livelihood | 7,212 | 172 | 7,195 | 16,288 | 411 | 413 | 580 | 1,1404 |
| Social Development | 1,442 | 108 | 1,434 | 76,081 | 206 | 206 | 290 | 702 |
| Total | 19,541 | 3,586 | 17,517 | 1,669,468 | 2056 | 2292 | 3,2902 | 7250 |

Performance

| | 2005 | 2009 | 2016 |
|---|------|------|-------|
| Provincial GDP Rs. bn. | 186 | 495 | 1,237 |
| Provincial Per Capita GDP Rs.'000 | 83 | 213 | 497 |
| Poverty Headcount Index | 14.6 | 7.0 | 3.0 |
| Infant Mortality per 1000 live births | 11.5 | 8.7 | 5.9 |
| Maternal Mortality Ratio per 1000 live births | 0.56 | 0.42 | 0.25 |
| Access to Safe Water % | 85.0 | 86.2 | 95.0 |
| Access to Electricity % | 73.0 | 92.0 | 100.0 |
| Unemployment Rate | 5.9 | 5.4 | 3.0 |

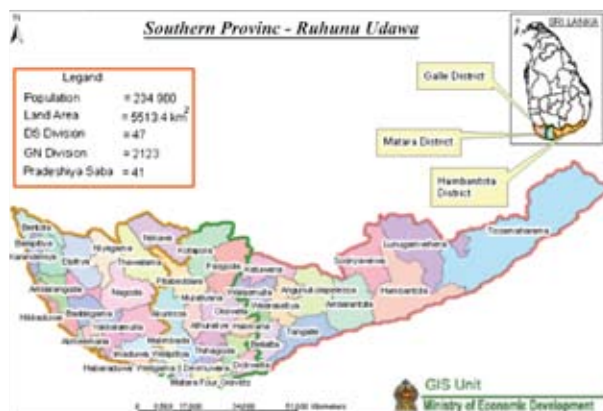
Emerging Economy of the North Western Province The Diversity and Growth



Ruhunu Udawa

Southern Province economy is comprised of agriculture (36 percent), industries (20 percent) and services (44 percent) contributing 10.2 percent to GDP with a per capita income of US\$ 1990. The Province is endowed with rich natural and human resources. In addition to the rich labour force having 90 percent literacy rate, the province has a huge potential to develop tourism, fishery industries and agri businesses. The emerging Magam-Ruhunupura new township will have a new sea port, airport, expressways, convention center, international stadium, tourist resorts and industrial port, shipping and aviation facilities.

The Ruhunu Udawa Development Programme that covers Galle, Matara and Hambantota Districts has been initiated with the aim of meeting gaps in the Southern region.



| | |
|---------------------------|----------------|
| Area | : 5,544 sq km |
| Population | : 2.47 million |
| No. of DS Divisions | : 47 |
| No. of GN Divisions | : 2,122 |
| No. of Villages | : 5,216 |
| No. of Municipal Councils | : 2 |
| No. of Urban Councils | : 5 |
| No. of Pradeshiya Sabhas | : 42 |

Development Initiatives

Infrastructure Development

Investment in Ports and International Airport to benefit from the strategic location of the province in close proximity to the international shipping routes.

- Construct expressway to connect Colombo to Magam-Ruhunupura.
- Improvement of rural infrastructure and accessibility to the emerging tourist townships in all three districts.

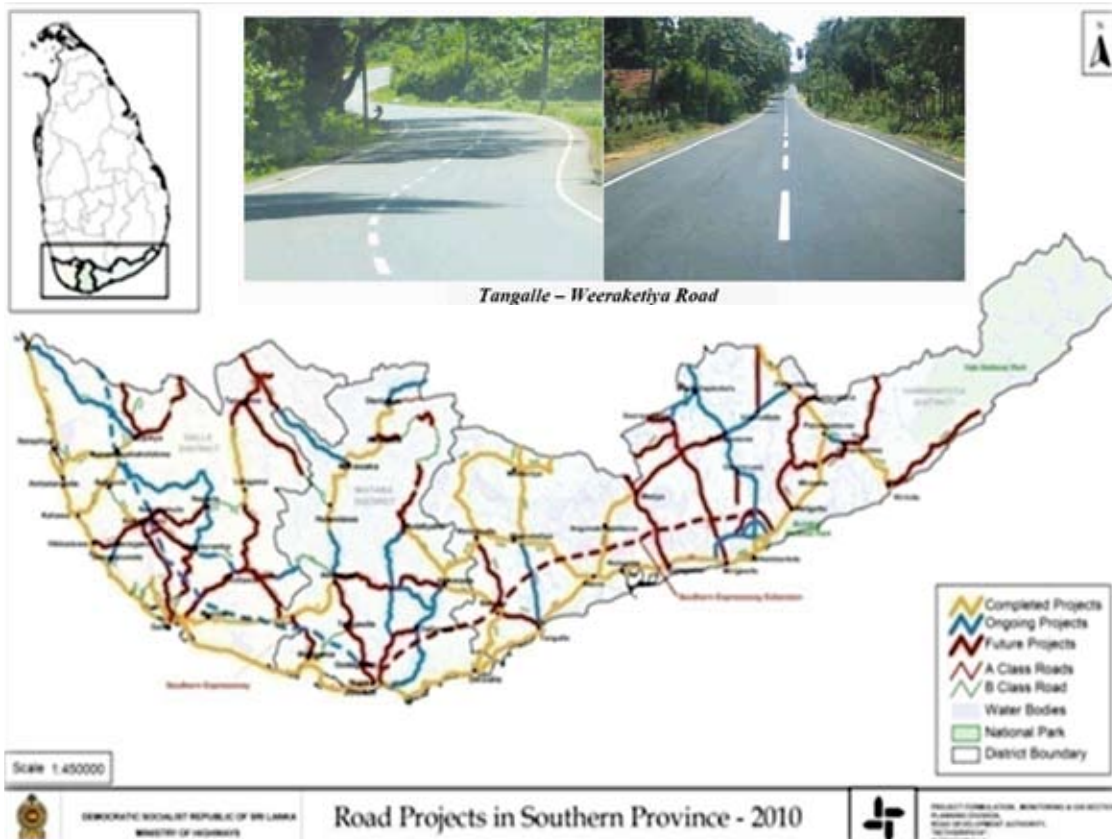
Economy

- Develop fishery harbours and anchorages to cater to the required infrastructure for fisheries industry
- Develop livestock and inland fishery using the opportunities in the South
- Promote export oriented agricultural production, based on small holder export agriculture
- Promote tourism, leisure activities and wildlife using wildlife parks and coastal resources
- Promote export oriented handicraft and cottage industries

Human Resources Development

- Develop Ruhuna University as a leading University in the country in specialized faculties such as Medicine, Engineering and Management
- Upgrade technical colleges to meet emerging demand for skilled workforce
- Develop sports infrastructure facilities
- Develop entrepreneurship skills to promote SMEs and self employment opportunities to reflect richness in the Province
- Develop traditional art and culture in the Province

Road Development



Roads: The road network of the Southern Province consists of 1336km of national roads, 1643km of provincial roads and 8201km of local roads.

- Improvements of 395km of national roads are undergoing and it is proposed to improve 467km of national roads.
- During 2005-2009, 17 rural bridges were constructed in the province.



