

Promoting Inclusive Growth in the Sustainable Development Agenda

Inclusive growth and the Sustainable Development Agenda

For far too long ‘development’ has been synonymous with economic growth. Yet economic growth measured by GDP and not jobs and human wellbeing is at best, an empty concept and at worst, potentially detrimental to human and planetary wellbeing. Despite decades of economic growth, about 1.3 billion people still live in extreme poverty earning less than \$1.25 a day and around 900 million face hunger.¹ While 201 million people are unemployed globally, another 30 million workers have stopped looking for work and 780 million people work but still live on less than US\$2 a day. An astonishing 45% of developing country workers are in vulnerable employment and global youth unemployment stands at 13% (or 73.3 million people).²



Economic growth is an important aspect of the 2030 Agenda for Sustainable Development. However, it is clear that what is envisaged is not just any growth, but growth of a certain kind. Sustainable Development Goal 8 specifies that economic growth should **be sustained, inclusive and sustainable**, and characterized by full and productive employment and decent work for all.³

¹ Building an Inclusive Green Economy for All – Poverty and Environment Partnership (PEP) (213)

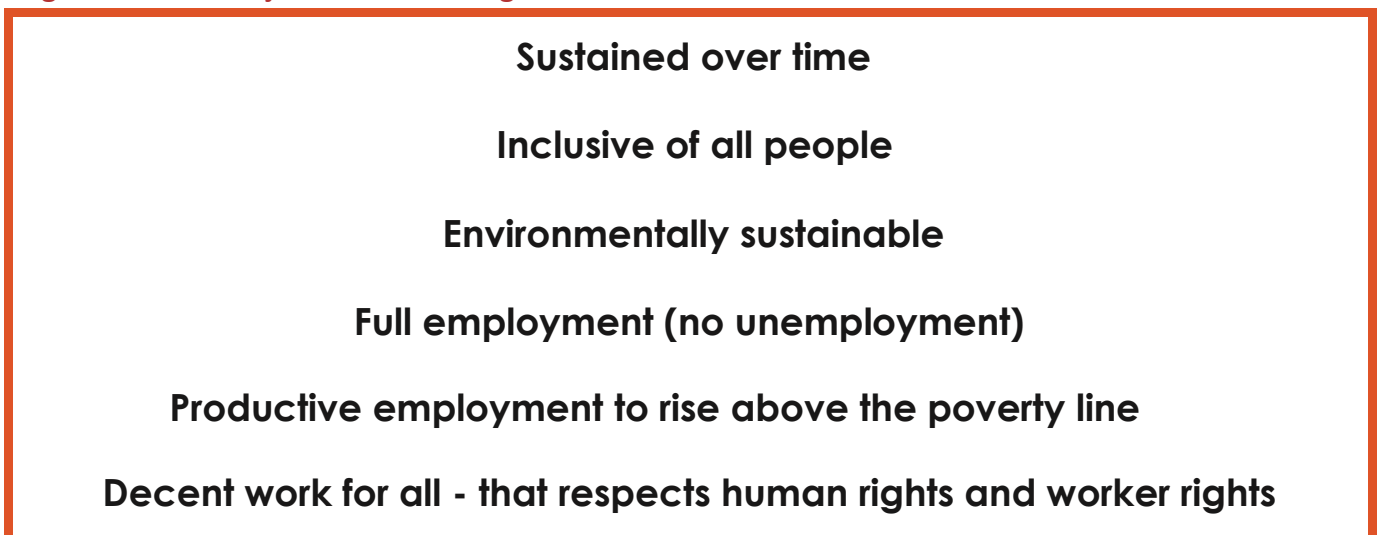
² Decent work and transforming global growth for sustainable development – statement by Mr. Guy Ryder, International Labour Organization (2015)

³ Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all – Sustainable Development Knowledge Platform (2015)

The targets specified within this goal further illustrate the nature of economic growth that is desired;

