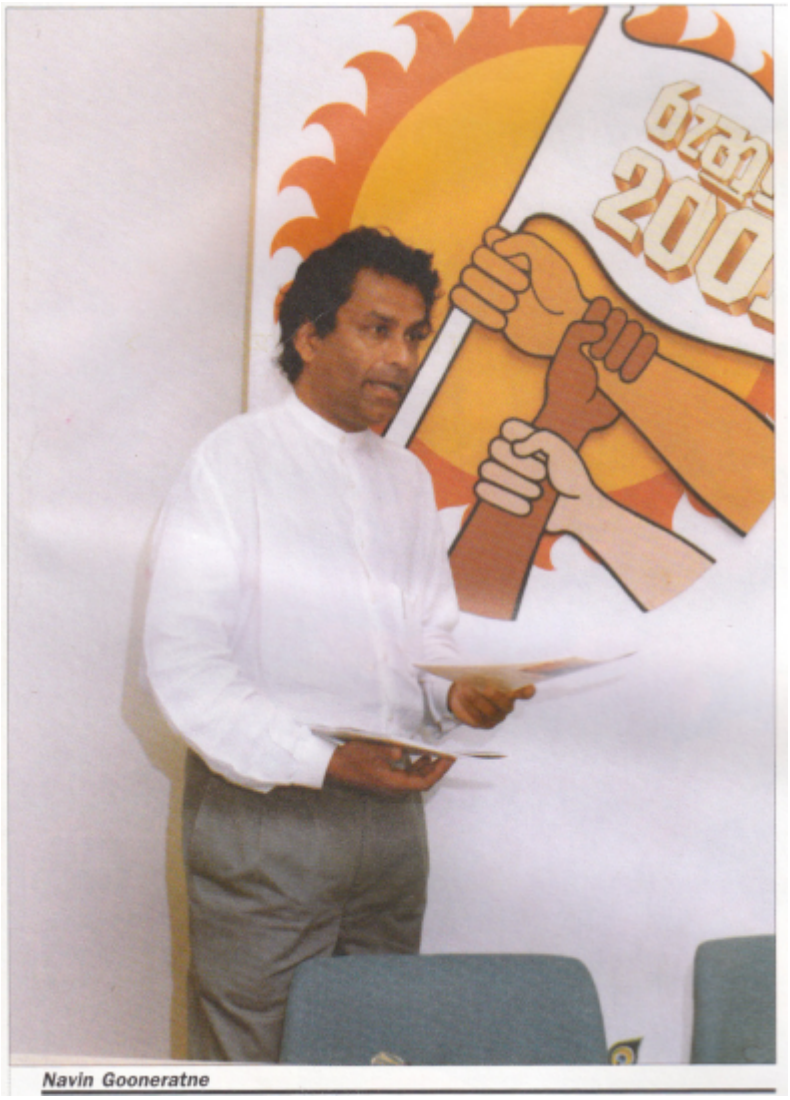
South 2001 – What lies Ahead

The Presidential Task Force for the Southern Area Development (SAD) was established on September 15, 1995, and the South ern Development Authority was incorporated by an Act of Parliament. The Task Force was assigned the responsibility of facilitating accelerated sustainable development in the Southern Area which comprises the entire Southern Province, Moneragala District and parts of the Ratnapura District.



Twelve sub-committees were established to cover the areas of Industries and

Investments, Agriculture, Fisheries, Wild Life and Forestry, Banking and Finance, Human Resources Development, Power and Energy, Industrial Parks, Tourism, Environment, City of Galle and Infrastructure Development.

Outstanding personalities with expertise and experience in these fields were invited to participate as members of the sub-committees and these persons have made valuable contributions devoting much of their time to the task at hand.

“The dynamism of southern business, industry and commerce, long dominant elsewhere, needs to be harnessed for the development of the South itself”. (SAD Report).

Entrepreneurs, resource persons, experts, professionals as well as members of the general public of the South were also invited to of the South were also invited to submit their own development proposals and to speak out on proposals and to speak out on problems and constraints faced by problems and constraints faced by them in their activities.

“Successful development in the region involves creating the conditions for sustained economic growth, and should be designed to provide a guide for future public and private action in a number of areas and sectors. It should reinforce the role of government agencies and the private sector investment in the region, in the region, especially in partnership and collaboration”. (SAD Report).

Says Navin Gooneratne, Chairman of the SAD Presidential Task Force, “we are now in the final planning stages of launching into major projects in the Southern region. As of February 1997 people have been put in place and we have a set goal and direction.”

