



Sri Lanka

Common Country Analysis

21 December 2021

Preface by the Resident Coordinator

Distinguished colleagues and friends of Sri Lanka,

I am pleased to present the 2021 Common Country Analysis (CCA) prepared by the United Nations in Sri Lanka. The CCA is the UN system's independent, impartial and collective analysis of sustainable development in Sri Lanka. The CCA is for the UN's internal use as an input to guide the formulation of the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2023-2027 - an overarching instrument for the work of the UN in Sri Lanka developed in cooperation with the Government of Sri Lanka. The CCA examines progress, gaps, bottlenecks, and opportunities vis-à-vis a country's commitment to achieving the 2030 Agenda, UN norms and standards and the principles of the UN Charter, as reflected in the Cooperation Framework Guiding Principles.



The CCA draws on evidence from published reviews, research, and existing data, along with views of the United Nations Country Team (UNCT) including UN agencies outside of Sri Lanka. The opportunities and measures discussed here seek to mitigate the economic and social fallout of the COVID-19 pandemic, and in doing so provide a roadmap for Sri Lanka to move towards the 2030 Agenda and to achieve broader national development priorities. These suggestions are aligned with the Government of Sri Lanka's National Development Framework '*Vistas of Prosperity and Splendour*', which seeks to achieve the SDGs as part of a broader transformative agenda that aspires for Sri Lanka to be a country of productive citizens, contented families, a virtuous, disciplined and just society and a prosperous nation.

Our analysis also acknowledges that as Sri Lanka changes, the support from the United Nations must change with it. The UN recognises the role that development cooperation can play as Sri Lanka progresses to upper middle-income status, and that such support should increasingly focus on "*the exchange of experiences, improved coordination, and better and focused support of the United Nations development system.*" The recommendations presented here present a deliberate shift in the UN's thinking towards *complementing* rather than *substituting for* state capacity and delivery systems and identifying and effectively scaling up policy innovations in partnership with government. I believe that advice to policymakers should be well-contextualised, evidence-based, informed by 21st century development experiences and sensitive to fiscal and political constraints, and be delivered transparently and effectively.

I am confident that the Sri Lankan CCA – the first of a new generation of CCA's delivered around the world – will set a new standard in evidence-based analysis on sustainable development and guide the UN Development System to deliver best-practice solutions to support sustainable development in Sri Lanka – both towards the 2030 Agenda and beyond.

Sincerely,

Ms. Hanaa Singer-Hamdy

United Nations Resident Coordinator and Designated Official, Sri Lanka

Executive Summary

Since 2015, successive Sri Lankan governments have subscribed to the objectives of the UN's 2030 Agenda, with the SDGs featuring prominently in national development strategies. This commitment is reflected in the establishment of the Sustainable Development Council (SD Council) under Sri Lanka's *Sustainable Development Act No. 19 (2017)* as an apex body to map progress towards SDGs and coordinate actions across government. According to the *2021 Sustainable Development Report*, Sri Lanka's SDG Index of 68.1 is ranked eighty-seventh out of 165 countries. While the 2030 Agenda is a work in progress for Sri Lanka, the COVID-19 pandemic threatens to reverse the country's considerable achievements under the SDGs. The Government of Sri Lanka (GoSL) responded to the initial outbreak of the virus with a comprehensive lockdown that saw the country avoid a serious first wave of the pandemic. However, movement restrictions have persisted into 2021 in response to the increase in locally-transmitted COVID-19 cases in the first half of the year.

The CCA is anchored on the five 'Ps' of the 2030 Agenda—**People, Prosperity, Planet, Peace** and **Partnerships**—in order to analyse the root causes of constraints to sustainable development in an integrated manner.



Risks, Challenges, Gaps and Opportunities Identified in the CCA

Based on a comprehensive review of the findings under these five pillars, the CCA identifies nine priority issues for sustainable development with tangible links to targets across the SDGs. These issues and their underpinning analysis can help guide the prioritisation of outcome areas under the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2023-2027.

1. **Demographic Change and Population Ageing**
2. **Climate Change and Disaster Risk Reduction**
3. **Financing for Sustainable Development**
4. **Social Protection**
5. **Implementation Capacity in Public Service Provision**
6. **Digitisation and Technology-Driven Diversification**
7. **Data for Effective Decision-Making**
8. **Women's Well-Being and Social and Economic Participation**
9. **Conflict Prevention**



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21.9 MN



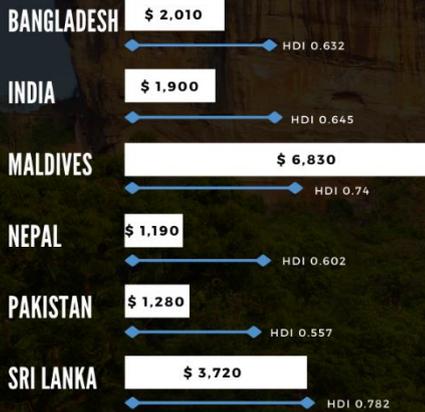
PERSONS OVER 60

POPULATION (2020)

7.8731° N, 80.7718° E

UN DESA World Population Prospects 2019

SRI LANKA



GNI PER CAPITA AND HDI SCORE

World Bank Database & UNDP HDI 2020



SHARE OF SEATS IN PARLIMENT HELD BY WOMEN

UNDP HDI 2019

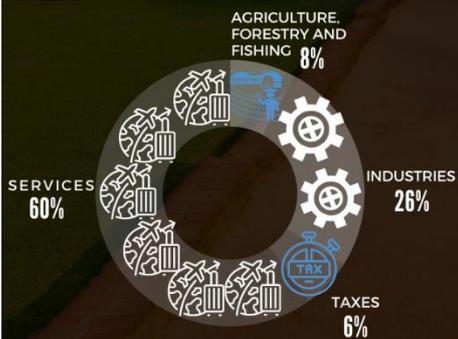


8.5 MN



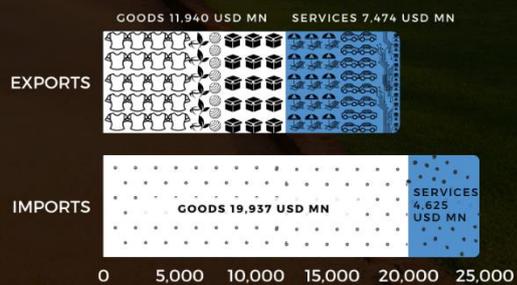
LABOUR FORCE

Sri Lanka Labour Force Survey Annual Bulletin 2020



SECTORAL CONTRIBUTION TO GDP

Central Bank of Sri Lanka 2020



IMPORT/EXPORT DISTRIBUTION

Central Bank of Sri Lanka 2020

Chapter 1 - Country and Regional Context, National Vision, and SDG Progress

Country Overview

The Democratic Socialist Republic of Sri Lanka is a small, relatively open economy of 21.9 million people strategically located in the centre of the Indian Ocean around 60 kilometres off the southern coast of India. A lower middle-income country with a GNI per capita of US \$4,020 in 2020, Sri Lanka experienced strong economic growth and poverty reduction following the cessation of a 30-year civil conflict in 2009, arriving at upper-middle income status in 2019 before falling marginally below the threshold in 2020.

Sri Lanka's economy consists of a broad-based agricultural sector, a manufacturing sector dominated by manufacturing of apparel, food and beverages, and a services sector traditionally driven by transport services, tourism, and wholesale and retail trade, but with growing trade in financial services, ICT services and other higher value-added activities¹. Goods exports amounted to an average of 14% of GDP over the five years to 2020, dominated by tea, textiles and garments and rubber products^{2,3}. Services exports amount to around 8% of GDP over the same period – the most prominent of which are travel services⁴. Historically, remittances have also provided a key contribution to national income, with one in every eleven households prior to the COVID-19 pandemic receiving direct income support through remittances⁵.

Sri Lanka's national legislature consists of 225 members elected through a modified system of proportional representation. The president is head of state with executive powers, elected by universal suffrage for a maximum of two five-year terms. Gotabaya Rajapaksa of the Sri Lanka Podujana Peramuna (SLPP) was elected president in November 2019. Under incumbent Prime Minister Mahinda Rajapaksa, the SLPP formed a majority government in August 2020 following an election characterised as peaceful and credible. The passing of the 20th Amendment to the Constitution in October 2020 resulted in further presidential consolidation of political power, a development described by many observers as limiting the role of parliament and independent institutions⁶.

The **COVID-19 pandemic** threatens to reverse considerable progress made towards the SDGs. The Government of Sri Lanka (GoSL) responded to the initial outbreak of the virus with a comprehensive lockdown that saw the country avoid a serious first wave of the pandemic. However, movement restrictions have persisted into 2021 as locally transmitted COVID-19 cases increased in intensity during the first half of the year. Pandemic effects on the country and related SGD progress will be addressed in greater detail in succeeding chapters.