- it should boost **productivity** of economies through diversification, technological upgrading and innovation;
- it should encourage and formalize the growth of **micro, small and medium sized enterprises**;
- there should be a concerted endeavor to **decouple** economic growth from environmental degradation;
- economies should achieve **full and productive employment** and decent work for all women and men, including for youth, persons with disabilities, and equal pay for work of equal value;
- the proportion of **youth** that are unemployed, or not in education or training should be substantially reduced by 2020;
- **child labour and forced labour** should be eliminated;
- **labour rights** should be protected, with safe and secure working environments for all, including migrant workers, in particular women migrants, and the rights of those in precarious employment should be promoted;
- **sustainable tourism** that creates jobs and promotes local culture and products should be promoted;
- increase and strengthen the capacity of **domestic financial institutions** to encourage and expand access to banking, insurance and financial services for all.

Figure 1: Status of jobs and wellbeing



Inclusive growth requires attention not just on economic issues such as output and productivity, but also on social issues such as inequality, exclusion, and environmental issues such as resource management and control of pollution. It should also be aligned to issues related to how growth takes place (Box 1).



source: Decent work and transforming global growth for sustainable development. Guy Ryder, ILO (2015)

Box 1: Inter-connections in between inclusive growth and the SDG

The SDG Framework, and the goals and targets within it, underscore the inter-connectivity of economic growth and other objectives of equality and environmental protection.



Sri Lanka: Current Realities

Despite a prolonged and devastating conflict, Sri Lanka has consistently achieved respectable economic growth rates over the past 30 years. Yet, many challenges remain, particularly in relation to sharing the benefits of growth with all segments of society...

SDG Target	Current Reality
8.1 Sustain per capita economic growth	GDP growth over 30 years has been an average of 5% per annum and 3 - 4% in 2013-2014 ⁴ .
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including micro finance.	While poverty is declining, ¼ of the population are “nearly poor” and remain vulnerable. Prosperity has not reached all areas and groups. The highest percentages and depth of poverty are found in Mullaitivu, Batticaloa and Mannar (conflict areas), Moneragala (rural) and Badulla (estate) where livelihood options are few. However a majority of poor people live in the main urban areas, where they move to for jobs and better services. Income poverty is highest where the heads of households have labour based jobs, are unemployed or elderly. Female headed households, especially in conflict affected areas, face multiple vulnerabilities of access to jobs, child care, and cultural barriers. The estate sector also impacts women’s labour significantly, and lags behind in a range of multi-dimensional aspects - owning houses, access to drinking water, transport, education and health facilities. ⁵
8.4 Improve global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation.	Industrialization is often accompanied by environmental pollution. 60% of industries, agriculture (17% of coastal land) and fisheries (50% of coastal population) livelihoods are in the coastal zone and face pollution and climate change related issues. ⁶ Forest cover has declined to 28% (without North and East). From the main five rivers, the Menik river (due to sand mining and runoff) and Walawe river (due to quarrying) are the most polluted, while the Kelani river is the most polluted in the Western Province (due to industries and domestic waste). ⁷ The Mahaweli river faces problems with ecological flows (due to irrigation and hydro power generation) and the upper catchment areas are contaminated with cadmium (due to agriculture). ⁸ The annual average use of synthetic fertilizer in Sri Lanka is estimated to be 2-8 times higher than the average in Asian countries. ⁹ Air pollution is a

⁴ In the report Ending Poverty and Promoting Shared Prosperity by World Bank (2015) the GDP for 2013/14 was changed from 7% to 3-4% after computation change from 2002 to 2010

⁵ Sri Lanka: Ending Poverty and Promoting Shared Prosperity – World Bank (2015)

⁶ Country Report on Pollution – Bay of Bengal Large Marine Eco-system Project (2011)

⁷ Comparison of water quality status of major rivers in Sri Lanka – S.D.L.M. Welagedara, W.N.C. De Silva, U.K. Illangasinghe, S.M. Iqbal, R.M.V. Araliya, N.P. Miguntanna (2014).

⁸ Pollution of River Mahaweli and farmlands under irrigation by cadmium – J.M. Bandara, H.V. Wijewardena, Y.M. Bandara, R.G. Jayasooriya, H. Rajapaksa, Environ Geochem Health (2011).