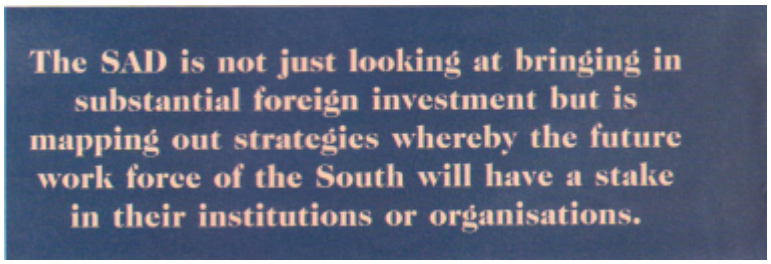


Justifying the time lapse since the establishment of the Task Force, Gooneratne explains, “our main constraint was lack of funds. The government’s funds are restricted and going to foreign donor agencies takes too much time two to three years. We feel the Southern people are impatient and we can’t take that route so the only way available to us is private investment. To attract private in- vestment we must have our act together, have a new strategy and that’s what we have been doing over the last six months.”

“The amount of money required to meet the minimum physical infrastructure investment requirements is very large. Several significant projects in the South would need to attract direct foreign investment on BOO/BOT terms and on terms involving joint ventures with the government or domestic partners.” (SAD Report).

The focal point of the development of the Southern Province will be the creation of a new city called Ruhunupura located in the Hambantota district. An agreement to the value of US$ 1 billion has already been signed for this infrastructure development. Says Gooneratne, “we have located an area which in extent is larger than the size of Singapore. It has a sea front and is underdeveloped with a population of only 25,000, so relocation is no problem. We felt we needed a sea port

as well and an airport like Singapore. We are right in the centre of the sea route;



over 100 ships pass Sri Lanka every day, yet 95% do not come to our ports. This is a facility we can provide in Hambantota."

A flat area of land (situated between the Weerawila and Badagiriya tanks) has been identified by local and foreign consult- ants as ideal for a future international airport; a landing strip conforming to international standards. will be constructed for immediate use. This will be within fifteen minutes distance of the sea port located in the bay that forms Hambantota town. The air and sea port studies are underway and pre- feasibility studies will be available in March.

Ruhunupura will be linked to Colombo by a six-lane highway which will be an extension of the highway up to Matara. Gooneratne is confident that private sector funding for the segment of highway beyond Matara will materialise in the next few months.



Infrastructure development of the south will cover the following areas:

■ Construction of the national highway network providing fast access from Colombo Galle to and to Matara and beyond Ruhunupura. It is acknowledged that the present roadway is out dated and heavily congested and a severe negative factor for business development.

■ Upgrading of the railway system from Colombo to Matara and beyond to enable fast rail travel and delivery of goods and containers.

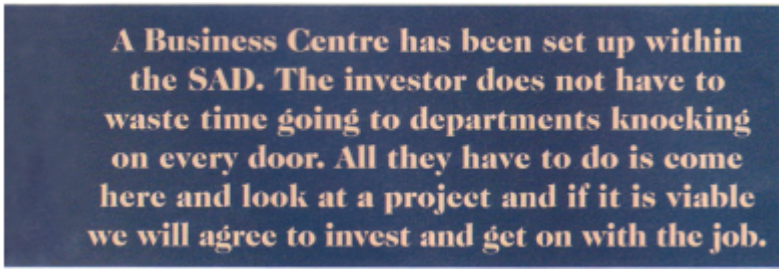
■ The construction of an international airport in the south to link the whole areas with the rest of the country and other cities in the Asian region.

■ The expansion of the Power See- 5 tor as abundant power supplies are vital for the development of the region.

■ Improvement of the Telecommunications System to enable the business and financial sector to respond quickly to their needs in an increasingly globalised market. Improvement of environmental infrastructure relating to water supply,

wastewater treatment and solid waste management.

With regard to foreign investment, Gooneratne explains, “the investment we are looking at in the next five years is about US$3 billion and this will have a spread effect over the entire region and the country. The projects we are planning will need a lot of people getting involved.”



The SAD is not just looking at bringing in substantial foreign investment into a variety of projects but is mapping out strategies whereby the future work force of the South will have a stake in their institutions or organisations. “For that purpose we have a Tripartite Strategy which means bringing together the Private and Public sector and the SAD. Part of the SAD shares would be devolved to the workforce through a ‘Performers Trust’; there will be no ‘workers’ hereafter, there will be only ‘performers’; from the managing director to the labourer they will all perform some function and there is no need for confrontation. Everyone will have a stake in the establishment and they will share the profits in some form.”