¹ Department of Census and Statistics. 2021. National Accounts: *Annual time series of GDP at current prices, % change and shares*.

² Alex Simoes and others, *The Economic Complexity Observatory: An Analytical Tool for Understanding the Dynamics of Economic Development*, Workshops at the Twenty-Fifth AAAI Conference on Artificial Intelligence, 2011

³ Central Bank of Sri Lanka. 2021. Table 2.09: Balance of Payments (BPM6 basis), Annual.

⁴ Ibid.

⁵ Bilesha Weeraratne, *Migration and Remittances: Impact on financial behaviour of families left behind in Sri Lanka*, Labour and Migration Series No. 201, Institute of Policy Studies of Sri Lanka, Colombo, July 2019.

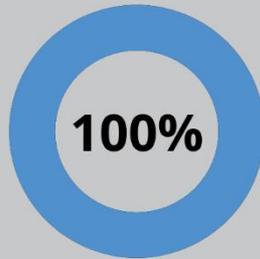
⁶ Centre for Policy Alternatives, *Statement on the Twentieth Amendment*, 4 September 2020, <https://www.cpalanka.org/statement-on-the-twentieth-amendment-2/>.

Current COVID Situation in Sri Lanka

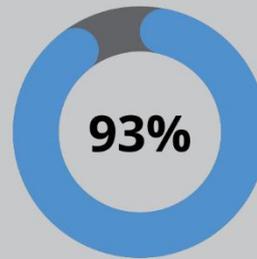
As at 14 September 2021 from <https://www.presidentsoffice.gov.lk/>



VACCINATIONS



13,602,365 Partially vaccinated population over 30



10,747,236 Fully vaccinated population over 30

VACCINATION DOSES PROVIDED THROUGH COVAX



OVER

3.32 MN

DOSES

including direct donations from India, Japan and the United States



Regional Context and Cross-Boundary Issues

Sri Lanka is a member of several important sub-regional groupings (such as SAARC, BIMSTEC and IORA) and also hosts the headquarters of the Colombo Plan of Commonwealth countries. The island enjoys access to trade across the Indian Ocean, a maritime corridor that carries over half of global oil shipments and a quarter of global bulk cargo⁷. Illegal, unreported and unregulated fishing (IUU) activities in Sri Lanka's territorial waters present a risk to fish stocks.⁸ International drug cartels may also attempt to leverage Sri Lanka's positioning as a regional maritime trading hub to expand operations across the southern (South Asia-Africa) and western (East Asia and the Pacific) routes.⁹

⁷ Ganesan Wignaraja and others, Opportunities and Challenges for Regional Economic Integration in the Indian Ocean, *Journal of Asian Economic Integration*, 2019.

⁸ Sri Lanka Department of Fisheries and Aquatic Resources, 2013. *Sri Lanka National Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing*, s.l.: s.n.

⁹ Mike Power, *Plant-Based Meth is the Next Frontier of Afghanistan's Drug Trade*, *Vice*, 2 October, 2019, <https://www.economist.com/asia/2019/09/05/afghan-drug-barons-are-branching-out-into-methamphetamines>; <https://www.vice.com/en/article/8xwv83/drug-lords-have-figured-out-how-to-make-meth-from-plants>

Sri Lanka is signatory to several conventions that enable cooperation to reduce illicit arms flows, return stolen assets and combat organised crime.^{10,11} Sri Lanka is also a signatory to treaties building capacity to prevent violence and combat terrorism.^{12,13} However, its counter-terrorism legal framework is not in compliance with international human rights standards.¹⁴

National Vision : Sri Lanka's 'Transformation' Agenda

The GoSL's wide-ranging policy framework '*Vistas of Prosperity and Splendour*' seeks to achieve the SDGs as part of a broader transformative agenda.

President Gotabaya Rajapaksa's 2019 election manifesto, *Vistas of Prosperity and Splendour*, emphasises strengthening national security and the economy.¹⁵ It is an ambitious agenda which seeks to achieve four outcomes of being a **productive citizen**, a **contented family**, a **virtuous, disciplined and just society** and a **prosperous nation**. The manifesto is focused on increasing domestic production, scaling up value added exports and improving public service delivery. It also makes pledges to advance sustainable development and renewable energy. The policy framework articulates 10 key policy areas covering social, economic, environmental and political aspects of development:

1. **Priority to National Security**
2. **Friendly, Non-Aligned, Foreign Policy**
3. **An Administration Free from Corruption**
4. **New Constitution That Fulfils the People's Wishes**
5. **Productive Citizenry and a Vibrant Human Resource**
6. **People-Centric Economic Development**
7. **Technology-Based Society**
8. **Development of Physical Resources**
9. **Sustainable Environmental Management**
10. **Disciplined, Law-Abiding and Values-Based Society**

The framework aims to achieve several measurable macroeconomic targets for the period 2020-2025 including:

1. **Achieving an economic growth rate of 6.5 per cent**
2. **A per capita income of \$6,500**
3. **Unemployment of less than 4 per cent**
4. **Annual inflation not exceeding 5 per cent**
5. **A budget deficit of less than 4 per cent of GDP**
6. **A single-digit rate of interest**
7. **Maintaining a stable exchange rate for the rupee**

2030 Agenda and SDG Progress

Successive governments have subscribed to the goals and objectives of the UN's 2030 Agenda, with the SDGs featuring prominently in their national development strategies. The 2021 *Sustainable Development Report* notes Sri Lanka's successes but suggests that achieving the 2030 Agenda remains a work in progress, with uneven advancement across some SDGs. Moreover, the *Report* offers limited scope to assess effects of the COVID-19 pandemic, with country-level data for 2020 only widely available for 11 per cent of SDG Indicators.¹⁶

¹⁰ https://bimstec.org/?page_id=288

¹¹ <https://www.saarc-sec.org/index.php/resources/agreements-conventions?limit=20&limitstart=0>

¹² <https://lki.lk/blog/10-key-international-treaties-and-agreements-sri-lanka-is-party-to/>

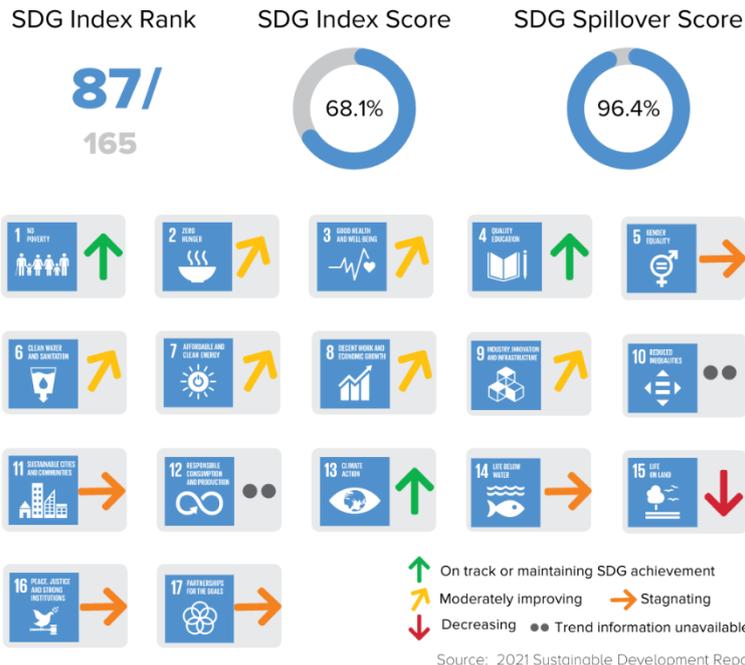
¹³ [Ibid.](#)

¹⁴ [OHCHR report on Sri Lanka, January 2021.](#)

¹⁵ <http://www.doc.gov.lk/images/pdf/NationalPolicyframeworkEN/FinalDovVer02-English.pdf>

¹⁶ [Ibid.](#), p. 9

Sri Lanka's Progress on the SDGs



Chapter 2 - People Pillar

This chapter evaluates Sri Lanka’s progress towards achieving four SDGs targets (2, 3, 4 and 5) listed under the heading of the ‘People’ pillar. It discusses the state of play before the COVID-19 pandemic, the impact of the pandemic in 2020, the outlook for 2021 and further afield, and some policy priorities.

SDG2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

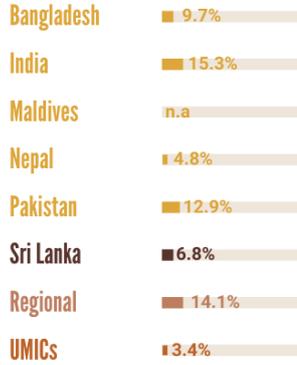
Nutrition in Sri Lanka

There is an alarming rate of undernutrition in Sri Lanka for a country at or around upper middle-income status (UMICs).

