

Sri Lanka Development Forum 2007

Galle, Sri Lanka

January 29-30, 2007

Chairman's Summary

The Sri Lanka Development Forum 2007 was held on 29-30 January, 2007 in Galle, Sri Lanka, under the chairmanship of His Excellency Mahinda Rajapaksa, President of Sri Lanka. The central theme of the Forum was 'Mahinda Chintana: Vision for a New Sri Lanka – A Ten Year Horizon 2006-2016'. Over 50 development partners, including the World Bank, Asian Development Bank, International Monetary Fund, other UN agencies and bilateral donors, key Cabinet Ministers, representatives from civil society and trade unions, private sector representatives and senior government officials participated in the discussions.

The government presented a detailed account of the ten year development framework and related issues; the political economy, post tsunami recovery challenges, security, law and order, conflict, terrorism and peace, human rights, humanitarian and resettlement challenges, reconstruction of conflict affected areas, the continuing role of civil society, infrastructure development, equity, donor assistance and implementation challenges.

Delivering the welcome address, Hon. Dr. Sarath Amunugama, Minister for Enterprise Development and Investment Promotion, referred to the Tsunami in December 2004 and

greatly appreciated the assistance afforded by the international community to facilitate relief and recovery. Several speeches were delivered by distinguished representatives from the donor community, including Mr. Frederick Lyons, United Nations Resident Coordinator, Shri Dinesh Kumar Jain, Ministry of External Affairs of India, H.E. Robert Blake Ambassador for the USA in Sri Lanka, Mr. Reiichiro Takahashi, of the Ministry of Foreign Affairs of Japan, Mr. Liqun Jin, Vice President, Asian Development Bank and Mr. Praful Patel, Vice President, World Bank.

The speakers welcomed the development process envisaged in the Mahinda Chintana – Vision Towards a New Sri Lanka, and commended the government on the comprehensive articulation of its vision and strategy further in the ‘Ten Year Horizon - Development Framework 2006-2016’, prepared with wide consultation involving development partners and all stakeholders. They welcomed the focus on reducing regional and income disparities. They were of the view that though somewhat ambitious, the country has the potential to reach these goals, with the implementation of the Mahinda Chintana Development Programme, while pursuing a lasting solution to the conflict. In this regard, they commended H.E. the President’s commitment to find a negotiated solution to the conflict through a process of consensus building.

The development partners indicated the importance of harnessing the linkages among poverty reduction, governance, peace and equality, and the need for addressing issues related to the implementation of the languages policy. They reiterated their willingness to be proactively involved in the peace building and development process based on the

Ten Year Horizon. They further appreciated the efforts of the Government of Sri Lanka to cope with human rights and humanitarian challenges and commended the Government for establishing a Commission of Inquiry under the initiative of the President to investigate cases of human right violations, as well as the setting up of the International Independent Group of Eminent Persons (IIGEP) to observe the activities of the Commission.

Delivering the inaugural address, the President appreciated the donor assistance in rebuilding the Tsunami affected areas to near normalcy. The historic city of Galle has been rebuilt, and areas in the North and East also could have been rebuilt had the promised cooperation of the LTTE been received. The President referred to the gains made in managing a complex economy, while facing a series of challenges during the first year of his administration, which was also the first year of the decade committed by Sri Lanka to realize the Millennium Development Goals. His Excellency highlighted the burdens imposed on the economy and people by escalating oil prices, natural disasters and intense competition faced by export industries and the deliberate escalation of terrorist attacks by the LTTE. The President mentioned that the Government has accorded high priority to building a nation-wide infrastructure network to accelerate growth in lagging regions under the “Jatika Saviya-Gama Naguma” Programme, and accelerated implementation of infrastructure projects under the “Randora” programme in key areas such as power, irrigation, roads and transport, seaports, airports, and urban amenities. Equal importance is being placed on promoting human resources and a knowledge based economy by implementing “Nana Sala” and “E-villages” initiatives in

the rural areas. The President explained that the non-cooperation of the LTTE to participate in the negotiation process and their refusal to allow other democratic parties to function prolonged the conflict and interrupted some of the development activities in the Northern and Eastern Provinces.

The President emphasised the need for development to be associated with a good value system, respect for human rights and democracy, culture and heritage for it to be wholesome and sustainable. While reiterating the need to defeat terrorism by working closely with the international community, the President expressed his determination to pursue political negotiations and constitutional solutions. President Rajapaksa sought the cooperation of the development partners in building a new Sri Lanka based on “Mahinda Chintana” the Ten Year Horizon, to help achieve the Millennium Development Goals (MDGs).

The development partners recognised the achievements of Sri Lanka on the road towards middle income status and towards reaching the MDGs. They noted the resilience of the economy in terms of economic growth, which is estimated to have exceeded 7 per cent in 2006, the reduction in unemployment to around 6 per cent, improved revenue performance and withstanding the budgetary and balance of payments pressures amidst difficult challenges. However, they expressed concerns about the high costs of renewed conflict and its impact on achieving development goals. They also noted the continuing macroeconomic risks due to high inflation and debt dynamics, and welcomed the focus of the government medium-term macro economic strategy to address these concerns.

The Government and the development partners agreed that terrorism should be separated from finding a solution to the conflict and that a lasting solution should be found through a negotiated settlement. They recognized that such a solution, which would involve improved power sharing and development cooperation, could expand the development horizon for the country, with higher aid and private capital inflows, including for accelerating the development of conflict affected and other lagging regions.

The Government explained the role of the security forces in protecting civilians, public property and economic centres while safeguarding the territorial integrity of Sri Lanka, and suppressing terrorism with minimum civilian casualties. Both the Government and the development partners recognized with serious concern the humanitarian suffering associated with the violence and the need to provide fastest possible relief to the affected. The Government explained to the development partners the actions taken so far, the progress being made and remaining challenges due to non-cooperation by the LTTE.

The participants discussed the role of NGOs and INGOs in the process of humanitarian assistance and the delivery of development assistance in general. The Government and the development partners recognized the positive role that these organizations can play in Sri Lanka's development process and in the implementation of the ten year development strategy. The Government noted the concerns expressed by some of the development partners about the difficulties that some of these NGOs and INGOs are facing. The Government also pointed out the need for transparency and accountability and the need for these NGOs and INGOs to work closely with government organizations.

The Forum also discussed the sectoral and other details of the Ten Year Horizon. The Government indicated that the very useful comments by the development partners, including those already submitted by the World Bank, Asian Development Bank, UN, Japan, and China, as well as comments made at the Forum would be incorporated in a the final version of the framework.

The Forum also reviewed the progress made in the disbursements and commitments of development assistance in 2006 and some of the implementation challenges. Based on ongoing negotiations, it is expected that the new development assistance over 2007-2009 would be in the region of US\$ 4.5 billion. With the existing funding in the pipeline, Sri Lanka's total development assistance will rise to around US\$ 9 billion within the next three years. With the renewed development initiatives in the Eastern and Northern provinces, this is expected to increase further.