“It is designed to offer the broad mass of the population in the south, in particular the young and the unemployed, the prospect of inclusion and stakeholding in the economy. Equally, the strategy elaborated by the Task Force is designed to act as a guide to investors and other economic actors in the development process.” (SAD Report).

The SAD has already witnessed a successful turnaround in a venture they have taken over under the Tripartite Strategy. A tea estate which had closed down was producing only 6000 kg per day before its closure; now three months after the SAD stepped in, output has gone up to 10,000 kg and Gooneratne says there is room for further improvement if newer machines are introduced.



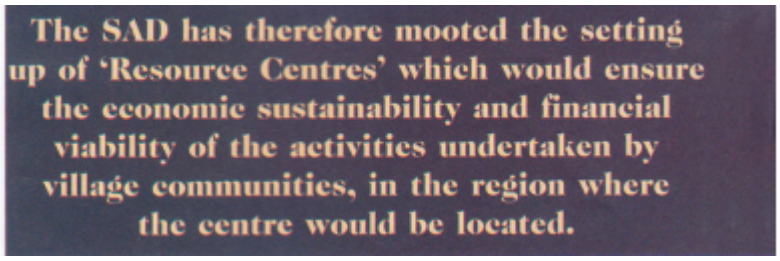
A Business Centre has been set up within the SAD where according to Gooneratne, “we provide all the approvals. The investor does not have to waste time going to departments knocking on every door. All they have to do is come here and look at a project and if it is viable we will agree to invest and get on with the job. People don’t like to waste time and at the SAD we guarantee that. We also provide stability, because we are looking at long term sustainable development and growth and we will have a work force which will be totally committed to the institution, and productivity will be much greater than anywhere else.”

Productivity is the word in vogue these days and Gooneratne feels that “if you give people a feeling that they also have a stake in it they can be motivated. There are ways of getting productivity going but in this new age cracking the whip is not the answer!”

“The potential for industrial growth in the Southern area based on re- sources available is substantial. This includes firstly the mineral resources which at present are being utilised at levels much below the potential and secondly improved the and further value-added processing of its agricultural products.” (SAD Report).

The list of such items covers tea, rubber, coconut, rice, and sugar cane. Industries which can be upgraded include mineral-based industries such as kaoline, limestone, graphite and salt, white coir fibre, borwood plants, rice milling operations,

distillation of essential oils, agro-industries, handicrafts, handlooms and livestock.



Two major southern projects which have already attracted investors and which are scheduled to become operational are a Silica Mining project and a Caustic Soda plant. Says Gooneratne, "the main resource we found was the deposits of the mineral quartz (Silica), which is the basic material used for the electronic industry and that I think is the major break- through. There are deposits which can be exploited for the next one hundred years and we are one of the seven countries in the world that has Silica deposits and our Quartz is 99.9% pure. At the moment we are just breaking the material and exporting it so there is no value-addition to the product. We thought we should start processing it and take it to a high- tech industry. For that you need uninterrupted power to develop this industry and we cannot depend entirely on the CEB to provide that power. So we had to look at other possibilities such as the private investors providing power and an industrial base to utilise that power. So, we will couple water, power and the industrial infrastructure as one basic need. Any investor who comes in must provide all three."

The other important industry is the salterns of Hambantota. "Already we have formed a joint venture for setting up a caustic soda plant which is estimated to cost over US$20 million. There we have 49% of the company without investing a dollar. We give the land and provide the facilities and this will ensure employment for about 5000 people. It will also give rise to about 30 smaller industries."

This venture which should get underway in March will save the nation some 250 million rupees it spends annually to import caustic soda and other related materials.

The present investors are made up of an American-Canadian group of companies. Two joint venture companies have been formed consequently, one to provide the services, the other to develop the real estate. In both companies the Southern Development Authority. will have shares. In the Services Company, Gooneratne explains they did not invest even one dollar but have 20% shares and in a period of

35 years this will accrue to 100%. In the case of the Real Estate Company for every US$100 million invested, the SAD provides 1000 acres of exploitable land and they have a 50% stake.