Undernourishment



Undernourishment is defined as the condition in which an individual's habitual food consumption is insufficient to provide the amount of dietary energy required to maintain a normal, active, healthy life.



Prevalence of Undernourishment in the Total Population, 2018–20

Overweight and obesity



Defined as body weight that is above normal for height as a result of an excessive accumulation of fat. It is usually a manifestation of expending less energy than is consumed. In adults, overweight is defined as a BMI of 25 kg/m² or more, and obesity as a BMI of 30 kg/m² or more.

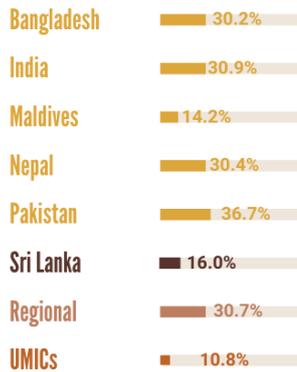


Prevalence of Obesity in the Adult Population (18 years and older), 2016

Stunting

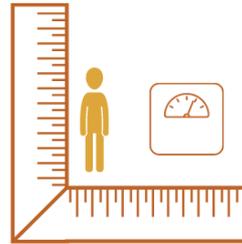


Low height-for-age, reflecting a past episode or episodes of sustained undernutrition. In children under five years of age, stunting is defined as height-for-age less than -2 standard deviations below the WHO Child Growth Standards median.

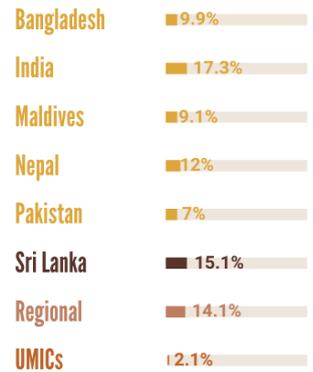


Prevalence of Stunting in Children (Under 5 years of age), 2020

Wasting



Low weight-for-height, generally the result of weight loss associated with a recent period of inadequate dietary energy intake and/or disease. In children under five years of age, wasting is defined as weight-for-height less than -2 standard deviations below the WHO Child Growth Standards median.

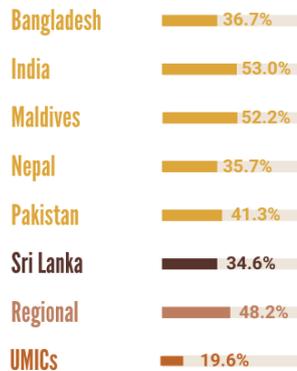


Prevalence of Wasting in Children (Under 5 years of age), 2020

Anaemia in women of reproductive age



Percentage of women aged 15–49 years with a haemoglobin concentration less than 120 g/L for non-pregnant women and lactating women, and less than 110 g/L for pregnant women, adjusted for altitude and smoking.

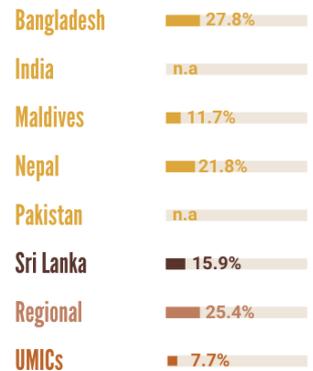


Prevalence of Anaemia among Women of Reproductive Age (15–49), 2019

Infants with low birth-weight



Low birthweight is defined as a weight at birth of less than 2 500 g (less than 5.51 lbs), regardless of gestational age. A newborn's weight at birth is an important marker of maternal and foetal health and nutrition.



Prevalence of Low Birthweight, 2015

Analysis

Food: Post-conflict growth has nearly halved undernourishment, but access to a healthy diet is still limited.¹⁷ 53.5 per cent of Sri Lankan households could not afford a healthy diet in 2017, considerably higher than the average for Asia¹⁸. The 2020 Global Food Security Index ranked Sri Lanka sixty-sixth among 113 countries for nutrition.

Agriculture: A prominent employer for the 82 per cent of Sri Lankan citizens residing in non-urban areas, accounting for 39 per cent of all informal employment in 2019.¹⁹ Smallholder livelihoods have fallen by more than half between 1962 and 2002.²⁰ Women are especially vulnerable. Sri Lanka is also prone to climate change-induced increases in bad harvests and droughts.²¹

Climate shocks: Impacts on locally produced food can lead to clusters of poor nutrition and food security outcomes. Losses and widespread displacement during severe monsoon rains in 2018 contributed to Sri Lanka's ranking as the sixth most-affected country by extreme weather events under Germanwatch's *Global Climate Risk Index* for 2020.²²

Low-nutrition diets: Sri Lanka ranks among the ten worst low- and middle-income countries in the world on some measures of child undernutrition.²³ Low Birth Weight,²⁴ correlated with maternal health issues such as anaemia and obesity,²⁵ affects one in six children.²⁶

COVID-19 Impacts

Food systems: Curfews and import restrictions during the pandemic have resulted in loss of livelihoods in the informal economy and disruptions to nutrition-rich food including the National School Meals Programme, which fulfils up to one-third of a child's daily nutritional needs.²⁷ Short-term coping strategies (e.g., consumption of savings and selling of animals and assets) are being exhausted. The most vulnerable Sri Lankans live in the estate sector, where food accounts for nearly 50 per cent of household expenditure leaving little for other basic human needs.²⁸

Fertiliser ban: Chemical and organic fertiliser imports were suspended in June 2021 on health grounds.²⁹ Representing only 1.6 per cent of imports in 2020, government-sponsored fertiliser nonetheless represents an import bill of \$260-\$400 million annually.^{30,31} The US Foreign Agricultural Service suggests that Sri Lanka "does not have the capability to expand organic fertiliser production capacity sufficiently to meet current fertiliser use requirements". Crop yields are projected to decline by 33-35 per cent, risking domestic food security and income losses of \$425 million.³²

Potential Recommendations

¹⁷ Where food intake is insufficient to continuously meet dietary energy requirements.

¹⁸ FAO et al., *The State of Food Security and Nutrition in the World (SOFI) Report, 2020*.

¹⁹ Department of Census and Statistics. 2020. *Sri Lanka Labour Force Survey: Annual Report 2019*.

²⁰ Department of Census and Statistics. 2008. *Census of Agriculture 2002*.

²¹ M. Mani and others, *South Asia's Hotspots : Impacts of Temperature and Precipitation Changes on Living Standards*, South Asia Development Matters (Washington, DC, World Bank, 2018).

²² David Eckstein and others, "Global Climate Risk Index: 2020. Who Suffers Most from Extreme Weather Events? Weather-Related Loss Events in 2018 and 1999 to 2018", GermanWatch Briefing Paper, Berlin, December 2019.

²³ UNICEF/WHO/World Bank Joint Child Malnutrition Estimates, July 2020, New York

²⁴ Below 2,500 grams at birth.

²⁵ World Health Organization. 2021. *Global Health Observatory*.

²⁶ Abeywickrama and Anuranga, "A decomposition analysis of inequalities in Low birth weight in Sri Lanka: findings from the Demographic and Health survey- 2016", *The Ceylon Medical Journal*, ; vol. 65, No. 1 & 2 (June 30, 2020), pp. 15-22.

²⁷ Priyanka Jayawardena, "No School, No Meals: Sri Lanka's Battle against Child Malnutrition amidst COVID-19", *Talking Economics: Institute of Policy Studies*, Sri Lanka 2020.

²⁸ World Food Programme. 2018. *Fill the Nutrient Gap: Sri Lanka Summary Report*. December 2018

²⁹ Presidential Secretariat. Importation of chemical fertilizers will be stopped completely. Press Release: 22 April, 2021.

<https://www.presidentsoffice.gov.lk/index.php/2021/04/22/importation-of-chemical-fertilizers-will-be-stopped-completely/>

³⁰ Ibid.

³¹ Central Bank of Sri Lanka. 2021. *Table 2.03: Imports – Annual*

³² US Department of Agriculture: Foreign Agricultural Service. *Sri Lanka Restricts and Bans the Import of Fertilizers and Agrochemicals*. May 28, 2021. Report Number: CE2021-0007.

- **Mitigating immediate effects** of the pandemic on food security and nutrition can safeguard against potential longer-term effects on child development, returns to education, lifetime earnings and Sri Lanka's non-communicable disease burden.
- A social protection system that effectively eases **food access for vulnerable populations** is crucial to ensure that nobody is "left behind."
- **Careful review of fertiliser use** to assist in transitioning to a more sustainable model of provision.
- Continuity of care is crucial to ensuring sustainable improvements in **nutrition status among children**. An improved public health information system will track coverage, treatment progress and outcomes.

