

# “Environment and Sustainable Growth: Balancing Competing interests in Post- COVID Sri Lanka”

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# Context

- Failing to achieve sustainable growth is mainly reflected in the inability to control pollution and maintain environmentally friendly practices.
- In Sri Lanka, there is environmental degradation and deforestation happening in the name of development and falsely defined fast-paced sustainable development and expected growth, which the country think is sustainable in the long-run.
- It is vital to accept sustainable growth and environmental sustainability are not competing interests. If sustainable growth is equated with fast-paced development, these two become competing interests .
- Since the post-war development era, Sri Lanka's trend is to achieve development targets focused on fast paced growth. This sets aside the environmental sustainability.

# Research Question

- Sustainable growth is defined as socio-economic growth for a long period of time without exhausting the non –renewable resources and overly polluting the environment. In terms of the UN, it is the inclusive growth, that encompasses the sustainable development goals by any economy or a country.
- This paper will explore how post-COVID Sri Lanka will ensure environmental sustainability and how Sri Lanka will balance the seemingly competing interests of environment and sustainable socio-economic growth. In the long run what is the best solution to balance these two competing interests.

# What is Sustainable Growth

- ❑ Present day meaning: economic growth that can continue over a long period of time without creating intolerable pollution or without using up all the non-renewable resources.
- ❑ Sustainable growth refers to a process of growth where the welfare of society does not steadily decline over time due to excessive use of limited environmental resources or environmental damage caused by production and consumption activities

## Why Sustainable growth in a country deteriorates:

- Most common threats to inclusive sustainable growth are loss of jobs which is an overall reflection of instability of employment opportunities, systematic features of trade of financial shock, commodity price shocks, environmental unsustainability, etc.

# Sri Lanka

- Sri Lanka made impressive strides to reach an upper middle-income country (UMIC) status in July 2019 only to slip back a year later.
- Following the April Easter Attacks in 2019, it was impossible to keep a steady growth since tourism sector was hit hard by impact of the attack. Sri Lanka's GDP had been declining from 5% in 2015 to 3.2% in 2018 and to just 2.6%, after the terror attacks in April 2019.
- Therefore the country fell back from the UMIC threshold levels and became a LMIC again.
- Then in 2020, the socio-economic wellbeing of the country was impacted by the COVID-19 pandemic.

# Crisis in Sri Lanka due to COVID-19 Pandemic

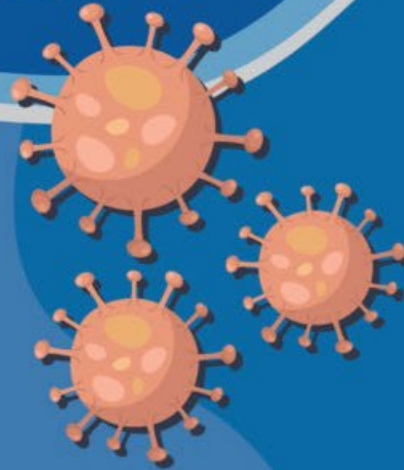
## The Economic Impact of COVID-19 on Sri Lanka



Hit to the export sector  
due to lack of demand  
(especially apparel)