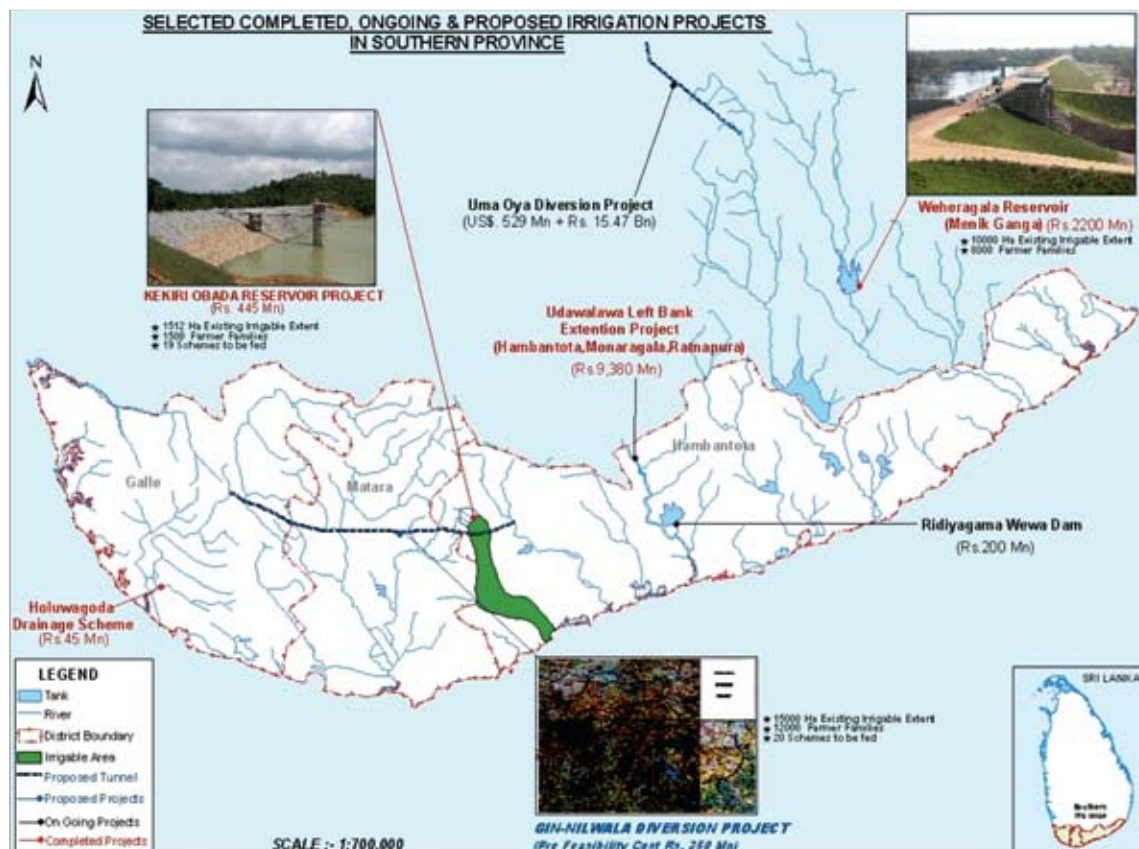
Construction Road Map National Roads in the Southern Province

| | Length of Road Section in the District (km) | Total Project Length (km) |
|---|---|------------------------------|
| Ongoing 2010 | | |
| Galle | | |
| Southern Expressway | 42.3 | 42.3 |
| Rehabilitation of Wanduramba - Ethumale - Yakkatuwa Road (0 - 14km) | 14 | 14 |
| Widening and improvements to Wandurambe - Ethumale - Yakkatuwa Road (14.00 - 36.20km) | 22.2 | 22.2 |
| Improvements to Bentara - Uragaha - Elpitiya Road (0.0 - 13km) | 13 | 13 |
| Improvements to Bentara - Uragaha - Elpitiya Road (13 - 26.8km) | 13.8 | 13.8 |
| Rectification and DBST on Kosgoda - Uragaha Road (0 - 6.6km) | 6.6 | 6.6 |
| Rectification and DBST on Dodanduwa - Gonapinuwa Road (0 - 3.86km) | 3.86 | 3.86 |
| Improvement to Galle - Udugama Road (25+000 - 29+000km) | 4 | 4 |
| Improvement to Yakkalamulla - Ketanwila Road (5+000 - 9+300km) | 4.3 | 4.3 |
| Improvement to Wanduramba - Kottawa Road (2+000 - 4.5km & 8.0 - 9.75km) | 4.25 | 4.25 |
| Rectification & DBST on Galle - Deniyaya - Madampe Road (35 - 45) | 10 | 10 |
| Asphalt Overlay of Ambalangoda - Elpitiya - Pitigala Road (22 - 25.6km) | 3.6 | 3.6 |
| Rehabilitation of kottawa - Batemulla Road (0 - 3km) | 3 | 3 |
| Hambantota | | |
| Improvement to Pelmadulla - Madampe - Nonagama Road (69.19 - 87.69km) | 18.5 | 18.5 |

| | Length of Road Section in the District (km) | Total Project Length (km) |
|---|---|------------------------------|
| Widening narrow section on CGHW Road (261.21 - 263) | 1.79 | 1.79 |
| Rehab. of Tangalle - Weeraketiya Road (0+000 - 13+800km) | 13.8 | 13.8 |
| Rehabilitation of Beliatta - Walasmulla Road (0 - 15.7km) | 15.7 | 15.7 |
| Improvements to Middeniya - Panamure Road B286 (3.5 - 12.00km) | 8.5 | 8.5 |
| Hambanthota - Gonnoruwa - Meegahajandura (0 - 32km) | 32 | 32 |
| Andarawewa - Udamattala - Padawkema (0 - 14) | 14 | 14 |
| Matara | | |
| Southern Transport Development Project | 35.8 | 35.8 |
| Improvements to Thihagoda Kamburupitiya Kotapola Road B 415 (0 - 23km) | 23 | 23 |
| Improvements to Thihagoda - Kamburupitiya Mawarala - Kotapola Road (23 - 26km) | 3 | 3 |
| Improvement to Hunnadeniya - Rathmale - Walasgala Road (0 -13km) | 13 | 13 |
| Rectification and DBST on Deniyaya-Viharahena Road (0.00 - 8.04km) | 8.04 | 8.04 |
| Improvements to Pelawatte - Kankotayawatta - Thiniyawala - Morawaka Road From (36+000km - 52+670km) | 16.67 | 16.67 |
| Improvements to Meddewatta - Kekanadura - Yatiyana Road From (0+000 - 14+500km) | 14.5 | 14.5 |
| Impts. to Matara - Hakmana Road (Balance Work) (14+000 - 23+000km) | 9 | 9 |
| Impts. to Kamburupitiya Kirinda Road (0 - 9.2km) | 9.2 | 9.2 |
| Improvements of Morawaka - Paragala - Diyadawa Road (0 - 6.25km) | 6.25 | 6.25 |
| Improvements of Morawaka - Paragala - Diyadawa Road (6.25 - 12.5km) | 6.25 | 6.25 |
| Committed | | |
| Galle | | |
| Improvements to Ambalangoda - Elpitiya - Pitigala road from Elpitiya to Pitigala (16 - 25) | 10.72 | 10.72 |
| Improvements to Elpitiya - Avittawa - Lewwanduwa Road (0 - 9.26) | 9.26 | 9.26 |
| Rehabilitation of Galle - Baddegama Road (0 - 18.55km) | 18.55 | 18.55 |
| Rehabilitation of Galle - Udugama Road (2 - 35.5km) | 33.5 | 33.5 |
| Improvements to Hikkaduwa Badegama Nilhene (0 - 14.88) | 14.88 | 14.88 |
| DBST Hiniduma - Opatha - Pitabeddara Rd (0 - 15) | 15 | 25.79 |
| DBST Hiniduma - Opatha - Pitabeddara Rd (15 - 25.79) | 10.79 | 25.79 |
| Rehabilitation of Horawela Pelawatta Pitigala (20.85 - 25.7km) | 5 | 5 |
| Improvements to Kottawa - Batemulla Road(0 - 13km) | 13 | 13 |
| Improvements to Labuduwa - Wanduramba - Sandarawala (4 - 22.12) | 18.12 | 18.12 |
| Improvements to Nayapamula Unanwitiya Nagoda (0 - 12.18km) | 12.18 | 12.18 |
| Improvements to Pelawatta - Kankotayawatta - Thiniyawala - Neluwa - Morawaka Road (24.2 - 36.6) | 12.4 | 12.4 |
| Improvements to Tawalama - Neluwa - Batuwangala Rd (0 - 9.65) | 9.65 | 9.65 |
| Rehabilitation of Yakkalamulla Ketanwila Road (0 - 5km) | 5 | 5 |
| Hambantota | | |
| Rehabilitation of Beliatta - Kirinda Road (0 - 14.5km) | 14.5 | 14.5 |
| Improvements to Hakmana - Beliaththa - Tangalle Road (11.36 - 18.83) | 7.49 | 7.49 |
| Improvements to Narandeniya - Hakmana Road | 11.95 | 11.95 |

