



Democratic Socialist Republic of Sri Lanka

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Contents

<i>1 Background</i>	<i>2</i>
<i>2 Gender responsive budgeting</i>	<i>4</i>
<i>References</i>	<i>8</i>

(This country profile is available online at www.unisa.edu.au/genderbudgets)

1 Background

The island country of the Democratic Socialist Republic of Sri Lanka lies in the Indian Ocean separated from the Indian subcontinent by the Gulf of Mannar and the Palk Strait. Its population of 20.3 million (2008) is 74% Sinhalese and 18% Tamil, with other groups (Burghers, Eurasians, Malay and Veddha) comprising the remaining 8%. Most Sri Lankans are Buddhist (69%), 15% of the population is Hindu and 8% each are Christian and Muslim.

Socio-economic indicators	
Population in 2008	20.3 million
Projected population growth 2008–50	25%
GDP per capita (PPP \$US) 2005	\$4,595
Proportion of population living below US\$1 (PPP) a day, 1990-2005 (percent)	5.6%
Gender equality indicators	
Seats in lower house or single house (% held by women) 2007	4.9%
Maternal mortality ratio (per 100,000 live births) 2005	58
Adult literacy rate, female (aged 15 and older) 2005	89.1%
Adult literacy rate, male (aged 15 and older) 2005	93.3%
Gross secondary enrolment: Ratio of female rate to male rate, 2005	1
Gross secondary enrolment rate, female (%)	83%
Share of women in wage employment in the non-agricultural sector (% of total employment in the sector) 2005	39.8%
Budgetary indicators	
Public expenditure on education (% of GDP) 1991	3.2%
Public expenditure on education (% of Total expenditure) 1991	8.4%
Public expenditure on health (% of GDP) 2004	2%
Public expenditure on health (% of Total government expenditure) 2004	4.2%
Public expenditure on defence (% of GDP) 2005	2.6
Public expenditure on defence (% of Total outlays) 2007	---
Open Budget Index Overall Score	64% – Government provides the public with significant information on the central government’s budget and financial activities during the course of the budget year.

Sources: UNDP (2007) Human Development Report 2007/08; Population Reference Bureau, (2008) World Population Data Sheet; World Economic Forum (2007) The Global Gender Gap Report; UN Statistics Division (2008) Millennium Development Goal Indicators; United Nations Population Division (2008), World Population Prospects, UNESCAP (2008) Statistical Yearbook for Asia and the Pacific; IMF (2007) Government Finance Statistics; Open Budget Initiative (2008) (See Explanatory Notes for details).

Sri Lanka gained independence from Britain in 1948. Following independence a parliamentary democracy was established with a Presidential system of government with the President serving both as head of state the head of government (the President appoints the Cabinet of Ministers). With the passage of the *Official Language Act*, popularly known as the ‘Sinhala Only’ bill, in 1956, the largely Hindu Tamil community became concerned with the abandonment of the idea of a secular state. The 1972 constitution guaranteed ‘the foremost place’ for the Buddhist religion of the Sinhalese and served to cement the Tamil sense of alienation. By the early 1980s, armed groups of young Tamils (Liberation Tigers of Tamil Eelam or LTTE) committed to establishing an independent Tamil State, were well established in Tamil-majority areas in the northern and eastern parts of the country.

2 Democratic Socialist Republic of Sri Lanka

Twenty-five years of ethnic conflict ensued before a military victory was declared by President Mahinda Rajapaksa in May 2009. During the conflict, over 70,000 people were killed and more than 300,000 displaced, often multiple times, with resettlement remaining an issue (AusAID 2010). President Mahinda Rajapaksa, a nationalist and member of the Sri Lanka Freedom Party, was re-elected for a further six years in January 2010. Under his leadership a series of constitutional amendments have been put to parliament which have been seen by some commentators as hugely increasing the powers of the President (BBC News 2010).

Despite the civil war and the devastating 2004 Tsunami, Sri Lanka's economy grew steadily at around 6% throughout the 1990s and late 2000s. The International Monetary Fund (IMF) estimated economic growth at 5.5% in 2010 (Australian Government DFAT 2010). However, inflation has been a problem at times, reaching 22.2% in 2008 and averaging 9.5% pa for the period 1990 – 2005 (UNDP 2007: 278; Australian Government DFAT 2010). There are significant regional imbalances in economic growth, with rural poverty prevalent. The proportion of the population living below \$1 a day averaged 5.6% for the period 1990-2005 but a quarter of the population is estimated to live below the national poverty line (see table; UNDP 2007: 238).