Income loss of daily  
wage earners




Difficulty with fiscal balance and  
debt repayments



Drop in  
tourist arrivals



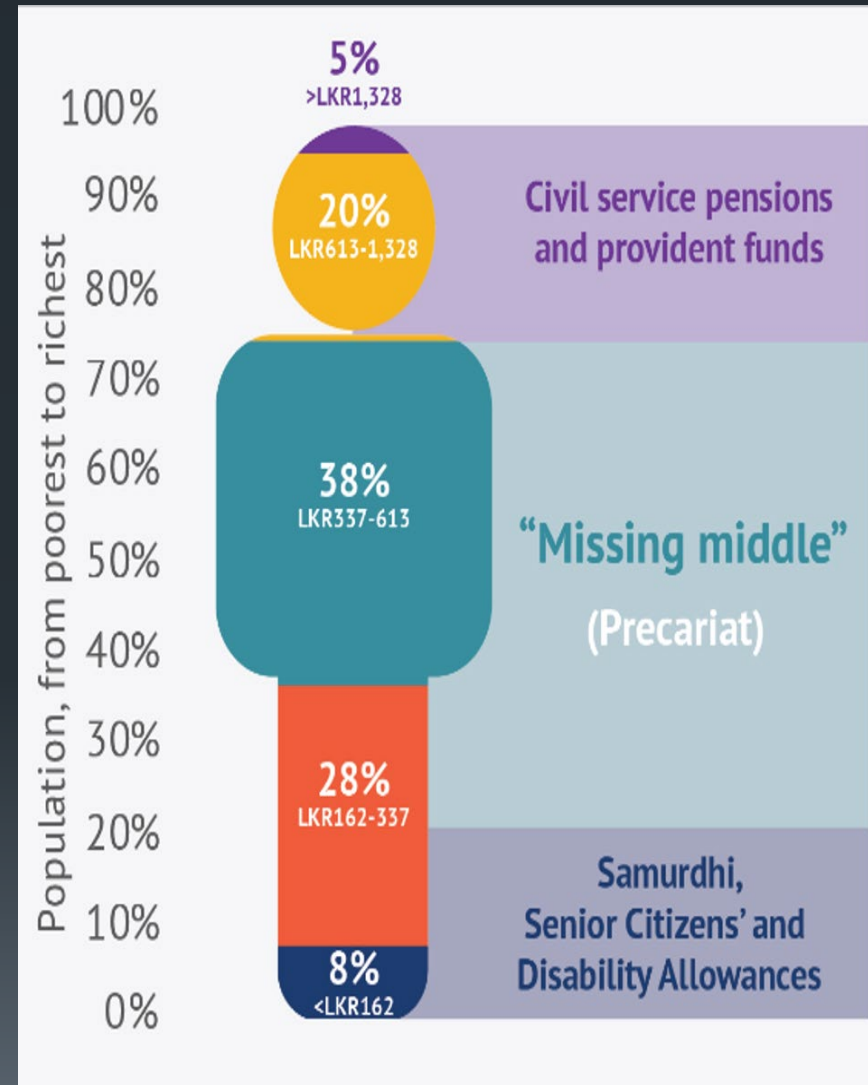
Disruption to MSME  
operations

- 
- Key sectors of the economy were affected by COVID-19 which were earning much needed foreign exchange for the country.
  - “Tourism: When the sector was gradually recovering after the April 2019 Easter Attacks, COVID-19 struck the country in March 2020 bringing tourist arrivals to zero thereby affecting the livelihoods of more than 400,000 Sri Lankans who directly depend on the industry. The number of those indirectly affected could be as high as 1.5 million.”
  - “Migrant Workers: By mid-October 2020, over 54,000 migrant workers had returned and around 43,000 were still awaiting repatriation. However, there is an increase of 3.9 per cent in worker remittances from January to November 2020 (USD 6.291 million), compared to the same period in 2019 (USD 6,052 million). Encouragingly and defying expectations, remittances hit a historic high of USD 813 million for December 2020 reflecting a 22.2 per cent year-on-year growth compared to December 2019. Therefore, the main concerns related to this sector at present would be the reintegration of the returnees and survival of the families who depend on remittances.”
  - “Exports: Due to the combined efforts of the Government and the exporters, the overall export earnings which declined from USD 966 million in February 2020 to USD 282.3 million in April, managed to make a ‘V’ shaped recovery reaching USD 1.09 billion by July 2020 and then to remain around USD 1 billion until September 2020. Unfortunately, the second wave of COVID-19 has pushed export earning down to USD 848 million in October and then to 819 million in November. The EDB’s revised target for 2020 is USD 13.4 billion, out of which 88.5 per cent was achieved by November.”

Source: IPS (Talking Economics) Wimal Nanayakkara



- More than 40 per cent of the country's population lives in poverty, USD 5.50 per person a day, according to the global poverty line for UMICs.
- Another major issue is persistently high income inequality. With existing poverty levels, income inequality has a marked emphasis. Lifecycle needs to be robust and complimented by the social protection floor and this should not miss the middle income households who will then be excluded from the universal lifecycle scheme. Lifecycle social security benefit should be permanent, which will help long term economic growth benefits.
- The policies implemented thus far have failed to reduce the gap between rich and poor. This gap has further widen due to the adverse effects of COVID-19. GDP would still reduce 19.1 per cent.