SDG3: Ensure healthy lives and promote well-being for all at all ages

Analysis

Public healthcare system: Sri Lanka's state-sponsored free-for-all healthcare system offers national coverage through 1,103 government hospitals³³ and 365 Medical Officer of Health (MOH) units. Guaranteed employment helps prevent external migration of state-trained and financed healthcare workers and provides services to remote areas. The health workforce is similar in size to other Asian countries but falls far short of high-income country systems. The number of doctors and nurses per 1,000 people is under a third of the OECD average, with severe shortages in crucial specializations. Despite a high degree of coverage of preventative care services, many curative care services are unequally distributed, with some districts lacking the full range of specialised services and staffing capacity to deliver them.³⁴

Impressive health indicators: Life expectancy has increased to 76.9 years in 2019, considerably higher than the South Asia average,³⁵ alongside the lowest maternal mortality and infant mortality rates in South Asia in 2017 and 2019 respectively.³⁶ However, UN DESA Population projections suggest that by 2030 one in every five persons in Sri Lanka will be over 60,³⁷ leading to an increase in the prevalence of chronic conditions and demand for more continuous engagement with the health system. More than half of older people have some physical and or mental impairment, and 45% of individuals aged 60 years and over are affected by at least one NCD (e.g., heart disease, diabetes and kidney disease)³⁸.

Tentative healthcare reform: The World Bank has developed a \$200 million Primary Health System Strengthening Project (PSSP), while the ADB has initiated a \$50 million Health System Enhancement Project (HSEP).^{39,40} The Ministry of Health is also supported by a 20 million Euro "Debt-2-Health" swap through the Global Fund to establish a national data centre within the broader reorganisation.⁴¹ In 2019, a National Action Plan for Health and Well-being (SDG NAP) was developed in partnership with WHO to assist the Ministry of Health in achieving health-related SDGs. This exercise was postponed due to the change of government and the pandemic response.

COVID Impacts

Unprecedented strains on capacity: Excess demand for pandemic-related health services puts extra pressure on the public health system on top of regular demands to tackle other seasonal illnesses and mental health needs. While vaccines globally remain in relatively short supply, it is prudent that Sri Lanka continues with its mass vaccination programme.

³³ Sri Lanka Ministry of Health: Government Hospital List, 2020. Updated 1 January, 2020, http://www.health.gov.lk/moh_final/english/others.php?pid=92.

³⁴ Ministry of Health and Indigenous Medicine. 2016. Annual Health Statistics 2016 - Sri Lanka. Colombo: Ministry of Health, Nutrition and Indigenous Medicine

³⁵ WHO Global Health Observatory. *Life expectancy at birth (years)*. Accessed 20/05/2021.

³⁶ WHO Global Health Observatory. *Maternal Mortality and Probability of dying per 1000 live births*. Accessed 8/01/2021.

³⁷ United Nations Department of Economic and Social Affairs, Population Division, *World Population Prospects: 2019 Revision*. Available at: <https://population.un.org/wpp/>.

³⁸ Perera, Dr. E.L. Sunethra. 2017. *Ageing Population of Sri Lanka: Emerging Issues, Needs and Policy Implications*. Thematic report based on Census of Population and Housing, 2012. United Nations Population Fund, Sri Lanka

³⁹ World Bank. *Sri Lanka and World Bank Partner to Improve Healthcare Services*. Press release dated 23 January, 2019.

⁴⁰ Asian Development Bank. *Sri Lanka: Health System Enhancement Project – Project Data Sheet*. Approved 23 October 2018.

⁴¹ Sri Lanka Institute for Health Policy. *Support for MOH Global Fund HSS Proposal 2019*. Project ID: MH-004.

Potential Recommendations

- Sri Lanka's public health system must **maintain the delivery and equitable** access of essential services—especially to vulnerable and at-risk groups⁴²—all while managing the pandemic.
- **Improvements to the healthcare system**, e.g., more accurate patient information, prevention of service duplications, and disaggregated monitoring of health services. **Modern technologies**, e.g., digital and telemedicine practices, should be integrated to bridge access gaps and reduce unnecessary exposure risks during the pandemic.
- **Maintaining equitable access to essential health services** includes: 1) implementing guidelines for the continuation of essential health services during the pandemic, drawing on international training resources (e.g., Open WHO and WHO Academy); 2) Scaling up digital platforms for training frontline workers; 3) strengthening protection and capacity of health workers to engage with vulnerable groups without stigma and discrimination; and 4) improving public health communication in local languages.
- Sri Lanka's health services should be expanded to provide better prevention, early detection and adequate service provision for the **management of NCDs**, disability and long-term care, with greater focus on a “life cycle approach.”
- **Sustained economic growth** is crucial to fund increased health-related service provision, with additional fiscal allocations to keep pace with needs. **Resource allocation** could be better matched with population need.
- Additional funding is needed for Sri Lanka's operational readiness for **COVID-19 vaccines** and procurement of the vaccine from the global market.

SDG4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Analysis

More Sri Lankans are completing education at all levels, but it is unclear whether learning outcomes have experienced a commensurate improvement. Higher rates of school enrolment are the product of the commitment of successive post-independence governments to invest in comprehensive, public-funded education systems.⁴³ Completion of primary and secondary education is universal at the primary level and near-universal at the lower-secondary level. Nearly 25,000 students graduated tertiary studies in 2019 (almost double that of 2010).⁴⁴ Lower-secondary students are behind Sri Lanka's regional peers in minimum proficiency levels in reading and mathematics: only one in five achieved minimum proficiency in reading in 2016—the lowest in South Asia—while only half achieved that in mathematics.^{45,46} Test results in mathematics were considerably lower in Sri Lanka's Northern, Eastern and Central Provinces, in ‘Type 2’ schools, and among students for whom Tamil was the medium of instruction. Female students also outperformed male students on average.⁴⁷ In 2020, only 54 per cent of upper secondary students passed general English classes at the advanced level, while mathematics (70 per cent), Physics (69 per cent), Chemistry (72 per cent) and ICT (74 per cent) also consistently feature among the subjects with the lowest pass rates.⁴⁸

A mismatch exists between the education system and the labour market. According to a recent World Bank survey, 70 per cent of employers believe the Sri Lankan educational system does not produce people with up-to-date knowledge of methods, materials, and technology.⁴⁹ In response, Sri Lanka's National Education Commission has developed a National Policy on Higher Education with a focus on revamping external degree

⁴² Including women, infants, the elderly, IDPs, asylum seekers and refugees, and migrants.

⁴³ Paragraph 27 (2)(h) of Sri Lanka's Constitution outlines an objective for state policy of “the complete eradication of illiteracy and the assurance to all persons of the right to universal and equal access to education at all levels”.

⁴⁴ University Grants Commission, cited in CBSL Economic and Social Statistics, 2020.

⁴⁵ Sri Lanka Ministry of Education: National Education Research and Evaluation Centre (NEREC). *National Assessment of Achievement of Students Completing Grade 8 in Year 2016 in Sri Lanka – National Report* (Colombo, 2017). Financed by World Bank-funded Transforming the School Education System as the Foundation of a Knowledge Hub Project (TSEP).

⁴⁶ UNESCO Institute for Statistics (UIS).

⁴⁷ Sri Lanka Ministry of Education, *National Assessment of Achievement*.

⁴⁸ Sri Lanka Department of Examinations, National Evaluation and Testing Service. *GCE (AL) Examination – Performance of Candidates: All Candidates - Results by Grades in each subject, 2011-2019*.

⁴⁹ H. Dundar and others. *Building the Skills for Economic Growth and Competitiveness in Sri Lanka*, World Bank (Washington, DC, 2014).

programmes.⁵⁰ The 2018 National Policy on Technical and Vocational Education similarly aims to improve the relevance and quality of TVET programmes and their links to education and industry.⁵¹

Consistent access to quality early childhood education remains challenging. Early Childhood Curriculum development, monitoring of teaching capacity and learning outcomes remain relatively underdeveloped⁵². Investment in early education from birth to age five helps create a more level playing field for students commencing schooling and can reduce achievement gaps.⁵³ Current pro-equity investments in public sector education broadly target disadvantaged school-aged children.⁵⁴

Establishing a 'trilingual integrated education system is crucial. Constitutionally, Sri Lanka recognises the Sinhala and Tamil languages as official and national languages, with English as a 'link' language.⁵⁵ *A Ten Year Plan for a Trilingual Sri Lanka (2012-2021)* outlines measures to re-establish English as a medium of instruction in schools, along with the teaching of second national languages to eliminate language prejudice and promote social cohesion.^{56,57} However, implementation of this policy has faced shortages of teachers and constraints on materials.⁵⁸

In 2008, the Ministry of Education (MoE) developed a national policy on social cohesion and peace education. The policy identified seven strategic areas through which social cohesion could be developed: (a) curriculum; (b) teacher education; (c) second national language; (d) school culture; (e) integrated schools; (f) co-curricular activities; and (g) research. In 2015, the Office of National Unity and Reconciliation (ONUR), with technical support from UNICEF, developed a road map to strengthen the promotion of peace and reconciliation through education. An Action Plan was approved in March 2017 by an inter-ministerial steering committee, but implementation has been delayed at least in part due to frequent changes of government structures.