Since 1977 Sri Lanka has embarked on an extensive program of economic liberalisation after the election defeat of its left-leaning government. The manufacturing and services sector share of GDP have risen under its export-oriented policies although agricultural continues to employ over one third of the workforce (Australian Government DFAT 2010). Remittances from Sri Lankans working abroad are second to the textile industry as a source of foreign exchange earnings (Australian Government DFAT 2010). However, persistent government deficits and a balance of payments crisis brought on by the global economic crisis culminated in a US\$2.5 billion loan in 2009 from the IMF in support of its economic liberalisation reforms.

Observers have argued that Sri Lanka's success in generating economic growth has not been matched by social progress (Australian Government DFAT 2010). However, the Sri Lanka government observed in its latest MDG report (2010) that:

Sri Lanka has long been extolled in the development economics literature as a model low-income country – one that has achieved extraordinary success in attaining high levels of male and female literacy, school enrolments, and health outcomes despite low levels of per capita income. (Institute of Policy Studies of Sri Lanka (IPS) 2010: 10)

In 2005 Sri Lanka ranked 90 out of 177 on the Human Development Index with a value of 0.743 (UNDP 2007). It is on track to achieve slightly more than half of the MDG goals. Areas of MDG success include eradicating extreme poverty and hunger, achieving universal primary education, reducing child mortality, improving maternal health and combating HIV/Aids, malaria and other diseases (UNDP 2010). Sri Lanka has achieved near-universal primary school enrollment and the literacy level of 15-24 year olds is now over 95%. Infant mortality rate, for example, is considered lower than wealthier countries with infant deaths estimated at 11.3 per 1,000 live births. Despite this progress, more than one-fifth of children under five years are underweight (IPS 2010). Maternal mortality was 58 per 100,000 live births in 2005 (see table).

While in regional terms, Sri Lanka health and education systems are considered good, their quality is under threat due to poor government investment that penalises women in particular. The degradation of natural resources remains a serious problem, affecting day-to-day livelihood. Thus achieving MDG goal 7 of ensuring environmental sustainability will require significant policy changes to address the challenges of population expansion and poor environmental management (UNDP 2010, AusAID 2010, ADB 2004).

The achievement of the MDG goal of promoting gender equality and empowering women also requires significant policy changes. Sri Lanka ranks 85 (value of 0.369) out of 93 countries in the Gender Empowerment Measure and 89 (value of 0.735) out of 157 countries in the Gender-related Development Index (UNDP 2007). Gender gaps in primary and secondary education are narrowing including the ratio of female rate to male rate of gross secondary enrolment (see table, IPS 2010). However the rate of unemployment for women is twice the rate for men and is particularly significant for educated women who face an unemployment rate around three times that of men (IPS 2010).

The proportion of seats held by women in the National Parliament has seen a significant reduction from 5.3 in 1994 to 4.9 in 2007 (see table, UNDP 2010). Gender disparity persists in the share of women in wage employment in the non-agricultural sector, which stood at 39.8% in 2005 (see table). Women remain concentrated in unpaid family labour in labour-intensive industries, agriculture and factory work, and home-based economic activities in marginal sectors. As a result 'the majority of women have limited incomes and lack opportunities for upward occupational mobility, while the minority of women in professional employment or in administrative jobs continue to be confronted by a 'glass ceiling' that impedes access to high level decision-making positions' (ADB 2004: viii).

2 Gender responsive budgeting

Gender responsive budgeting in Sri Lanka was initiated in 1997. The country hosted one of the first pilot projects across Commonwealth countries that had been endorsed at the 1996 regular meeting of Commonwealth Ministers of Women's Affairs (Sharp 1999: 766). The Commonwealth pilot project was followed in 2002 by an initiative supported by UNIFEM.

In April 1998 a training initiative, hosted by the Ministry of Finance Budget Department, was delivered to government officials from five sectors, namely education, health, agriculture, social services and industrial development (Budlender 2002: 156; Bartle 2002: 2). Rhonda Sharp and Debbie Budlender led this training which resulted in the development of the first training manual on gender responsive budgeting, *How to do a gender-sensitive budget analysis: Contemporary research and practice* (1998 with funding from the Commonwealth Secretariat and AusAID).