| | Length of Road Section in the District (km) | Total Project Length (km) |
|---|---|------------------------------|
| Improvements to Pelmadulla - Embilipitiya - Nonagama Road from Suriyawewa to Nonagama | 18.83 | 18.83 |
| Rehabilitation of Migahawila-Sooriyawewa Rd (4.5) | 4.5 | 4.5 |
| Access Road to Hambanthota Botanical Garden | 1.2 | 1.2 |
| Internal Roads of Meegahajandura Industrial Zone-Stage 1 | 5 | 5 |
| Improvement to Kataragama - Beralihela - Lunugamwehera Rd | 5 | 15 |
| Andella-Thissa-Kataragama (0 - 18) | 18 | 18 |
| Improvements to Kataragama - Sellakatharagama Road (4 - 6) | 2 | 2 |
| Hakmana - Beliatta - Thangalle (11+500 - 19+310) | 7.63 | 7.63 |
| Widening & Improvement to Sooriyawewa - Meegahajandura - Kumaragama Road (4.8 - 23km) | 18.2 | 18.2 |
| Matara | | |
| Improvements to Narardeniya - Hakmana Road (0 - 8Km) | 8 | 8 |
| Improvements to Akuressa - Kamburupitiya Road(0 - 13.17Km) | 13.7 | 13.7 |
| Improvements to Matara - Akuressa Road from Godagama to Akuressa | 20.13 | 20.13 |
| Improvements to Pelawatta - Kankotayawatta - Thinyawala - Morawaka Road (24.13 - 36km) | 12 | 12 |
| Improvements to Weligama - Kananke Road (0 - 9.8km) | 9.8 | 9.8 |
| Widening & Improvement Colombo - Galle - Hambantota Wellawaya Rd (158.15 - 159.88km) | 1.73 | 1.73 |
| Improvement of Matara - Hakmana Rd (0 - 14km) | 14 | 14 |
| Improvements to Akuressa - Ketanwila Rd (0 - 7.22) & Yakkalamulla - Ketanwila Road (1 - 2.37) | 8.59 | 8.59 |
| Improvements to Galle - Deniyaya - Madampe Rd (78 - 86.79km) | 8.79 | 8.79 |
| Improvements to Bengamuwa - Molokgamuwa - Galdola Rd (0 - 9.5) | 9.5 | 9.5 |
| Improvements to Weligama - Thelijjawila Road (3 - 10.81km) | 7.81 | 10.81 |
| Improvements to Katuwana - Rukmalpitiya - Hulankanda - Heegoda Road (4.8 - 9) | 4.2 | 4.2 |
| Improvements to Opatha - Hiniduma - Pitabeddara Road (25.22 - 30.66km) | 5.44 | 5.44 |
| Improvements to Dickwella - Beliatta Road (0 - 4km) | 4 | 4 |
| Improvement to Dickwella - Wewurukannala Rd (0.0 - 1.87km) | 1.87 | 1.87 |
| Improvement to Deniyaya - Viharahena Rd (2.0 - 7.98km) | 5.98 | 5.98 |

Development of Irrigation Schemes



Irrigation Projects in Southern Province

| Name of the Project | District | Extent Benifited (ha.) | No. of Farmer Families |
|---|---------------------------------|------------------------|------------------------|
| Menik Ganga Reservoir (Weheragala reservoir) | Hambantota, Moneragala | 10,000 | 8,000 |
| Lunugamwehera Scheme (KOISP Tract 1) Water Management Project | Hambantota | 40 | 100 |
| Kekiri Obada Reservoir | Hambantota (Kirama Oya) | 1512 | 1500 |
| Dam Safety & W. R. P. Project (Ridiyagama Dam) | Hambantota | | |
| Provincial Minor Irrigation Schemes (No. of schemes 1904) | Galle, Matara, Hambantota | 22,473 | 51,257 |
| Uma Oya Diversion Project (120 MW Hydro Power) | Badulla, Moneragala, Hambantota | 15,000Acs. | 12,000 |
| Pre-Feasibility Studies - Gin-Nilwala Master Plan Study | Galle, Matara, Hambantota | | |



Water Supply and Sewerage

- Greater Galle Augmentation Water Supply Scheme – stage II was completed
- Rehabilitation and augmentation of Kirindioya Water Supply Scheme is being implemented
- Akkurassa, Thihagoda, Udugama Pitabaddara, Hakmana and Bonvista Kanda and Radampola small and medium water supply schemes are being implemented
- Ruhunupura water supply scheme will be implemented
- Hambantota sewerage infrastructure development project will be implemented

Electricity

The electrification levels in Galle, Matara and Hambantota Districts are 97 percent, 94 percent and 88 percent respectively. It will cover 100 percent by 2012.

Ongoing Electricity Projects

- New Galle Transmission Development Project
- Lightening Sri Lanka Southern Province
- Beliatte Grid Sub-Station Development Project



Flagship Projects

Magam-Ruhunupura Port

By building the world's largest inland sea port in Hambantota, Southern Province will create another unique landmark with the largest harbour in the country. Providing berthing facilities to 44 ships at a given time and to handle 20 million Twenty-foot Equivalent Units (TEUs) per year with 11km of berths. Under the first phase, two breakwaters, two jetties and infrastructure facilities have already been constructed. The water will be filled upto 17m from the harbour bed in the first stage.



Botanical Garden in the Dry Zone

Hambantota botanical garden is now being developed at a 300 acre site at Mirijjawila. It is significant as the first ever dry zone botanical garden in Sri Lanka and also expected to promote ecotourism in the region.



Safari Park - Hambantota

With the objective of attracting more foreign tourists, Safari-Park at Rediyagama is being developed. This will create many job opportunities for the residents in the area.



Magam-Ruhunupura International Airport

This will be established as an alternative international airport with the aim of contributing to the development of commerce and trade industry, tourism and communication at a significant level in the region.





Administration Complex and International Convention Centre

A four storied Administrative Complex is being constructed to provide office space for most of the Central, Provincial and Local Government institutions, which are presently located in private buildings in a scattered manner around the city. An International Convention Centre is also being constructed with a seating capacity for 1,500.



Yala as a Tourism Promotion Destination

Greater potential to be explored in promoting further the Yala Wildlife Sanctuary to attract more foreign and local tourists. Related infrastructure has to be in place.



Kataragama Sacred Area Development

To be developed as a full-fledged tourist attraction with accommodation facilities and hotels, market places, sewerage systems, water supply and other infrastructure.

