



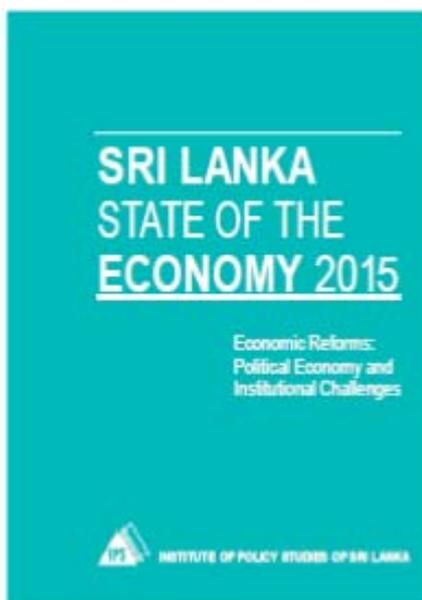
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# POLICYINSIGHTS

INSTITUTE OF POLICY STUDIES OF SRI LANKA

## ENVIRONMENTAL REFORMS FOR SUSTAINABLE GROWTH

*From the IPS Flagship Publication  
'Sri Lanka: State of the Economy 2015 Report'*



Environmental concerns have been increasingly notable in on-going debates on economic growth strategies for development. While a number of factors are essential to achieve high and sustained growth in the long run, environmental sustainability is a vital aspect. Though negative environmental impacts of growth are apparent, little has been done to minimize such impacts with policy attention seemingly focused almost entirely on growth, with resultant negative implications on the natural environment and its resources being largely ignored.

Overall, in order to ensure a sustainable development trajectory for a country, key elements that have to be assured are sustaining the natural capital stock and preservation of the natural environment

from pollution. In addition, a proper adaptation mechanism should be in place to respond to global environmental threats, such as climate change. Individual policy level attempts to find solutions to existing issues are not sufficient. By and large, the issues call for reforms in the overall environmental management system of a country.

Though there have been many discussions on environmental issues, and the recognition of the need to change existing policies and regulatory frameworks, nothing tangible has occurred in terms of changes in the overall environmental management practices in Sri Lanka. This is in spite of the country embarking on ambitious large scale infrastructure development projects that have raised concerns on environmental damage. A clearly visible outcome of such omissions is confrontations among environmental activists, responsible agencies, groups responsible for environmental problems and the general public in many instances. This is a clear symptom of an unhealthy environmental management system in the country, and justifies the need for environmental reforms. It is therefore timely to focus on environmental reforms as part of a larger economic reform effort to ensure that intended developments outcomes are environmentally sustainable.

This Policy Insight based on the SOE 2015 chapter on Environmental Reforms, highlights key environmental issues in Sri Lanka and the reforms needed to address the issues.

**“Degradation of natural capital brings adverse impacts on the economy, though they are not considered in standard national accounting frameworks.”**

**“Lack of due consideration on the environmental consequences by the said reforms has made the intended developments environmentally unsustainable and caused many environmental costs.”**

### KEY ENVIRONMENTAL ISSUES IN SRI LANKA

Key environmental issues facing Sri Lanka at present can be discussed under three themes; namely degradation of natural capital stock which mainly attributes to deforestation and forest degradation as well as land degradation, environmental pollution caused by damage to the environment by excessive application of chemicals, uncoordinated waste management, air pollution, and responding to impacts of global climate change.

### PRESENT ENVIRONMENTAL MANAGEMENT SYSTEM AND GAPS

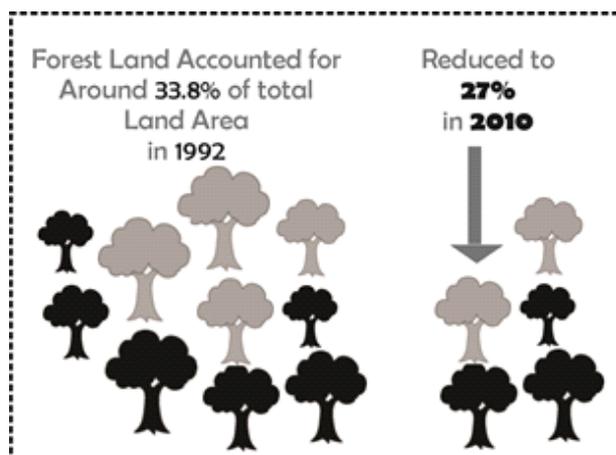
#### Issues in Environmental Governance

In Sri Lanka, there have been ad hoc changes in the implementing agencies under subject ministry. Similarly, the name of the ministry has undergone significant changes during Cabinet reshuffles. There have also been instances when agencies do not directly deal with environment and natural resource issues have also been included under the purview of the ministry, while agencies that deal with the subject are placed under other ministries.