Local investors too have been encouraged to come forward and work with the SAD. In fact, the caustic soda plant is sponsored by a local group, Ceylon Shipping Lines, who according to Gooneratne, like many others support the SAD's long term view of development for the region. However, he admits, there is definitely opposition to foreign investment being encouraged which rises from a segment of the private sector who probably want to keep everything to themselves and therefore oppose the strategy adopted by the SAD. For example, says Gooneratne, "if you give 10,000 acres on a lease for peanuts (which is what has been done in the past) there would be tremendous opposition and I don't think any of these projects would get off the ground. Especially in the south, people feel very strongly, they have a lot of dignity and pride. That is why we evolved the Tripartite Strategy where even on a billion dollar investment, we start with 30% shares and go up to 100% eventually over a period of time. So the country will benefit, and the people will be the shareholders.

One of the findings of the Presidential Task Force has been the need to bring about broad-based social mobilisation to harness the resources of the south and to activate widespread economic resurgence in the area. The SAD has therefore mooted the setting up of 'Resource Centres which would ensure the economic sustainability and financial viability of the activities undertaken by village communities, in the region where the centre would be located. The Resource Centres would be incorporated as legal entities, taking the form of either a Trust or a Company under the Company's Act.

Fifty-three such centres are to be set up and each centre will be in the form of a complex serving many purposes:

■ Development activity in the area (provision of information on income generation, employment opportunities, assistance with commercial and industrial projects, training and marketing outlets).

■ Identification of state programmes and services that can support the development effort at village level.

■ Spearheading development work at grassroots level and meeting community

needs.

■ Meeting place for cultural, social and recreational activities.It is proposed to select and train 53 graduates to assume a leadership role as manager of each centre, thereafter ten more graduates will be selected per centre to form teams that will function as social mobilisers involving themselves with the people and the activities of the region.

Ten Eco-Cultural Resorts are also to be set up in scenic locations in the region. These resorts will not only boost both domestic and foreign tourism but will help improve the living conditions of the people of the area allowing them to share in the prosperity of their villages, while they gain skills, training and employment opportunities. Tourists will have a close encounter with village life and culture and will be able to sample the fruit, vegetables, herbs and crafts of the region in attractive settings. Already, investments worth Rs 5.25 million have been set aside for the implementation of these resort sites which will also provide picnic and camping sites as well as high class accommodation.

“It is envisaged that when the resorts become operational, the South of Sri Lanka would become famous worldwide as the destination for eco-tourism, in terms of history and heritage, society and culture, coastal and inland beauty.” (SAD Report).

Gooneratne stresses that the SAD does not wish to upset village life by putting a hotel in the middle of it, rather, the intention is to bring the village into focus by continuing with tradition.

The SAD has also set up its own Environmental Unit with the intention of placing the utmost priority on the environment. The future city of Ruhunupura is strategically located at the centre of three great National Parks – Udawalawe, Lunugamwehera and Yala and the intention is to link them up into one major national park thereby protecting the elephants and wildlife of the area. Gooneratne claims “Ruhunupura will be the nature city of the whole world, we are looking at it from an environmental point of view. I don’t see a high rise city there, it will be ground and one floor with ultra modern state-of-the-art facilities. But it will be a nature city from paddy fields to forests and all around your city will be this major national park.”

Navin Gooneratne, an architect by profession, is excited at being involved in the concept of giving birth to a new city and sees it as a tremendous challenge. He wishes his working day was longer, for after spending at least eight hours at the

SAD offices in Sethsiripaya and travelling down south almost every weekend, he does not have much time left to attend to his professional work since as he points out, he has to ‘earn a living’; his post as Chairman of the SAD is purely honorary.

Gooneratne has a clear personal vision of the development of the southern province. “I am confident that this will be a success, for everyone has a stake in it”, he says. “If we can get everyone involved in some way, then there’s no time for destructive purposes.

They will be involved, they w improve their living standards a they will get a return on whatever they invest whether its the sweat or money; they will get good return and the country w develop. And if the south can give the lead, the rest of the count can follow the same model.”

The key to the success southern development will necessarily revolve around the people acceptance of such development their home territory and therefore their support is vital. Gooneratne, “the public is aware we have meetings at grass roots level every week, they know what we are doing and are very supportive of the line we have taken, even though they don’t know about t total package”. With the announcement of the pre-feasible in March and government endorsement of it, will come general public awareness raising in the media.

There is a sense of urgency all of this development talk. Yet time waits for no man and 2001 fast creeping up on us. One hop that the re-emergence of the south will be a carefully planned one a that its development will be for t betterment not detriment of t southern man and his environment.



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