Rural Development Projects



Maga Neguma

- 1,442km of rural roads have been upgraded and 610km of provincial roads are being upgraded



Rural Water Supply

- 24 rural schemes have been completed providing access to drinking water supply to 4,905 households



Minor Irrigation

- 22,473 ha. extent of agricultural lands can be irrigated through rehabilitation of 1,904 schemes in the Province benefiting 51,257 families



Rural Electrification

- Lighting Sri Lanka project will be implemented in 314 schemes providing electricity to 12,000 households

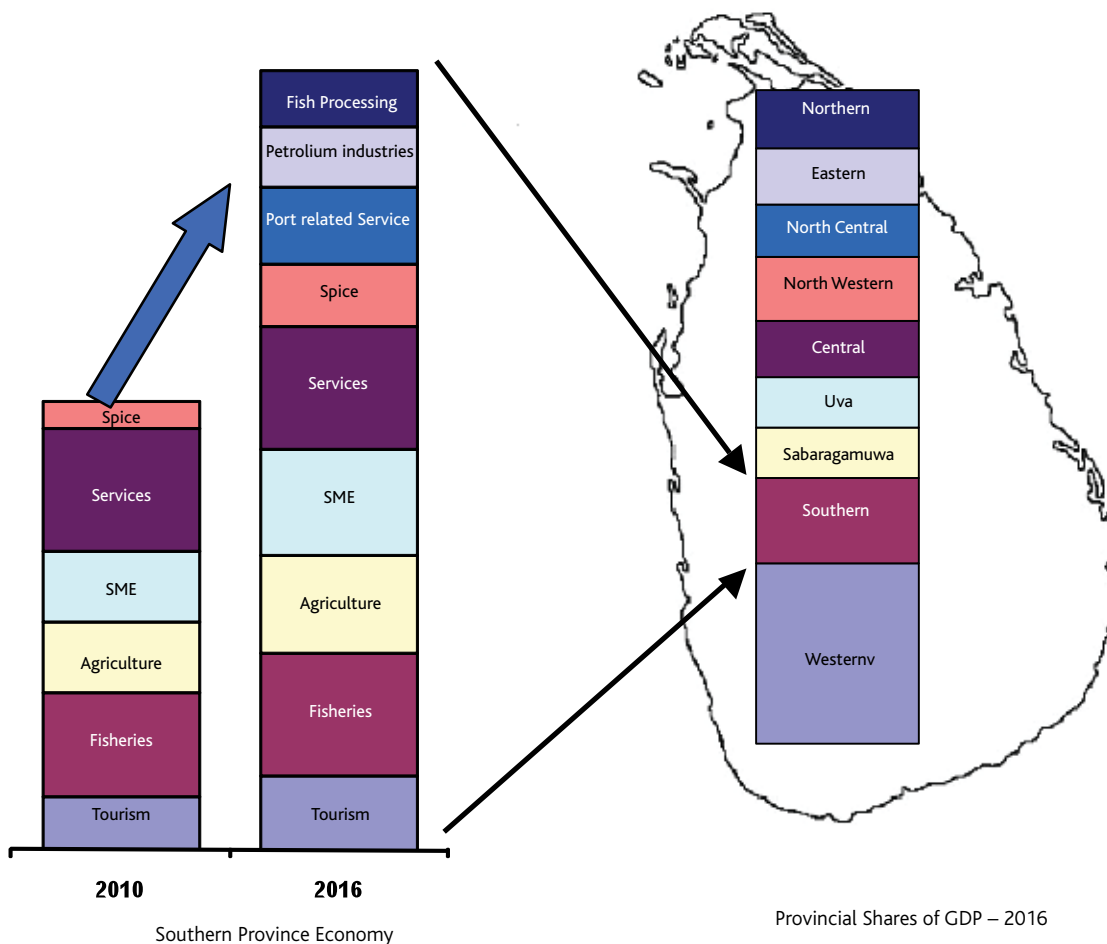
Ruhunu Udawa Gama Neguma Programme, 2006 - 2013

| Investment Area | Progress- 2006-2010 | | | | Planned Investment (Rs. mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|-------------|-------------|-------------|
| | No of Projects Implemented | Expenditure (Rs. mn) | Output (km/Units/ Projects) | No . Of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 9,785 | 4,963 | 14,123 | 2,199,875 | 686 | 750 | 959 | 2,395 |
| Electricity | 423 | 107 | 171 | 18,370 | 98 | 98 | 137 | 334 |
| Water Supply & Sanitation | 278 | 75 | 162 | 49,885 | 196 | 197 | 274 | 667 |
| Small Irrigation | 1,007 | 349 | 725 | 161,911 | 294 | 295 | 411 | 1,001 |
| Common Buildings | 231 | 201 | 186 | 96,449 | 98 | 98 | 137 | 334 |
| Livelihood | 318 | 70 | 256 | 133,609 | 392 | 394 | 548 | 1,334 |
| Social Development | 1,133 | 134 | 573 | 151,848 | 196 | 197 | 274 | 667 |
| Total | 13,175 | 5,899 | 16,196 | 2,811,947 | 1959 | 2030 | 2741 | 6731 |

Performance

| Year | 2005 | 2009 | 2016 |
|---|------|------|-------|
| Provincial GDP (Rs.bn) | 187 | 492 | 1,575 |
| Provincial Per capita GDP Rs. '000 | 79 | 199 | 594 |
| Poverty Headcount Index | 13.8 | 9.0 | 4.0 |
| Infant Mortality per 1000 live births | 9.3 | 8.6 | 4.6 |
| Maternal mortality ratio 1000 live births | 0.40 | 0.36 | 0.22 |
| Access to safe water % | 80.5 | 85.0 | 94.0 |
| Access to Electricity % | 81.6 | 95.6 | 100.0 |
| Unemployment | 9.4 | 9.4 | 4.3 |

Emerging Economy of the Southern Province The Diversity and Growth



Ran Aruna

Ran Aruna provincial interfacing development initiative targets essentially three districts in the Western Province. Although the Western Province accounts for almost 50 percent of National Gross Domestic Product (GDP) of almost US\$ 50 billion and the share has moderately declined in recent years due to emergence of economic activities in other provinces. The development in Western Province is still metropolitan biased. Therefore national, provincial and local authority efforts are necessary to expand the development of metropolitan in Western Province to Kalutara and Gampaha districts as well. Ran Aruna is the regional development interfacing tool under Mahinda Chintana to address emerging gap and develop lagging locations in the Western Province.



| | |
|-----------------------------------|----------------|
| Area | : 3,684 sq.km. |
| Population | : 5,758,000 |
| No. of DS Divisions | : 40 |
| No. of Predeshiya Sabha Divisions | : 28 |
| No. of GN Divisions | : 2,497 |
| No. of Municipal Councils | : 6 |
| No. of Urban Councils | : 14 |
| No. of Villages | : 5,371 |

The Province is geared to a rapid transformation with several large scale development initiatives already in progress. Some major initiatives are necessary for Ran Aruna to attend resettlement issues, empowerment of Urban and rural low income people, urban sanitation, environments etc. are as follows:

- Development of Airport Expressway, outer Circular highway and Southern expressway and associated township developments in Peliyagoda, Kadawatha, Kaduwela and Kottawa.
- Development of new Port City and redevelopment of Colombo city.
- Relocation of fruits and vegetable market and related development in Kerawalapitiya.
- Beira lake canal development initiative.
- Urban housing development for shanty dwellers and payment hawkers in the Western Province.

- Transformation of Export Processing Zones in Katunayake, Biyagama, Wathupitiwala, Malwatta, Horana into environmental friendly townships.
- Modernization of road network with six lane, four lane, double lane and single lane road network with flyover bridges, by passes etc.
- Development of urban forestry.
- Urban water supply projects in major townships in Negombo, Gampaha, Nittambuwa, Horana, Bandaragama, Panadura, Kalutara and Beruwala.
- The Province which is blessed with four National Universities and several other vocational training schools from both private and public sector has received attention to develop several knowledge based economic activities.

Development Scenario

- Strategizing the vision – Western Province to be the Commercial Hub in South Asia



- Develop World-class infrastructure: Expansion of Colombo Port, modernization of Katunayake international Airport and Ratmalana domestic airport, construction of expressways linking the regional growth centers and construction of flyovers, metro, mass rapid transport (MRT) systems to ease traffic congestion.