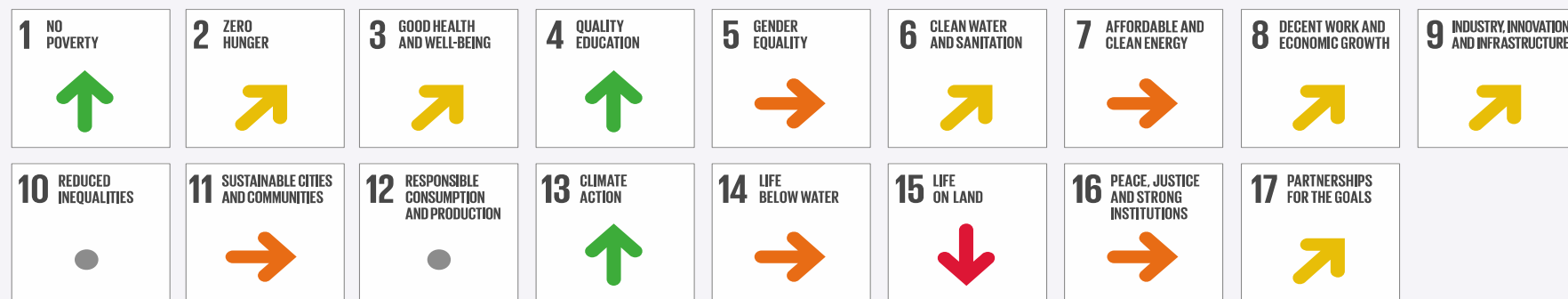
# Sustainable Development Goals Assessment

## ▼ CURRENT ASSESSMENT – SDG DASHBOARD



■ Major challenges
 ■ Significant challenges
 ■ Challenges remain
 ■ SDG achieved
 ■ Information unavailable

## ▼ SDG TRENDS



↓ Decreasing
 → Stagnating
 ↗ Moderately improving
 ↑ On track or maintaining SDG achievement
 ● Information unavailable