The Commonwealth Secretariat, through a preliminary mission and follow-up visits, provided support to this initiative. A final report was prepared by the Department of National Planning which included a review on gender-disaggregated data regarding delivery of public services, an analysis on the gender impacts of expenditure and an assessment of public service employment (Budlender 2002: 156; Budlender 2007; Chakraborty 2003). This report argued that women benefitted from 48% of recurrent expenditure in education, 56% of recurrent expenditure in health and 57% in social services, yet women had limited access and participation in government-supported programs in agriculture and industry sectors. The report recommended that efforts to address the imbalance in the production sectors should be directed at evaluating and redesigning existing programs and developing benefit impact monitoring systems responsive to gender issues (Chakraborty 2003: 7). Barbara Bergmann has provided a critique of the report arguing that overall its recommendations were vague and that the focus on expanding sectors where women were predominant should be reconsidered as it could undermine efforts towards gender equality and in reality reinforce gender imbalances in some occupations and functions (Bergmann 2005: 149).

Budlender (2002: 156) has argued that the Commonwealth Secretariat pilot initiative in Sri Lanka illustrated the contribution of social services friendly government policy for poor men and women. Moreover, it resulted in the inclusion of a reference to women's role in the national

economy in the 1999 budget speech. A list of indicators was developed and consideration was given to the inclusion of GRB-specific tools into the curriculum of the Sri Lanka Institute of Development and Administration and to incorporating gender analysis into assessment of the Public Investment Programme (Budlender 2002: 156).

In 2002 a GRB initiative was introduced by the Ministry of Women's Affairs in collaboration with UNIFEM drawing on the economic program 'The Future – Regaining Sri Lanka', which is linked with the Poverty Reduction Strategy (Chakraborty 2003: 7). This initiative sprang from a high-level consultation with the Secretary of Finance, the Ministry for Women's Affairs and other senior officials and experts in the field from the region. This was followed by a visit to South Africa in 2002 and the organization of the Third Regional workshop on gender responsive budget analysis and a national workshop, both facilitated by Diane Elson (UNIFEM 2005).

As part of these efforts to progress GRB, the economist Lekha Chakraborty from India's National Institute of Public Finance and Policy was commissioned to undertake a gender analysis on the 2003 Sri Lankan national budget. Drawing on the Indian model, the author used a gender-analysis approach to budgets based on three types of expenditure. These comprised: firstly, expenditure that targets exclusively women; secondly, expenditure that accommodates pro-women allocations (defined as a minimum of 30% of the allocation to benefit women); and finally, mainstream allocations (defined as a maximum of 30% of the allocation to have impact on women) (Chakraborty 2003: 20). This budget analysis drew attention to the fact that the national budget was structured on economic classifications which increase the difficulty of producing a gender analysis as the budget documents lacked transparency essential to comprehend the gender impact of budget allocations (2003: 39). Further, the analysis highlighted that a mere seven ministries had programs that targeted women, representing an estimated 0.09% of the total expenditures. The Ministry of Women Affairs represented 0.02% of the total government expenditure. A further detailed assessment of ministries' interventions highlighted that there were limited resources divided in numerous interventions (Chakraborty 2003: 39).

In May 2003 the Parliament of Sri Lanka and the Inter-Parliamentary Union, with assistance by the World Bank Institute and the UNDP, held a regional seminar for Parliaments of South West Asia on the theme of *Parliament and the budgetary process, including from a gender perspective*. This event provided members of Parliament, as well as Parliamentary staff, with an occasion to share experiences and strengthen their knowledge on the budget process and policy, especially on how to progress GRB work. This event gathered representatives from a wide range of countries including Bangladesh, Cambodia, India, Iran, Pakistan and Sri Lanka (Yapa 2003:1).

In 2004 a gender sensitive analysis of a large national poverty alleviation scheme (Samurdhi Programme) assessed intra and inter-household allocation of resources and service delivery. This assessment used surveys and focus group. In addition a gender sensitive analysis of the policies, schemes and plans of the safe migration for women was undertaken. UNIFEM also provided support to the initiative *Building Budgets from Below* in Kandy drawing from the Karnataka experience (India) and provided training on GRB in 2003 focusing on policy makers and women's organizations (UNIFEM 2005).