Colombo Port Development



Efficient electricity network, regular water supply, postal service with one day door delivery, communication facilities with variety of choices are central facilities of urban development strategy of the Western Province.

Colombo-Katunayake Expressway



Bentota Bridge



Kelaniya Flyover



Airport Modernization



Outer Circular Highway



Nugegoda Flyover



Business Square

Maintain a sustainable city; modernization of Colombo metropolitan city with appropriate zoning that makes the city function as an efficient business centre, maintained waterways with recreational facilities and develop as an environmentally friendly city in Asia.



Beira Lake Development

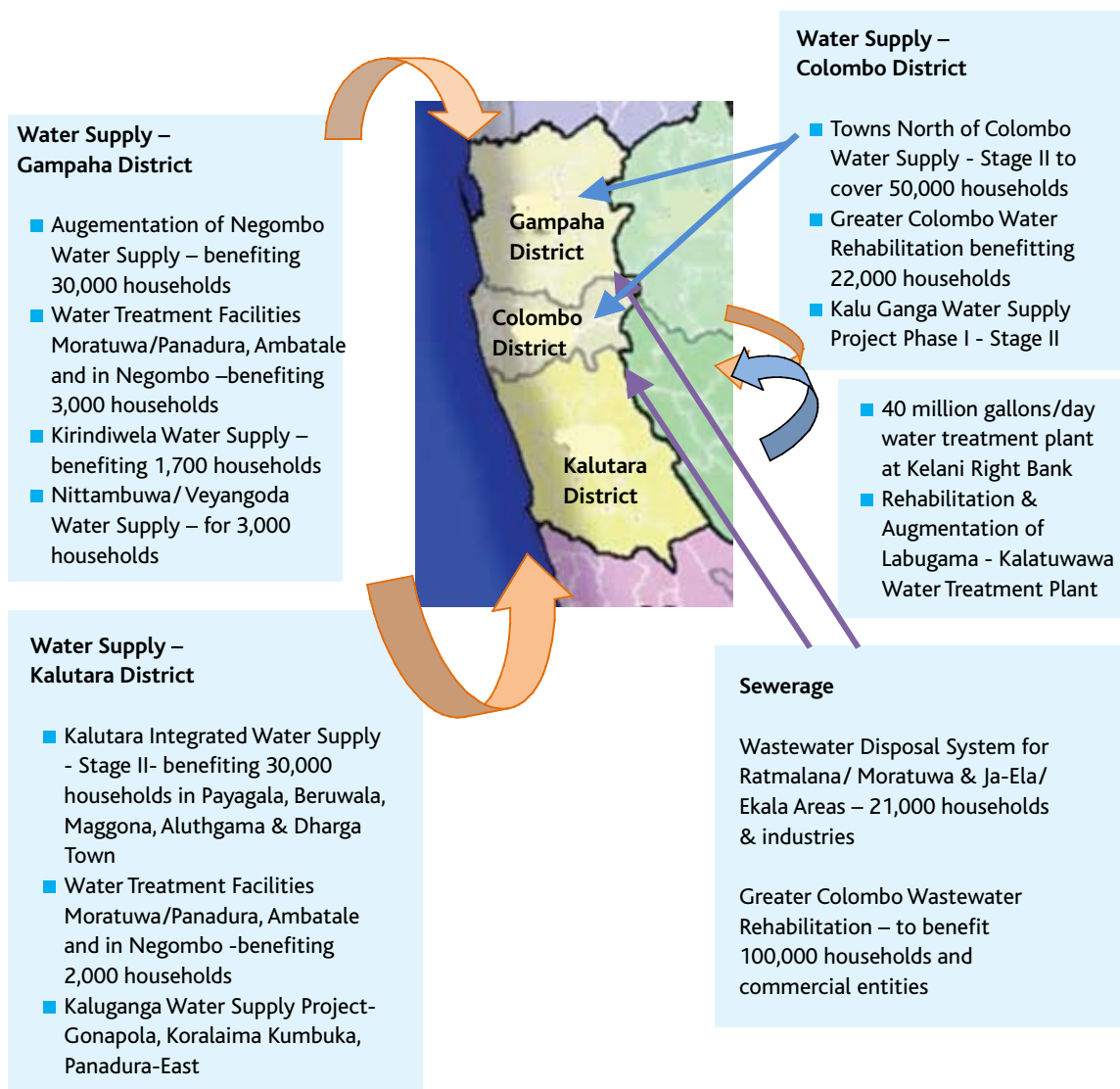


50,000 slum dwellers rehoused

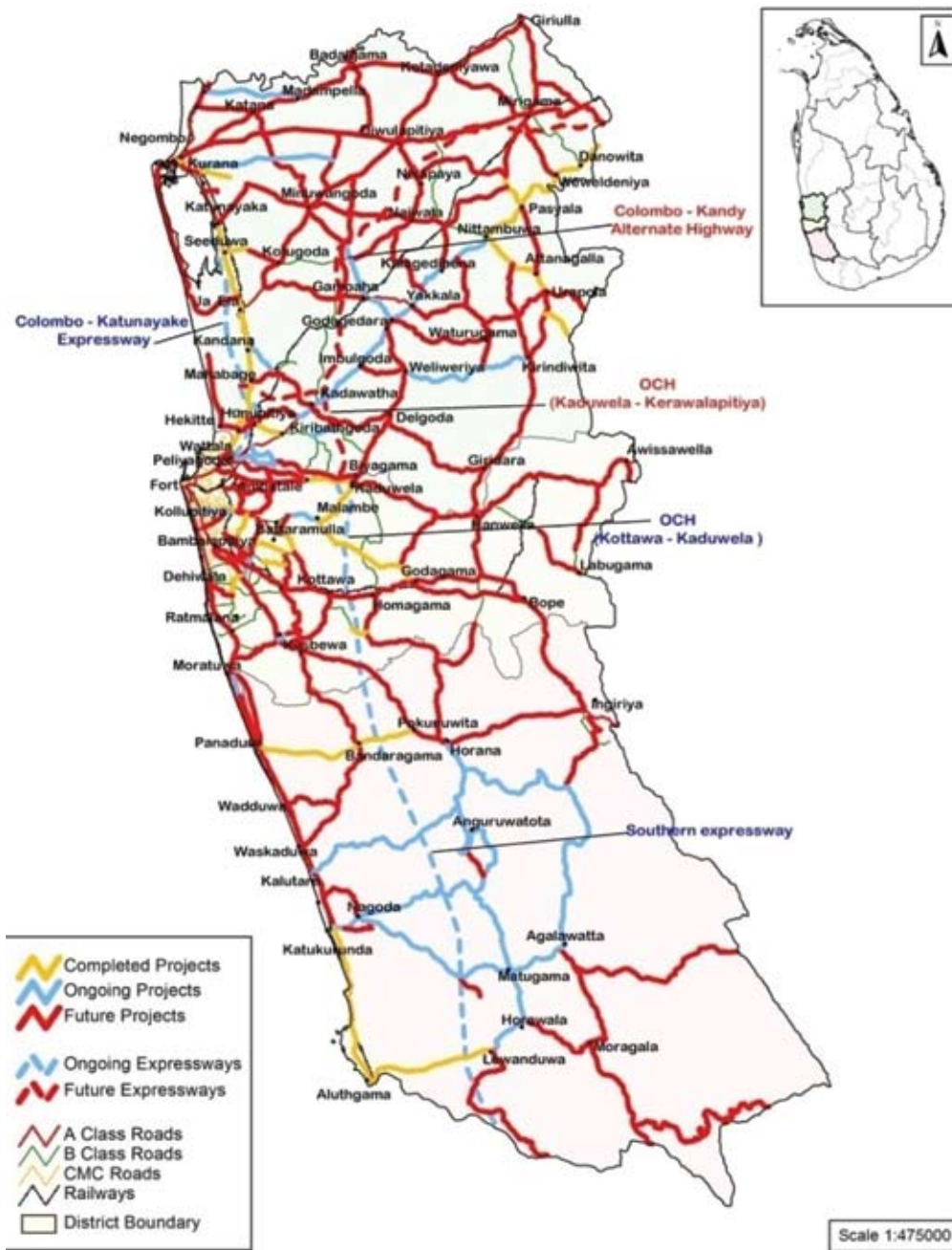


Canal Development

Augmented water supplies and sewerage facilities developed; Pre-requisite to attract business and for healthy living



- To meet the traffic demand of a region with a middle income, the road network has to be improved & widened and the interchanges need to be developed for high level traffic management. A well designed road network development is therefore implemented.