 Sri Lanka




SDG 15 - INDICATOR

**Mean area that is protected in terrestrial sites important to biodiversity**

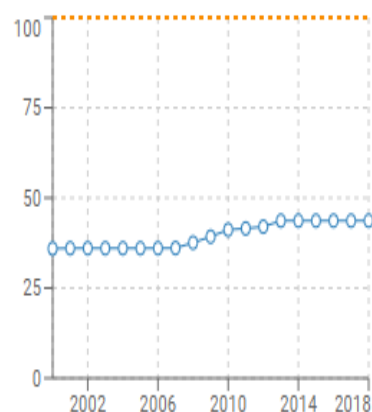
%

 Challenges remain



 Score stagnating or increasing at less than 50% of required rate



VALUE 43.67



YEAR 2018







## SDG 12: Responsible consumption and production



  Municipal solid waste

  Electronic waste



  Production-based SO<sub>2</sub> emissions


  SO<sub>2</sub> emissions embodied in imports



  Production-based nitrogen emissions

  Nitrogen emissions embodied in imports



## SDG 13: Climate action



  Energy-related CO<sub>2</sub> emissions



  CO<sub>2</sub> emissions embodied in imports



  CO<sub>2</sub> emissions embodied in fossil fuel exports

## SDG 14: Life below water

  Mean area that is protected in marine sites important to biodiversity



  Ocean Health Index: Clean Waters score



  Fish caught from overexploited or collapsed stocks



  Fish caught by trawling



  Marine biodiversity threats embodied in imports



## SDG 15: Life on land

  Mean area that is protected in terrestrial sites important to biodiversity


  Mean area that is protected in freshwater sites important to biodiversity


  Red List Index of species survival



  Permanent deforestation



  Terrestrial and freshwater biodiversity threats embodied in imports



## SDG 16: Peace, justice and strong institutions



  Homicides

  Unsentenced detainees

  Percentage of population who feel safe

  Property Rights

  Birth registrations with civil authority

  Corruption Perception Index

  Press Freedom Index

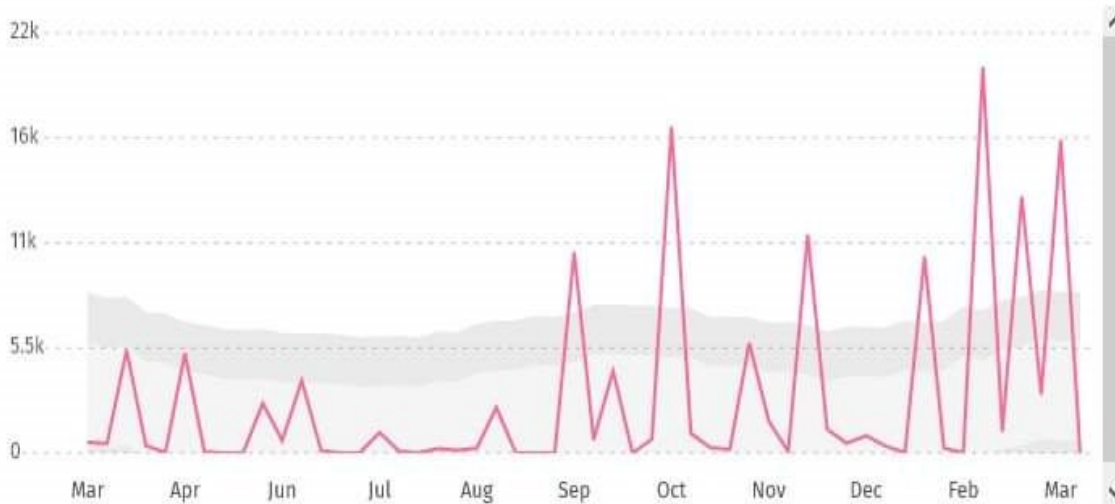
## Life on Land – SDG 15

- The state controls 82% of land in the country, while 17.7% is privately owned. Landless peasants have encroached on state land, causing a decline of forest cover to 29% today.
- One third of the land is subject to soil erosion, with a significant erodible proportion in many districts and hill country sloping lands having the severest erosion. Soil fertility affects agricultural lands productivity making 1.2 million hectares mostly in the Dry Zone unproductive and of limited use. Deforestation is due to encroachments for residences, cultivation of tea and field crops, use for infrastructure development and demand for timber and wood products for household, industrial and infrastructure.
- Open dumping of solid waste by many Local Governments causing soil and water pollution. Waste dumps are breeding grounds for mosquitoes and flies causing health impacts.

# Forest cover loss and development projects

## DEFORESTATION ALERTS IN SRI LANKA

There were **0** GLAD alerts reported in the week of the **15th of March 2021**.  
This was **low** compared to the same week in previous years.



Caution: GLAD alerts from the last six months are preliminary. Revisions are made as unconfirmed alerts are removed from the data and alert totals are finalized six months after posting.

Dialog Dialog 89% 13:46

Like Comment Share

**Environmental Foundation Ltd.**  
February 17 at 5:44 PM · 🌐

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# Deforestation issue in Sri Lanka and sustainable growth

- Many organizations, media and people are calling for environmental sustainability and calling to stop unsustainable development projects in Sri Lanka e.g. Hambantota water reservoir project inside Sinharaja forest and Wilpattu Forest clearing for Housing schemes/Settlements