Education and language are being adapted to reinforce civic values, with continuous advocacy from the UN/UNICEF. The MoE intends to pilot trilingual schools to create a workable model towards integration. UNICEF has also been working with the National Institute of Education to enhance teacher capacity in primary education.

Corporal punishment is still widely accepted in Sri Lanka. Research by the National Child Protection Authority (2017) found that 80 per cent of students have experienced physical discipline in school, while 74 per cent of parents use some form of corporal punishment⁵⁹. The policy of the new government, enshrined in 'Vistas of Prosperity and Splendor,' is to establish a truly student-centred education system. A crucial first step would be a legal ban on all forms of corporal punishment, tied to large-scale efforts to change social norms regarding discipline.

COVID Impacts

⁵⁰ National Education Commission, "National Policy on Higher Education," http://nec.gov.lk/wp-content/uploads/2020/10/Higher-education-Policy_2019_English.pdf, Accessed 17 February 2020.

⁵¹ National Education Commission of Sri Lanka. *National Policy on Technical and Vocational Education*. Accessed 27 May 2021.

⁵² World Bank Group. 2014. *Laying the Foundation for Early Childhood Education in Sri Lanka : Investing Early, Investing Smartly, and Investing for All*. World Bank, Washington, DC.

⁵³ James J. Heckman, "The Economics of Inequality: The Value of Early Childhood Education," *American Educator*, Spring 2011, <https://files.eric.ed.gov/fulltext/EJ920516.pdf>. Accessed 11 August, 2021.

⁵⁴ Education for Sustainable Development: Providing Quality Education for All, Education for All (EFA) Branch, Ministry of Education (November, 2019).

⁵⁵ Department of Official Languages. *Official Languages Policy*.

http://www.languagesdept.gov.lk/web/index.php?option=com_content&view=article&id=38&Itemid=163&lang=en, Accessed 30/06/2021.

⁵⁶ Menik Ranmal Wakkumbra, Language pluralism through the administrative service: The use of the official languages policy in Sri Lanka", *Journal of Public Administration and Policy Research*, vol. 8, No. 4 (2016), pp.33-44.

⁵⁷ Mufeeda Irshad, *Trilingualism, National Integration, and Social Coexistence in Post-war Sri Lanka*, in *Multilingual Education Yearbook 2018* (Basel, Switzerland: Springer Chalm), pp. 104-107.

⁵⁸ Sri Lanka National Education Commission. *Raising the Quality of Education: Proposals for a National Policy on General Education in Sri Lanka*, 2016.

⁵⁹ National Child Protection Authority. *A Study on Child Disciplinary Methods Practiced in Schools in Sri Lanka*. May 2017. <http://www.childprotection.gov.lk/documents/24.1.2018%20Disciplinary%20Methods%20final%20report%2006-07-2017.pdf>

Nationwide school and university closures in response to the pandemic have severely affected learning at all levels. Alternative means of education are being carried out in various capacities for 4.2 million students,⁶⁰ with schools moving to television or online-based learning. Ninety-four per cent of tertiary institutions had shifted to delivering remote learning by mid-June 2020, compared to 14 per cent pre-pandemic.⁶¹ The adjustment of primary-level learning has been neither as quick nor as comprehensive.⁶² Inconsistent access to remote learning could also lead to widening gaps in learning outcomes, particularly in internet-based learning, as only 22 per cent of households in Sri Lanka have a computer.⁶³

Potential Recommendations

- **Targeted, evidence-based, pro-equity investments** consistent with the State's obligations under the Convention on the Rights of the Child and the International Covenant on Economic, Social and Cultural Rights are essential to narrow existing gaps.
- The pandemic has highlighted the need to assess **longer-term effects of school closures** on educational achievement. Planning requires alternative academic calendars and special dispensations for national-level examinations as part of a more data-driven monitoring process, with responsive investment and resource allocations.
- **A national remote learning strategy** must provide viable 'low- or no-tech' alternatives for the most underserved student populations and consider **sustainable financing mechanisms** for its implementation.
- **A comprehensive early childhood education system** is important for school readiness and holistic development.⁶⁴ In January 2020, Sri Lanka approved a National Policy on Early Childhood Care and Development. An effective early childhood curriculum must deliver core skills needed for transition into formal schooling.⁶⁵
- Increasing teacher motivation, attendance and planning will **improve education quality**. Embedding the '*South Asian Centre for Teacher Development*' into professional development plans of public sector teachers is critical to achieving better outcomes.⁶⁶
- Better national curricula integration of **'soft' skills and ICT skills** will help address skill gaps identified by employers.⁶⁷ **Volunteerism** can contribute to civic engagement. Sri Lanka's Volunteer Management System could serve as a national registry to match students' training needs with appropriate volunteering opportunities.
- The TVET sector should better address **labour market requirements**. Measures could build on existing arrangements under the *13th Year Programme*, which offers an opportunity for school-leavers to gain competency in at least one subject out of the 26 vocational subjects over a two-year post-schooling period.⁶⁸

SDG 5: Achieve gender equality and empower all women and girls.

Analysis

⁶⁰ School Census Report, Ministry of Education, 2017,

⁶¹ Ryotaro Hayashi and others, "Online Learning in Sri Lanka's Higher Education Institutions during the COVID-19 Pandemic", *ADB Briefs: September 2020*, <http://dx.doi.org/10.22617/BRF200260-2>.

⁶² United Nations Sri Lanka. UN Advisory Paper: Immediate Socioeconomic Response to COVID-19 in Sri Lanka. June 2020 (Revised July 2020).

⁶³ DCS Computer Literacy Statistics, 2020 (First six months): <http://www.statistics.gov.lk/PressReleases/ComputerLiteracystatistics-2020-Firstsixmonths>.

⁶⁴ World Bank Group, Laying the Foundation for Early Childhood Education in Sri Lanka: Investing Early, Investing Smartly, and Investing for All. <https://openknowledge.worldbank.org/handle/10986/23362> License: CC BY 3.0 IGO.

⁶⁵ Renu Warnasuriya, Shobhana Sosale and Sangeeta Dey, *Integrating Early Childhood Care and Education in Sri Lanka: From Global Evidence to National Action*. International Development in Focus (Washington, DC: World Bank, October 2020).

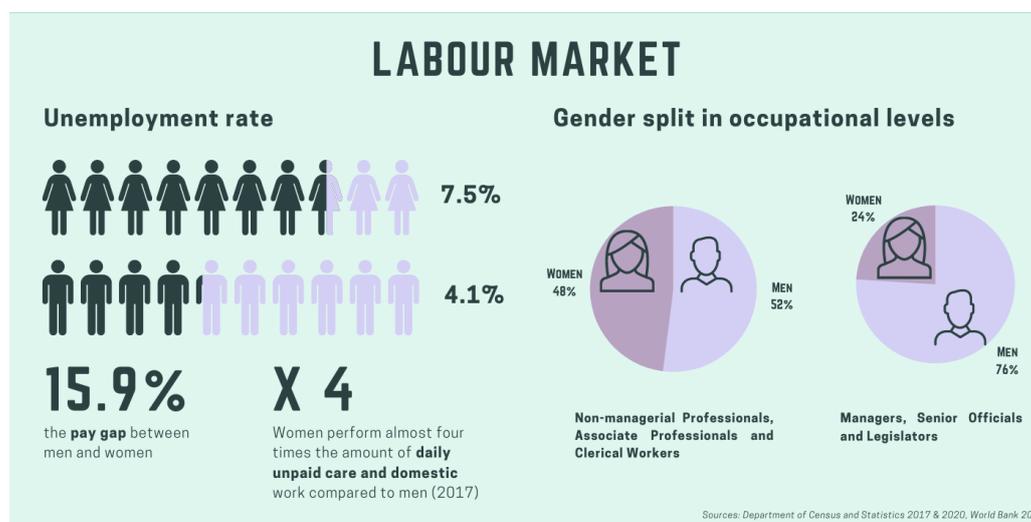
⁶⁶ UNESCO, 'New Executive Director for SACTD' <https://en.unesco.org/news/new-executive-director-sactd>. Accessed on 17 February, 2020.

⁶⁷ World Bank. 2017. Sri Lanka Education Sector Assessment.

⁶⁸ Office of the Cabinet of Ministers, *Press briefing of Cabinet Decision taken on 2018-08-07*, http://www.cabinetoffice.gov.lk/cab/index.php?option=com_content&view=article&id=16&Itemid=49&lang=en&dID=9081. Accessed on 17 February 2020.