Road Projects in Western Province - 2010



DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
MINISTRY OF HIGHWAYS

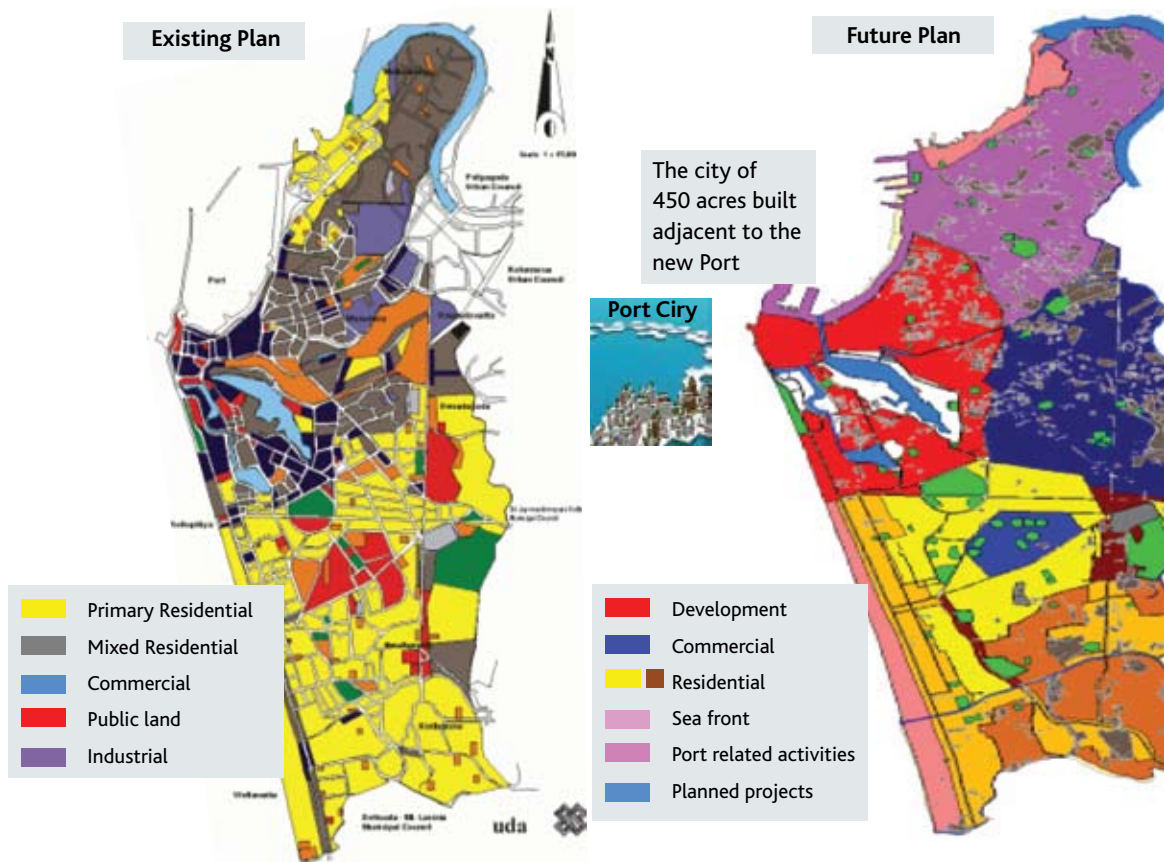


PROJECT FORMULATION, MONITORING & GIS SECTION
PLANNING DIVISION,
ROAD DEVELOPMENT AUTHORITY,
"BETHSIRIPAYA",
RATTAPANNAMulla

| | Lenth of Road Section in the district (Km) | Total Project Length (Km) |
|--|--|------------------------------------|
| Ongoing | | |
| Colombo | | |
| Improvement of Colombo Ratnapura Wellawaya Batticaloa road from Vilasithanivasa Nugegoda (St. Joshep collage Junction) to Kottawa Junction | 13.62 | 13.62 |
| Widenning and Improvement Ratmala- Mirihana road from Pepiliyana Jn to Mirihana Jn | 7.84 | 7.84 |
| AC overlaying of Orugodawatta - Ambatale (0-2 km) (6 - 7.69 km) | 3.69 | 3.69 |
| Southern Transport Development Project | 8.5 | 8.5 |
| Gampaha | | |
| Colombo-Katunayake Expressway | 24 | 24 |
| Widening & Improvements to Colombo Kandy Road from Kadawatha Nittambuwa | 23 | 23 |
| Rehabilitation Jaala-Ekala-Gampaha-Yakkala Road | 9.8 | 9.9 |
| Rehabilitation Kochchikade-Halpe Road 0.00-9.46 | 9.46 | 9.46 |
| Rehabilitation of Minuwangoda-Gampaha-Miriswatta Road 13.00km | 13 | 13 |
| Widening and improvement of Thudella-Pamunugama-Thalahena-Negombo Road | 14.7 | 14.7 |
| Udugampola- Divulapitiya AC Overlay | 14.8 | 14.8 |
| Rehabilitation Wattala -Hekiththa Road (0.00-1.56) | 1.56 | 1.56 |
| Kalutara | | |
| Southern Transport Development Project | 44.5 | 44.5 |
| Horana- Anguruwatota- Aluthgama road from Horana to Lewwanduwa | 40.83 | 40.83 |
| AC overlay on Kirimetiya-Yala road (0.0-17.07) | 17.07 | 17.07 |
| Nagoda - Kalawellawa - Bellapitiya Road (0-56.36 km) | 33.5 | 33.5 |
| Committed | | |
| Colombo | | |
| Asphalt Overlaying on Colombo - Galle -Hambantota -Wellawaya | 10.22 | 10.22 |
| Widening of Colombo-Ratnapura-Wellawaya-Batticaloa road from Vilasitha Niwasa to Godagama | 61 | 61 |
| Widening of Colombo- Hanwella Low Level Road from Abathale to Hanwella | 18.2 | 18.2 |