Reversing sustainable growth and exhausting non-renewable resources



**REMEMBER THAT THE  
MAJORITY OF OUR WASTE  
ENDS UP HERE**



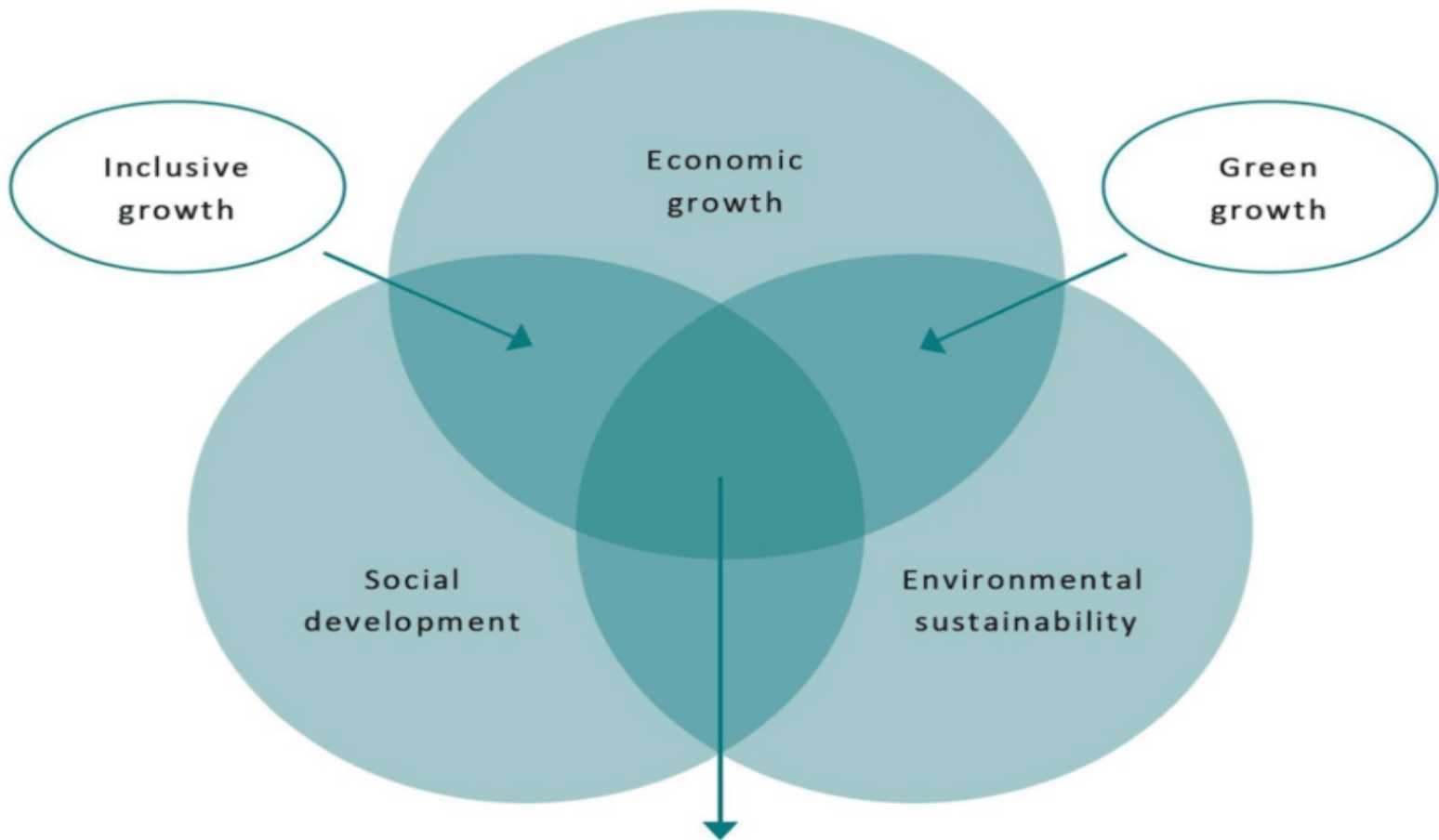
# COVID-19 Crisis response by Sri Lanka

- Sri Lanka has been addressed in COVID -19 response mechanism – strengthening of non-tradable sectors; Structural transformation of the economy
- Sri Lanka's COVID crisis economic response: social protection programs; implementation of fiscal stimulus ; finding other revenue ; Changing tax regimes; Strengthening migration and foreign employment sector; Reskilling and upskilling returnee migrants ; Strengthening the circular economy within Sri Lanka
- Under a proposed lifecycle approach, GDP would still decrease by 13.9 per cent, but this represents significant mitigation in the economic slowdown (GDP will reach same levels without COVID-19 in 2028)
- For example, World Bank portfolio in Sri Lanka consists of 19 ongoing projects, with a total commitment value of US\$3.65 billion in a variety of sectors including transport, urban, agriculture, water, education and health.
- COVID Implications and growth directed policy decisions
  - Reduction of income inequality - main aspect
  - Resilience in financial shocks
  - Social protection programmes aimed at lifecycle schemes



# Conclusion

- Sri Lanka's sustainable growth and economic challenges
- Impact of fast-paced economic recovery on the environment
- Still adhering to outdated development practices that are unsustainable
- Prospects for Sri Lanka in Post-COVID society
  - To bridge these three dimensions, 'socio, economic and environment' is the path to inclusive and sustainable development. One of the other main aspect in this process is the shared wealth and addressing of the income inequality.
- "Inclusive Green Growth" for sustainable development and environmental protection



## Inclusive Green Growth



THANK YOU.