In addition, when the implementing agencies of a ministry change, it leads to a number of inefficiencies due to logistical issues. The personnel allocated to address certain subject areas under the overall environment subject also tend to be underutilized. The situation is further worsened when the agencies which are not directly dealing with the environment subject are listed under the environment related ministry.

#### Gaps in Environmental Planning

Proper environmental planning is essential in making decisions in regard to planning development activities and prioritizing them, with due consideration to the natural environment. In practice, environment



**“Due to the frequent and ad hoc changes in administrative structures of the ministry and agencies dealing with the environment subject, the intended 'sustainability' objectives are difficult to achieve.”**

**“Three key requirements for this are setting up rules, monitoring performance, and enforcing compliance.”**

planning has to incorporate all the elements, which deal with development and natural environment, such as land use, infrastructure development, regional development, urban planning, etc. It should take place at all levels in the decision making process - national, regional, programme or project levels.

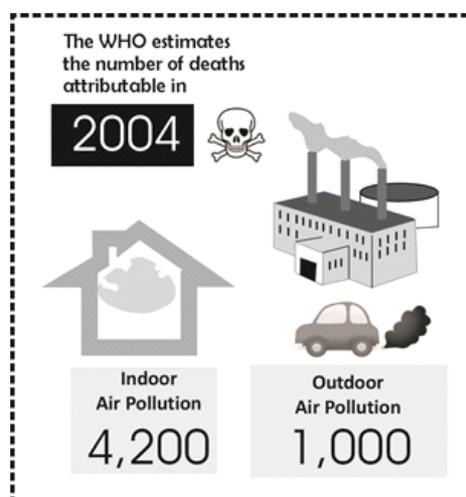
### **Weaknesses in Current Approach of Environmental Management**

Though Sri Lanka adopted open market economic reforms in the late 1970s, it is important to note that the approach for environmental management in the country is largely based on a command and control method. Enough evidence exists to support market-based mechanisms, rather than command and control methods as effective pollution mitigating tools. Market-oriented mechanisms refer to economic instruments such as taxes, permits and emission charges, which create incentives for polluters to reduce pollution rather than paying penalties.

### **PROPOSED ENVIRONMENTAL REFORMS**

Given the negative economic, social and environmental impacts, it is timely for Sri Lanka to adopt suitable reforms to address gaps and deficiencies in its management of the environment and natural resources. Reforms can include changes in policies, regulations, and institutional frameworks.

These include three types of reforms that can be identified in the environment sector in Sri Lanka. First, there should be changes in the environment governance structure, where environmental sustainability is given due recognition in policy planning and implementation. This has to be supported with enhancing inter-agency linkages, policy coordination and meaningful stakeholder participation. Mainstreaming climate change into development planning becomes an important need in this regard. Secondly, changes should be made in the current method of environmental planning by addressing gaps in the NPP and making SEAs mandatory for the relevant development interventions. Thirdly, weaknesses in the current command and control based environmental management system can be avoided by introducing appropriate MBIs to manage not only existing environment problems, but also those that can arise due to the growth process.



**“Ad hoc policy interventions are not sufficient to find lasting solutions to existing and emerging environmental threats in Sri Lanka.”**

This Policy Insight is based on the comprehensive chapter on 'Environmental Reforms for Sustainable Growth' in the 'Sri Lanka: State of the Economy 2015 Report' (SOE 2015). The State of the Economy Report is the flagship publication of the Institute of Policy Studies of Sri Lanka. The complete report can be purchased from the publications section of the IPS, located at 100/20, Independence Avenue, Colombo 7. For more information, contact the Publications Unit on 0112143100.



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