| | Lenth of Road Section in the district (Km) | Total Project Length (Km) |
|---|--|------------------------------------|
| Gampaha | | |
| Widening of Peliyagoda-Puttalam road from Welihena to PB(West/NWP) | 8 | 8 |
| Widening of Ja-Ela-Ekala-Gampaha-Yakkala Road from Ekala to Gampaha | 13.3 | 13.3 |
| Pasyala - Giriulla Road from Mirigama to PB(West/ NWP) (9.00 - 19.26 km) | 15 | 15 |
| Widening of Ekala-Kotadeniyawa Road | 27.4 | 27.4 |
| Hanwella- Pugoda- Weke- Urapola road | 24.36 | 24.36 |
| Improvement to Hanwella - Pugoda - Weke - Urapola Road (5 - 20.0 km) | 24 | 24 |
| Rehabilitation of Kaleliya-Pallewela-Madagampitiya | 10.22 | 10.22 |
| Widening of Katunayake-Veyangoda Road | 22 | 22 |
| Widening of Kelaniya-Mudungoda Road from Bandarawaththa Jn to Mudungoda (13-29) | 16.3 | 16.3 |
| Kelaniya - Mudungoda road from Kelaniya to Bandarawatta | 12.33 | 12.33 |
| Kalutara | | |
| Widening of Colombo-Galle-Hambanthota-Wellawaya road from Moratuwa to Katukurunda(19.72-45) | 25.28 | 25.28 |
| Widening of Panadura-Nambapana-Ratnapura Road from Pokunuwita to Ingiriya | 17 | 17 |
| Walana Bridge approach Road | | |
| A/c over lay and edge correction on IHE road | 8.95 | 8.95 |
| Widening of Colombo-Horana Road from Vilasitha Niwasa to Pokunuwita(DB West/Kalu to Pokunuwita)(30-36.68) | 6.68 | 28.5 |
| Widening & Improvement of EAL road (9.26-27.56) | 17.95 | 17.95 |
| Galagedera - Horana Road (4.83-19.05) | 14.22 | 18.63 |
| Horawela - Pelawatte - Pitigala Road (0.00 - 20.92 km) | 20.92 | 20.92 |
| Improvements of Kalutara Nagoda (0-5.74) | 5.74 | 5.74 |
| Kesbewa - Kindelpitiya - Bandaragama Road (4.6 - 12.12 km) | 7.52 | 7.52 |

- Develop all satellite cities such as Dehiwala, Maharagama, Nugegoda, Boralle, Mt. Lavinia, Kadawatha, Ja-ela, Biyagama, Kelaniya, Kiribathgoda, Moratuwa and Panadura outside Colombo equally to reduce the pressure towards Colombo city.
- A complete change in the landscape of the City of Colombo



- Strengthen the economic potential in the Western Province that accounts for nearly half of the country's GDP.



The 45 percent share of contribution to GDP from Western Province largely (65 percent) consists of the services sector i.e economic activities that relate to port, air ports, banking & financial institutions and business activities.

This economic strength to be spread to the other two districts of the Province, positioning the entire Province as a growth model.

With the emergence of economic activities in other provinces especially in the Southern, Eastern, Northern and North Western provinces, Western Province may have to share some of the economic strengths concentrated in the Province at present.

■ **Develop interior regions outside Colombo – Gampaha - Kalutara District capitals**

- Quality improvement of education - Develop educational facilities to improve performance of students in lagging areas in all three districts.
- Standardize the quality of health services in hospitals of different levels and upgrade the regional hospitals

■ **Western Province Economy** – Although the Western Province plays a catalytic role in terms of national development, it has its own local economy that needs to sustain the following targets;

- Accommodate the majority of tourists; in the coastal belt spreading from Negombo to Beruwala.
- Create small & medium entrepreneurs in fisheries, wet zone agriculture, livestock, fruits and vegetable industry in Gampaha and Kalutara districts.
- International trade related infrastructure and logistics facilities.
- Home gardens and backyard economy.
- Self employment and urban business activities.
- Private sector investments facilitation activities.
- Urban recreation and sanitation.

■ **Strengthening Rubber and Tea Plantations in Kalutara District**

■ **Create a Tropical Fruits Garden;** Promote Mangus, Durian, Guava, Rambutan, Pineapple, Banana fruits cultivation as economic crops in Gampaha and Kalutara districts.

■ **Develop Maradaghamula as an urban rice processing center with modernized milling capacity and storage facility.**

■ **Develop sports economy**



A modern stadium at Homagama

Mahinda Rajapaksa International Stadium in Diyagama, Homagama, will facilitate the sports of rugby, soccer, as well as athletics including track and field. The ground will comprise of a swimming pool, a rifle shooting range and a gymnasium.

Economic Strengths in the Province



Peliyagoda Modern Central Fish Trade Complex – Have the control over 30 percent of the country's total fish production.



Dickovita Fishery Harbour – Protected by two breakwaters and is designed for 125ft. fishing vessels.



Beruwala Beach – Create attractive beaches



Katunayake, Biyagama, Horana, Meerigama & Wathupitiwala Industrial Zones – with a large number of industrial establishments and job opportunities



Muthurajawela Marshy Land – Developed as a Biodiversity hot spot, fishing point, to establish a garbage recycling plant and a gas powered electricity generating plant.

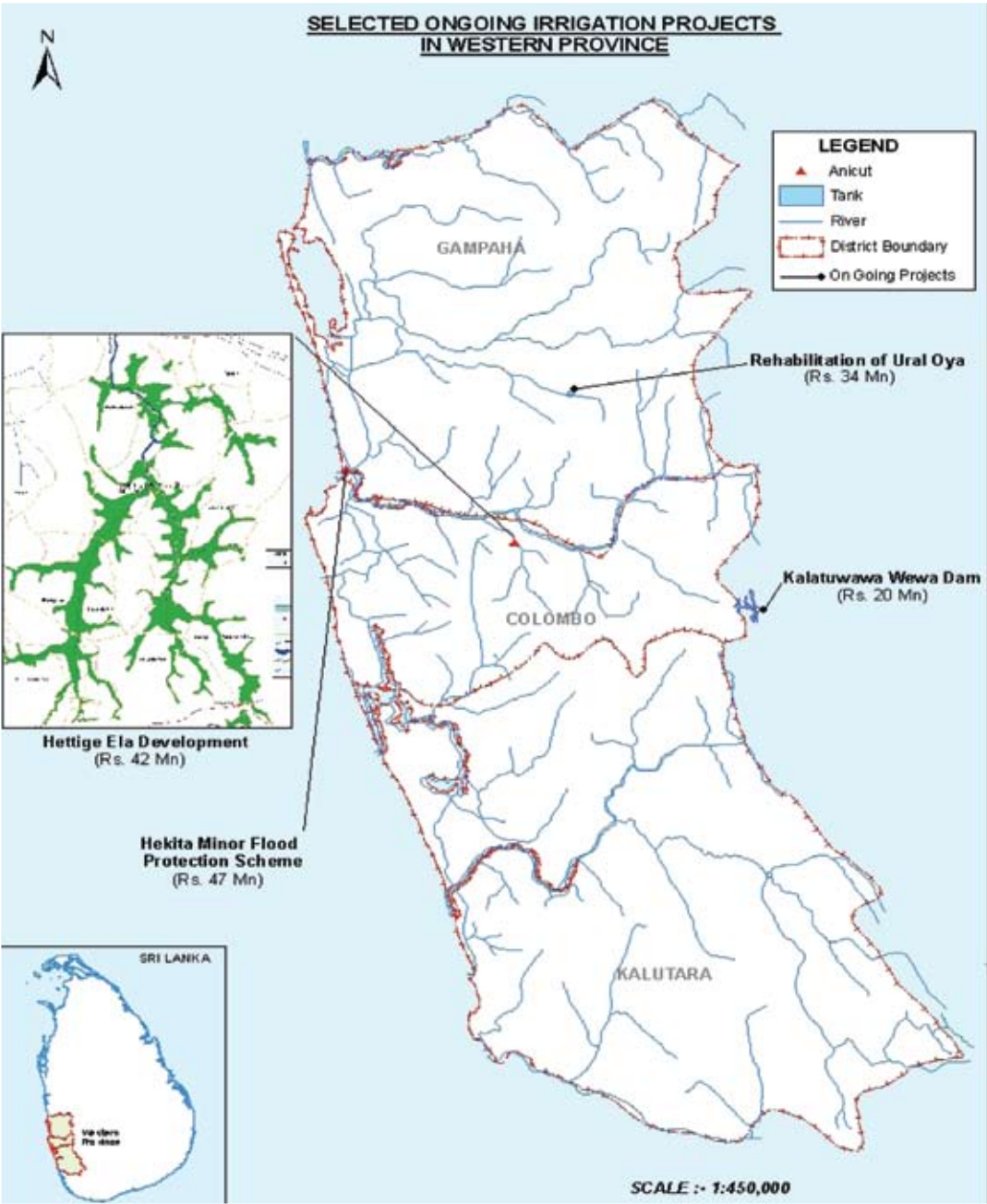


Create a Tropical Fruits Garden – Promote Mangus, Durian, Guava, Rambutan, Pineapple, Banana fruits cultivation in Kalutara District as economic crops.