Health and education outcomes for early-age girls largely mirror those for boys. Recent improvements in neonatal and under-five mortality rates have been shared equally between boys and girls, and Sri Lanka has also consistently maintained gender parity in enrolment and completion of primary and secondary education.^{69,70} More women are also being admitted into tertiary education, with nearly two female university admissions to every one male admission in 2018-19⁷¹

Better educational attainment has reduced the gender earnings gap but has not translated into full and equal participation. Estimates suggest that the gender wage gap has narrowed from 19.9 per cent in 2009 to 15.9 per cent in 2015.⁷² However, earnings gaps are widening at the bottom as female-dominated industries come under increasing pressure from international competition.⁷³ Only 31.7 per cent of women of working age were employed in the 4th quarter of 2020 (mostly in agriculture and manufacturing) compared to 70.9 per cent of men. The entrenched role of women means that on average, they perform almost four times the amount of unpaid domestic work as men, and surveys suggest that 70 per cent of Sri Lankan married women with at least one child under five are not in the labour market.^{74,75}



Limited progression is reflected in women’s absence from high-level decision-making. Women accounted for 27.2 per cent of managerial-level positions in 2019 (broadly unchanged since 2015), and in 2018, only 144 (8.2 per cent) of more than 1,500 board directors in Colombo Stock Exchange-listed companies were women. Likewise, only 5.3 per cent of elected parliamentary representatives in 2020 were female, despite a 2017 amendment mandating that 25 per cent of local authority representatives should be women. Labour market discrimination and cultural stigmas can hamper women’s progression, as employer perceptions regarding work hours and cultural stigmas relating to women in leadership can effectively exclude women from securing managerial positions.⁷⁶

Social attitudes have hindered women’s full and equal participation in society. Sri Lanka’s gender landscape is distinctly patriarchal, with women having been historically designated the roles of nurturers and upholders of community and culture while men are viewed as leaders and providers.⁷⁷ Although Sri Lanka’s constitution guarantees fundamental rights and non-discrimination on the grounds of sex, some ethnoreligious personal and

⁶⁹ WHO Global Health Observatory. Probability of dying per 1000 live births. Accessed 11 January 2021.

⁷⁰ UNESCO Technical Cooperation Group on the Indicators for SDG 4: Global Tables. Accessed 30 November 2020.

⁷¹ University Grants Commission, cited in CBSL Economic and Social Statistics, 2020

⁷² “Solotaroff, Jennifer L.; Joseph, George; Kuriakose, Anne; Sethi, Jayati. 2020. Getting to Work: Unlocking Women’s Potential in Sri Lanka’s Labor Force. World Bank.

⁷³ Seneviratne, P. 2020. Gender wage inequality during Sri Lanka’s post-reform growth: A distributional analysis. *World Development*. May 2020

⁷⁴ Department of Census and Statistics. 2020. *Sri Lanka Time Use Survey Final Report – 2017*

⁷⁵ International Labour Organization. 2016. *Factors Affecting Women’s Labour Force Participation in Sri Lanka*. ILO Country Office for Sri Lanka and the Maldives

⁷⁶ Ibid.

⁷⁷ M. De Alwis, “The changing role of women in Sri Lankan Society”, *Social Research*, vol. 69, No. 3 (Fall 2002).

customary laws appear to facilitate inequalities in economic resources or land ownership.⁷⁸ In 2002, 16 per cent of all privately-owned agricultural land in the country belonged to women. This limits women's ability to obtain agricultural assets, services and benefits like subsidies, credit and irrigation water⁷⁹. Many of these inequalities are preserved in law or lack adequate legal provisions against them⁸⁰. A National Women's Policy seeking to provide a framework to address gender equality was developed and ready for cabinet approval. However, Sri Lanka has not yet legislated women's rights ensured in several international instruments it ratified, such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).



Structural inequities directly affect women's physical and economic security. The 2016 Demographics and Health Survey (DHS) indicated that as much as 17 per cent of women experienced interpersonal violence in the previous year,⁸¹ while the first national-level survey on Violence against Women and Girls (2019) found that 24.9 per cent of women have experienced physical and/or sexual violence since age 15 by a partner or non-partner⁸². Sri Lanka's personal laws also often exclude violence within the family from the ordinary justice process and allow for child marriages and forced marriages⁸³. Such violence is often rooted in assigned gender roles and powers, with 35.3 per cent of women believing that men can have a good reason to hit their wife, and 39.5 per cent do not believe in a woman's sexual autonomy within marriage.⁸⁴ One in three men reported having committed physical or sexual violence against an intimate partner, of whom 69 per cent claimed they felt no guilt after the act. More than one in two men also agreed with the use of violence, viewing it as an expression of masculinity, especially in relation to family.⁸⁵

Justice (if any) is slow for survivors of gender-based violence. Those who seek legal action are compelled to go through a long process with the police, health and judicial systems. Only a handful of reported rape/incest cases end up in conviction during the same year.⁸⁶ SGBV incidence is also under-reported due to systemic issues of inadequate protection mechanisms for victims. Many cases are treated as 'family disputes' and settled by police, who often favour maintaining the family bond over the best interests of the survivor.⁸⁷

There are high incidences of unsafe abortions in Sri Lanka. Abortion in Sri Lanka is a criminal offence except when performed to save the life of a woman. There are also no laws ensuring full and equal access to sexual and reproductive health care, although knowledge of contraception is almost universal.⁸⁸ In 2019, the share of eligible families using any contraceptive method was 66.9 per cent and the share of eligible families with an

⁷⁸ Asian Development Bank, Country Gender Assessment, Sri Lanka, An Update. 2015.

⁷⁹ FAO, Country Gender Assessment of Agriculture and the Rural Sector in Sri Lanka. 2018

⁸⁰ Country Gender Assessment, Sri Lanka, An Update. Asian Development Bank. 2015.

⁸¹ Department of Census and Statistics, Demographic and Health Survey 2016 Survey Report, September 2017

⁸² Department of Census and Statistics. Women's Wellbeing Survey, 2019. 2020.

⁸³ Country Gender Assessment, Sri Lanka, An Update. Asian Development Bank. 2015.

⁸⁴ Ibid.

⁸⁵ Care International. 2013. Preventing Sexual and Gender-Based Violence: Policy and Programming Guidelines for the Private Sector

⁸⁶ Country Profile on Gender-Based Violence in Sri Lanka. World Health Organization. 2018.

⁸⁷ UNDP, Policy Brief: Gender Sensitivity and Responsiveness of Sri Lanka's Police Service, November 2020.

⁸⁸ Sri Lanka and Family Planning: An Overview. World Health Organization.

unmet need for family planning was 5.8 per cent.⁸⁹ The teenage pregnancy rate has basically remained at 4.6%,⁹⁰ but over 650 unsafe abortions happen every day despite the legal restrictions, and over 80 per cent of these are accessed by married women over the age of 30.⁹¹



Poorer social and labour market outcomes for women of working age may translate into greater incidence of old-age poverty. Most old age income support schemes are employment-based, and women who have not worked outside the home lack access.⁹² Public sector pensions cover only 14 per cent of the elderly. Informal sector workers are largely uncovered by retirement income, except for a few industry-level schemes that provide relatively small pay-outs on retirement.⁹³ Elderly poverty is also becoming increasingly 'feminised' as life expectancy for women continues to outpace men. Elderly women then become dependent on their families, with implications not only for their own welfare but also for the economic opportunities of carers (mainly productive-age women).⁹⁴

COVID-19 Impacts

The pandemic has increased pressures on women as essential workers, entrepreneurs and as participants in care. Women comprise a large percentage of frontline and essential workers dealing with the pandemic and are highly represented in sectors most impacted by its economic fallout. Similarly, women-operated businesses are more vulnerable to economic shocks given limited savings, assets, access to formal-sector credit and business development opportunities⁹⁵. Women are also likely to shoulder additional home care responsibilities during curfews and lockdowns, consistent with their performing almost four times the amount of daily unpaid care and domestic work compared to men.⁹⁶ The Ministry of Women and Child Affairs national hotline for domestic violence recorded 463 cases of SGBV in March-April 2020, compared to 123 cases in February-March 2020, suggesting women are also at greater risk of violence as school closures, unemployment and loss of income weigh on households⁹⁷.

Potential Recommendations

Targeted measures are needed to support women-led firms and workers to mitigate the economic impact of COVID-19. This is important given pre-existing inequalities in assets and access to credit among women-owned firms, and their overrepresentation in industries most heavily affected by COVID-19.

Revive stalled legislation to end discrimination against women, girls and populations with diverse sexual orientation and gender identities. Such legislation should help end discrimination in access to employment, equal pay and working conditions, including maternity and paternity benefits and childcare services. While the

⁸⁹ National Statistics. Family Health Bureau. Ministry of Health Nutrition and Indigenous Medicine Sri Lanka. 2020.

⁹⁰ Department of Census and Statistics 2018a. Demographic and Health Survey - Sri Lanka 2016. Colombo: Department of Census and Statistics.

⁹¹ UNFPA Sri Lanka. 2020. *Press Release: Improving academic and economic advancement of women and girls through the power of choice.* 29 October, 2020. Accessed 11/01/2021.