⁹ Coastal Zone Management Plan, Coast Conservation Department (2006).

	threat in major cities such as Colombo and Kandy due to transport and industries. ¹⁰
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Total unemployment is around 4.4%, but it is higher among youth (7.5%), women (6.6%) and the more educated (8.6%). More than half (about 55%) of the employed population work as paid employees, but mostly in the informal sector where human and worker rights are often ignored. Also, 78% family labour (unpaid) is done by women. ¹¹ Sri Lanka's status on employing people with disabilities lacks data.
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	Sri Lanka has a long history of youth unrest. This is due in part to the low numbers with access to tertiary education (less than 15%), lack of training opportunities and youth unemployment being higher than the national average at 7.5%. ¹²
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of child labour.	With the end of the war, which saw children recruited as soldiers, 9.2% of children are recorded as working mainly in domestic and agricultural work and 10% are combining work and school. ¹³ School drop outs rates at O Level is 14% ¹⁴ and is higher among the urban poor, conflict affected areas and in the estate sector.
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	A plethora of laws are available to protect the rights of workers in the public and formalized private sector. However, workers in the informal sector and informal workers in the formal sector are largely unprotected by the legal system and are exposed to various forms of exploitation. Migrant workers, in particular women migrants employed as housemaids, are often subjected to abuse and exploitation and with the exception of Italy, there are no bilateral agreements that ensure the protection of their rights.
2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers.	While agriculture accounts for 29.7% of employment, it adds less than 10% to the GDP. ¹⁵ In response, most policies have focused on reducing employment in the agriculture sector, as measures to improve productivity have remained largely unsuccessful. Fundamental and long unresolved problems of low farm gate prices, market mechanisms, inadequate returns, degraded land hamper productivity.

¹⁰ Environmental Pollution in Sri Lanka: a Review – O. M. Ileperuma (2000).

¹¹ Sri Lanka Labour Force Survey – Annual Bulletin 2015 – Department of Census and Statistics (2015)

¹² National Human Development Report – UNDP (2014)

¹³ Findings on the Worst Forms of Child Labour – US Department of Labour – Bureau of International Affairs (2014)

¹⁴ Millennium Development Report – Sri Lanka – UNDP (2014)

¹⁵ Sri Lanka Socio-Economic Data 2015 – Central Bank of Sri Lanka (2015)

<p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship.</p>	<p>While Sri Lankans are generally well educated, there is a mismatch between skills created by the education system and those demanded by the economy such as IT, English language, and soft skills such as problem-solving, good communication and the ability to work in teams.¹⁶</p>
<p>9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and GDP.</p>	<p>In Sri Lanka, industry accounts for 26.2% of employment, compared to 44.1% in services and 29.7% in agriculture.¹⁷ In 2014, the share of employment in the Industry and Services sectors increased only marginally.¹⁸</p>
<p>9.3 Increase the access of small-scale industrial and other enterprises to financial services, and their integration into value chains and markets.</p>	<p>Although SMEs make up 97% of the establishments, and 55% of the share of employment, 64% of SME are without savings or checking accounts, and less than 15% have any form of insurance.¹⁹ The SME sector recognized for national economic development, the sector performance has been below par, mainly due to financial, regulatory and cost related constraints.²⁰</p>

While Sri Lanka has done well on many aspects within the economic and social domains, the challenges of growing inequality, pockets of marginalized groups and areas, together with the continuing inability to systematically integrate environmental concerns into development process, are hampering its pursuit of an inclusive, green economic growth.

(Conceptualized in collaboration with the Centre for Poverty Analysis, Sri Lanka)

¹⁶ Sri Lanka: Ending Poverty and Promoting Shared Prosperity – World Bank (2015)

¹⁷ Sri Lanka Socio-Economic Data – Department of Census and Statistics (2015)

¹⁸ Sri Lanka: Ending Poverty and Promoting Shared Prosperity – World Bank (2015)

¹⁹ Sri Lanka: Ending Poverty and Promoting Shared Prosperity – World Bank (2015)

²⁰ Government SME Development Programs in Sri Lanka: a Review – Priyanath H.M.S. and S.M. Premaratne (2014)