Development of Irrigation Schemes

| Name of the Project | District | Current Status | Extent Benifitted (Ha.) | No. of Farmer families |
|--|----------------------------|---------------------|-------------------------|------------------------|
| Construction of Hekita Minor Flood Protection Scheme | Gampaha | On going | 500 | 500 |
| Rehabilitation of Urul Oya | Gampaha | On going | 350 | 100 |
| Hettige Ela Development | Colombo | On going | 800 | 500 |
| Dam Safety & W. R. P. Project (Kalatuwawa Dams) | Colombo | On going | | |
| Provincial Minor Irrigation Schemes (No. of schemes 1216) | Colombo, Gampaha, Kalutara | On going/ Committed | 13,184 | 47,146 |

Western Province Irrigation Schemes



Rural Projects

Rural Electrification – Under Gama Neguma, 18 rural electrification schemes have been implemented. Another 377 rural electrification schemes are being implemented providing electricity to 15,000 households.

Rural Roads – 205 km of provincial roads have been upgraded while 1,034 km of rural roads have been upgraded under Maga Neguma.

Minor Irrigation – An extent of 13,184 ha will be benefited through rehabilitation of 1,216 minor irrigation schemes in the three districts benefiting 47,146 farmer families.

Rural Water Supply - 19 water supply schemes have been implemented in the Colombo District providing water to 4,800 households.

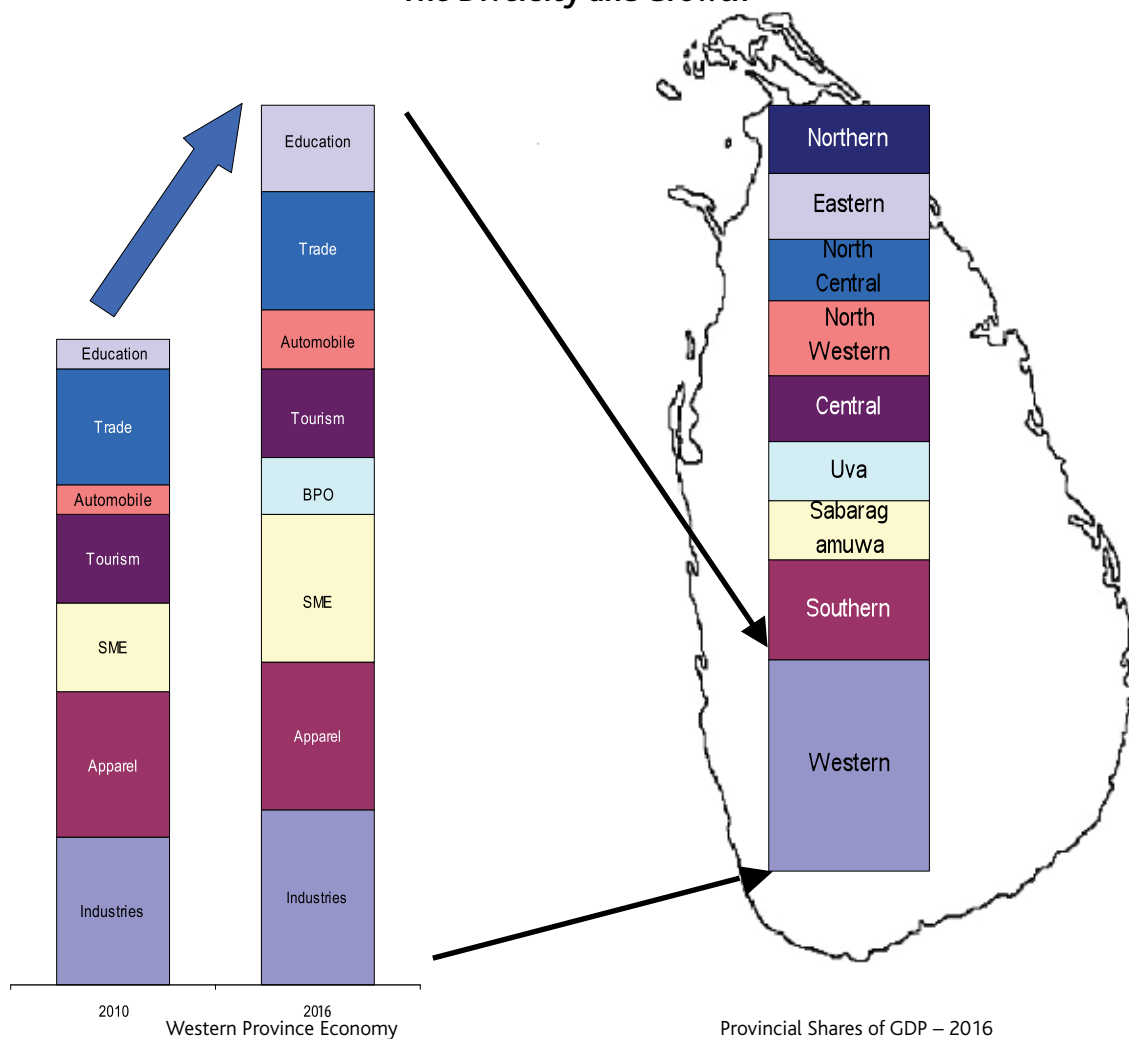
Ran Aruna Gama Neguma Programme, 2006 - 2013

| Investment Area | Progress- 2006-2010 | | | | Planned Investment (Rs. Mn) | | | |
|---------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|--------------|--------------|--------------|
| | No of Projects Implemented | Expenditure (Rs. Mn) | Output (KM/Units/ Projects) | No. of Beneficiaries | 2011 | 2012 | 2013 | Total |
| Roads | 10,914 | 3,820 | 18,566 | 1,431,354 | 858 | 863 | 1207 | 2,928 |
| Electricity | 143 | 55 | 125 | 14,640 | 123 | 123 | 172 | 418 |
| Water Supply & Sanitation | 198 | 102 | 114 | 95,429 | 245 | 246 | 345 | 837 |
| Small Irrigation | 492 | 116 | 375 | 58,400 | 368 | 370 | 517 | 1,255 |
| Common Buildings | 135 | 39 | 91 | 12,780 | 123 | 123 | 172 | 418 |
| Livelihood | 76 | 20 | 50 | 3,137 | 491 | 493 | 690 | 1,673 |
| Social Development | 70 | 54 | 64 | 19,092 | 245 | 246 | 345 | 837 |
| Total | 12,028 | 4,207 | 19,385 | 1,634,832 | 2,453 | 2,465 | 3,448 | 8,366 |

Performance

| Year | 2005 | 2009 | 2016 |
|---|-------|-------|-------|
| Provincial GDP (Rs.bn) | 1,065 | 2,178 | 3,600 |
| Provincial Per capita GDP Rs. '000 | 191 | 375 | 577 |
| Poverty Headcount Index | 8.2 | 4.0 | 1.0 |
| Infant Mortality per 1000 live births | 11.2 | 9.3 | 3.2 |
| Maternal mortality ratio 1000 live births | 0.47 | 0.34 | 0.15 |
| Access to safe water | 91.5 | 94.4 | 99.0 |
| Access to Electricity | 90.0 | 98.1 | 100.0 |
| Unemployment | 6.6 | 6.5 | 2.0 |

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