⁹² ESCAP. 2016. *Long-term Care of Older Persons in Sri Lanka.* Social Development Division Project Working Paper Series, Bangkok.

⁹³ World Bank. Elder Care Improvement Project (P168696): Project Information Document. 2018.

⁹⁴ Ibid.

⁹⁵ UN Sri Lanka, *UN Advisory Paper: Immediate Socio-Economic Response to COVID-19 in Sri Lanka, 2020*

⁹⁶ Department of Census and Statistics. 2020. Sri Lanka Time Use Survey Final Report – 2017

⁹⁷ UN Sri Lanka, *UN Advisory Paper: Immediate Socio-Economic Response to COVID-19 in Sri Lanka, 2020*

GoSL is considering the inclusion of women’s rights in the chapter on *Fundamental Rights* in a new Constitution, much more needs to be done to advance gender equality and women’s empowerment. Systemic reform is also required to ensure full access to sexual and reproductive health and reproductive rights. This should be complemented by efforts to address sociocultural and attitudinal issues hindering access to sexual and reproductive health services.

Establish a policy framework to address SGBV, measures to provide greater enforcement powers under the Prevention of Domestic Violence Act (2005) and greater and fairer access to a comprehensive, survivor-centred package of services for survivors. This requires improving service provision and building capacities with national and subnational institutions to address and prevent SGBV. A well-coordinated multisectoral response must be available for survivors in line with the 2018 SGBV Essential Service Package initiative.

Chapter 3 - Prosperity Pillar

This section reviews and assesses Sri Lanka’s progress towards achieving targets for four SDGs (1, 8, 9, and 10) listed under the heading of the prosperity pillar. It discusses the status of achievements during 2016-2019 before the COVID-19 pandemic; the impact of the pandemic in 2020; the outlook for 2021 and further afield; and some policy priorities.

- SDG 1: End poverty in all its forms everywhere
- SDG 8: Promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
- SDG 10: Reduce inequality within and between countries

Analysis

Slowing post-conflict growth. Chart 1 shows Sri Lanka’s annual growth with some signposts to highlight important periods of activity. A significant growth pickup occurred in the three years after the ending of the 30-year civil conflict, with the economy expanding at a yearly average of 8.5 per cent between 2010 and 2012—a period sometimes referred as a “peace dividend.”⁹⁸ Growth was mainly fuelled by large infrastructure investment projects financed by foreign borrowing at commercial interest rates, along with a recovery of economic activities in the conflict-affected North and Eastern Provinces.⁹⁹ Demand from public sector infrastructure projects underpinned strong contributions to GDP growth from the non-tradeable sector (e.g., construction, transport, utilities and retail trade).¹⁰⁰ However, annual growth nearly halved to 4.5 per cent on average in 2013-2015 as these large infrastructure projects moved through their factor-intensive construction phases.

Sri Lanka’s growth slowed further to an average of 3.4 per cent in 2016-2019, reflecting the influence of external shocks and domestic factors.¹⁰¹ In 2016 and 2017 the economy was hit by adverse weather conditions which caused a contraction in the agricultural sector and affected rural livelihoods. Growth continued to weaken in 2018 as tightening global financial conditions put pressure on Sri Lanka’s exchange rate, the country’s sovereign rating was downgraded, and a constitutional crisis affected business and investor sentiment.¹⁰² Growth softened

⁹⁸ See D. Fonseka and others, “Sri Lanka: From Peace Dividend to Sustained Growth Acceleration”, World Bank Policy Research Working Paper No. 6192 (Washington DC: World Bank, 2012).

⁹⁹ See P. Athukorala and others, “The Sri Lankan Economy: Charting A New Course”, Manila: Asian Development Bank (ed. 2017).

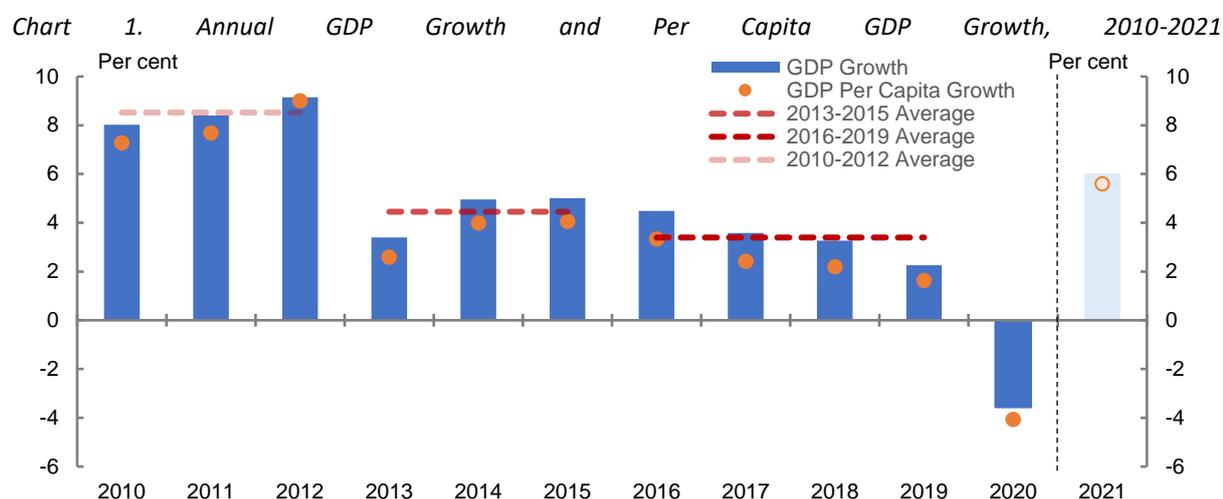
¹⁰⁰ See G. Wignaraja and others, “Chinese Investment and BRI in Sri Lanka”, London: *Chatham House Research Paper*, March 2020.

¹⁰¹ See Central Bank of Sri Lanka *Annual Reports 2016, 2017, 2018 and 2019*, Colombo, Central Bank of Sri Lanka.

¹⁰² J. Feltman (2019), *Sri Lanka’s Presidential Election 2019: Progress, Regression or Paralysis?* Brookings Policy Brief (Washington, DC: Brookings Policy Institution, April 2019).

to 2.3 per cent in 2019 as the Easter Sunday bombings had a serious impact on the tourism sector which reverberated throughout the economy and dampened business confidence¹⁰³.

Per capita economic growth has weakened in recent years to an annual average of 2.4 per cent in 2016-2019 from 5.4 per cent in 2011-2015. This transition reflects moderating GDP growth and potential signs of an earlier and steeper demographic transition compared to other South Asian economies like India.¹⁰⁴ This demographic shift has important economic and social implications.^{105,106}



Source: Department of Census and Statistics; Central Bank of Sri Lanka; UN Department of Economic and Social Affairs (Population Division); IMF World Economic Outlook Database (April 2021). Dashed vertical line indicates start of estimates period.

Limited structural change and a mixed technological record. For several decades after the adoption of economic reforms in 1977, Sri Lanka followed a pattern of structural transformation characterised by a shift of labour and capital from agriculture to industry¹⁰⁷. While the industrial sector (including manufacturing and utilities) accounts for over a quarter of Sri Lanka’s economy, it has shown little dynamism over the past decade (Table 1). Sri Lanka ranks seventy-fifth in UNIDO’s Competitive Industrial Performance Index and ninety-ninth in the World Bank’s Ease of Doing Business Indicators.¹⁰⁸ Its manufacturing subsector has declined from 18.5 per cent of GDP in 2000 to 16.2 per cent in 2020. This process of deindustrialisation is thought to broadly impede economic growth and development and is occurring at a rate that exceeds many countries in South and East Asia.¹⁰⁹

Table 1 Sri Lanka Shares of Annual Gross Value Added, by Sector (%)

Sector	2011	2014	2017	2020
Agriculture, Forestry and Fishing	9.6	8.6	8.6	8.9
Industries (including construction)	30.4	30.4	29.5	27.8
Services	60.0	61.0	61.8	63.3

Source: Department of Census and Statistics.

A recent growth diagnostic by Harvard University’s Centre for International Development (CID) suggests that Sri Lanka’s exports have grown slower than imports because they have not diversified beyond a narrow set of

¹⁰³ Central Bank of Sri Lanka, Sri Lanka Purchasing Managers’ Index, May 2019.

¹⁰⁴ R. Guest and J. Bandaralage, “Can Sri Lanka Stay Ahead of India in the Face of Population Aging?”, *The Indian Economic Journal*, Vol. 67, No. 3-4 (December 2020).

¹⁰⁵ See ADB, *Growing Old Before Becoming Rich: Challenges of an Aging Population in Sri Lanka*, Manila: Asian Development Bank (2019).

¹⁰⁶ The health needs of the elderly are discussed under the heading of health in the Peoples Pillar while the chapter on leaving no one behind looks at issues relating to older women as a vulnerable group.