The Department of National Planning included gender related questions in the budget proposal format of ministries in 2004. Ministries were asked to make some assessment of the impact of their budget proposals on men and women. The questions included:

9.1. Does the project identify any gender gaps? If so, describe.

9.2. Which project strategies will address the gender imbalance? (Budlender 2007: 6)

Diamond and Gajanayake (2004: 7) report that in the same year the National Budget Statement required all ministries to allocate 10% of their budgets to improve the status of women. In addition, the 2007 budget call circular specifically mentions women. The section 'A Caring Society' outlines a framework to support local values, uphold human rights and provide social protection of vulnerable groups, including women. The general budget allocation section also addresses social protection within the women development program (Budlender 2007: 19). Commentators have noted that some budget speeches have explicitly drawn attention to gender policies and programs (Budlender 2007; Chakraborty 2003). An assessment in 2007 indicated that the Ministries of Health, Education, Child Development and Women Empowerment, and Youth and Sports had made more progress in developing gender-related targets and indicators (Budlender 2007: 13). The 2011 budget documents continue to include a section dedicated to the 'Caring Society'. In the budget speech the President, Mr Mahinda Rajapaksa (2010) stated the government's commitment in this sector:

our development strategies promote a caring society. We have the elderly, the handicapped, the victims of terrorism and the vulnerable in our society. They need support from all of us. I propose to enhance the related budgetary allocation by Rs. 1,000 million to increase the monthly allowance granted to these people. I also propose to increase the monthly allowance for disabled children, breadwinners and elderly in Samurdhi families to reduce their grief.

Budlender (2007:27) summarised the progress in GRB in Sri Lanka, particular evident by the:

gender-responsive statements in budget speeches, the gender-responsive elements in the budget call circular, increased collection of gender-disaggregated data by the Department of Census and Statistics and line agencies, and the establishment of the Poverty Reduction and MDG Cluster in the Ministry of Finance and Planning and monitoring of MDG gender targets and indicators.

However it has been noted that collection of gender-disaggregated data at national and sub-national levels is limited and data on issues such as reproductive health, violence against women and female migrant workers is patchy (Budlender 2007:13). Budlender (2007:13) noted that the lack of quality data prevents research and limits the government's capacity to prioritize gender responsive resource allocations and initiatives.

Civil society and Parliament have increasingly become engaged in gender responsive budgeting work and advocacy. For example, women's groups and civil society have been involved in preparing the National Development Framework which underpinned the budgeting process and policy (Budlender 2007). Recently the media reported an analysis on the 2007 budget expenditure and proposed 2008 budget. As reported, this analysis undertaken by Pathfinder Foundation, a research institution, aimed to reveal the 'gender inconsistencies within the national budgetary process of Sri Lanka', namely on the education, health and agriculture sectors (Hathiramani 2008:1). The study provided a wide range of recommendations including: the allocation of resources to collect, analyse, maintain and use gender-specific data at all levels of government; to improve women's representation in decision-making levels; and to enable women public servants to own land, currently a right exclusive to male public servants (Hathiramani 2008:1). This research was further disseminated in a seminar which resulted from collaboration with Women's Chamber of Industry and Commerce (Hathiramani 2008).

Donors have played an important role in the implementation of gender responsive budgeting in Sri Lanka. The Commonwealth Secretariat, UNIFEM, the World Bank, UNDP, and the Canadian government's bilateral assistance program are some of those that have provided support to the Sri Lanka Government in their efforts to implement GRB. This has been done against a backdrop of donor pressure for wider budgetary reforms. A 2007 World Bank and Sri Lanka Government study into the existing public accounts system in Sri Lanka demonstrated that the 1992 Financial

Regulations were input based and that 'there is a significant and long-standing practice of non-compliance with the Financial Regulations, in form and in spirit' (World Bank and Sri Lanka Government 2007: 15). Efforts to simplify procedures and focus on outputs included the development of nine guidelines (planning, budgeting, foreign aid, revenue management, government accounting, procurement, asset management, stores management and internal auditing), an expanded coverage of public sector auditing and a focus on material issues. This survey acknowledged that while the quality of the financial data and timeliness of reporting have improved by 2005, more needed to be done to effectively implement performance budgets (World Bank and Sri Lanka Government 2007). Chakraborty's (2003) budget analysis drew attention to the lack of transparency of the budget data in terms of gender budgeting. By 2008 the Open Budget Index (see table above) described the Sri Lanka Government as providing substantial information to the public on the budget and financial activities.

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