¹⁰⁷ G. Wignaraja and A. Huttemann, “Assessing Sri Lanka’s Economic Transformation Pathways, 1977-2019”, *SET Working Paper* (London: Overseas Development Institute, October 2020).

¹⁰⁸ UNIDO, *Industrial Analytics Platform - Sri Lanka: Country Profile*. Accessed 1 March 2021.

¹⁰⁹ UNIDO, *Deindustrialisation, structural change and sustainable economic growth*, ISID working paper, <https://www.unido.org/api/opentext/documents/download/9928040/unido-file-9928040> (February 2015).

traditional, low-complexity goods (tea, rubber products and ready-made garments).¹¹⁰ The diagnostic argues that Sri Lanka can enter new and higher productivity export industries through a mix of attracting **foreign direct investment** (FDI), facilitating public-private sector coordination and encouraging technology transfer to generate higher value-added production activities. Binding constraints to these reforms include access to land, gaps in transport infrastructure and deep policy uncertainty which raises the costs of doing business in Sri Lanka (particularly frequent and unpredictable changes in tax policy, land policy and trade policy).

The drive to encourage FDI may in part reflect Sri Lanka's relatively mixed record on domestic innovation and technological development. UNESCO estimates suggest that research and development expenditure in Sri Lanka accounted for only 0.1 per cent of GDP in 2018—less than half the investment in Pakistan, and six times less than India.¹¹¹ However, the early entry of private telecommunications service providers and investments in modern ICT infrastructure may provide a basis to support diversification towards ICT and the digital service economy, with 78 per cent of the population aged 15-65 owning a mobile phone in 2019 and the number of mobile phones per 100 people increasing from 123 to 142 between 2016 and 2019.^{112,113}

The recent motion from the European Parliament to temporarily suspend Sri Lanka's preferential trading arrangements under the Generalised Scheme of Preferences (GSP+) risks disrupting market access to Sri Lanka's second largest export destination. Since 2017, the EU has relaxed import duties for two-thirds of Sri Lanka's export products under GSP+ arrangements in exchange for its commitment to implement 27 international conventions it has ratified on human rights, labour conditions, protection of the environment and good governance.^{114,115} However, a recent motion from the European Parliament calls to re-assess Sri Lanka's eligibility for GSP+ status in light of recent amendments to the country's counter-terrorism legislation and inconsistency with international human rights conventions.¹¹⁶ The EU is Sri Lanka's second largest trading partner after China and the recipient of nearly a quarter of the island's exports—the vast majority of which are from the garment sector—which has implications for an estimated 350,000 workers in the apparel industry.^{117,118}

After an initial labour market uptick, unemployment re-emerged with worrying features. Sri Lankan labour force participation remains low, at 50.1 per cent of the working age population in the fourth quarter of 2020.¹¹⁹ Tepid growth in 2016-2019 meant that unemployment rose to 4.8 per cent in 2019.¹²⁰ One challenge is a persistent gender gap. In 2019, female unemployment rates (7.4 per cent) were more than double that of males.¹²¹ Informal employment accounted for 57.4 per cent of total employment in 2019—the majority of which are own-account workers – and is highly concentrated in agriculture.¹²² Progress towards greater formalisation of Sri Lanka's labour force is crucial for the 2030 Agenda, and in line with ILO Recommendation 204 on 'Transition from the Informal to Formal Economy'.¹²³

Growth contributed to poverty reduction, but stubborn poverty pockets remain. The national poverty head count ratio halved from 8.9 per cent in 2009 to 4.1 per cent in 2016,¹²⁴ reflecting the downward trend in poverty

¹¹⁰ Center for International Development, "Sri Lanka Growth Diagnostic Analysis" (Cambridge, MA: Harvard University, January 2018). Available at https://growthlab.cid.harvard.edu/files/growthlab/files/growth_diagnostic_for_sri_lanka_1.pdf.

¹¹¹ UNESCO Institute for Statistics, cited in World Bank World Development Indicators. Accessed 15 October 2020.

¹¹² LIRNEasia, "After Access – ICT Access and use in Asia and the Global South", publication launched 22 May 2019 based on survey responses from April 2017 to January 2019.

¹¹³ International Telecommunication Union, (ITU) World Telecommunication/ICT Indicators Database. Cited in World Bank: World Development Indicators. Accessed 15 October 2020.

¹¹⁴ European Commission, EU grants Sri Lanka improved access to its market as incentive for reform. *Generalized Scheme of Preferences (GSP) news archive* (Brussels: 17 May 2017).

¹¹⁵ EconomyNext, EU parliament adopts resolution on Sri Lanka; wants PTA repealed, GSP+ withdrawn (11 June 2021).

¹¹⁶ European Parliament, Procedure 2021/2748(RSP). *Joint Motion for a Resolution on the situation in Sri Lanka, in particular the arrests under the Prevention of Terrorism Act* (9 June 2021).

¹¹⁷ European Commission, *Countries and Regions: Sri Lanka*. Updated 3 June 2021.

¹¹⁸ Sri Lanka Apparel. *An Industry Misunderstood – Sri Lankan Apparel's Tale of Resilience and Global Leadership*. 6 November 2020. Accessed 2 July 2021.

¹¹⁹ Sri Lanka, Department of Census and Statistics, *Labour Force Survey: Quarterly Report, 4th Quarter 2020* (Colombo: 2020).

¹²⁰ Sri Lanka, Central Bank of Sri Lanka, *Economic and Statistical Charts: Unemployment Rate*. Accessed 12 January 2021.

¹²¹ Sri Lanka, Department of Census and Statistics, *Sri Lanka Labour Force Survey: Annual Bulletin – 2019* (Colombo, 2019),

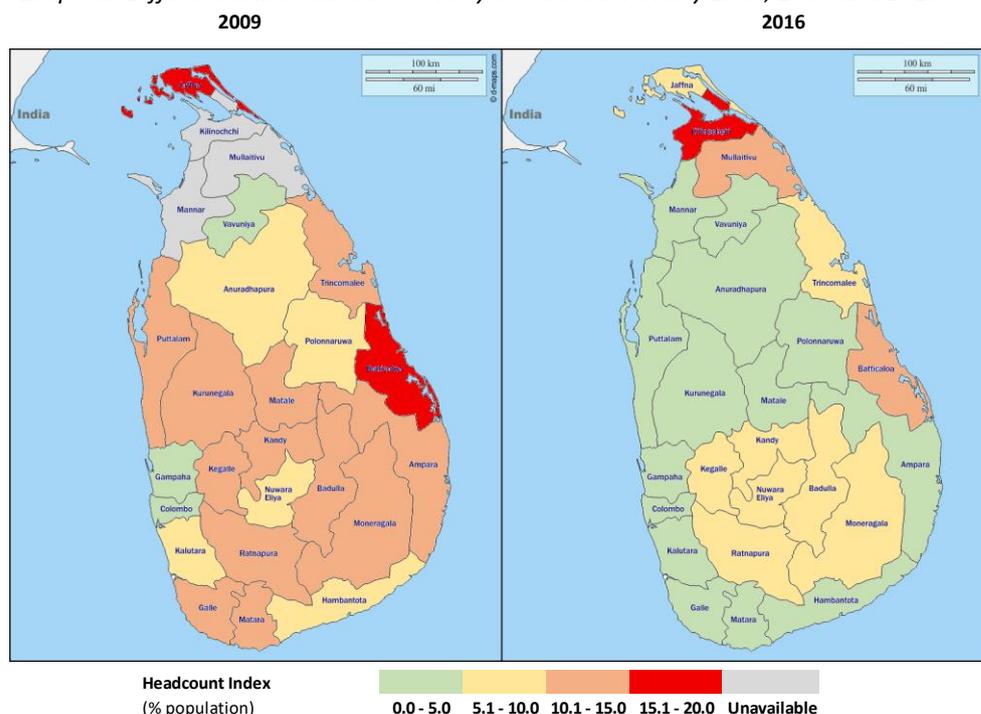
¹²² *Ibid.*

¹²³ GoSL and ILO, *Decent Work Country Programme Sri Lanka 2018-2022* (Colombo, International Labour Organization).

¹²⁴ Sri Lanka, Department of Census and Statistics, *Poverty Indicators based on the Household Income and Expenditure Survey – 2016*. Figure 2: Poverty headcount index by survey period.

since the end of the civil conflict. Extreme poverty at the \$1.90 a day poverty line dropped by two-thirds, falling from 2.8 per cent to 0.9 per cent. Poverty at the \$3.20 a day poverty line nearly halved, falling from 19.9 per cent to 11 per cent.¹²⁵ However, a large share of the population lives in vulnerable conditions. The \$5.50 a day poverty line shows that as much as 42 per cent of the population lived in poverty in 2016.^{126,127} Furthermore, pockets of severe poverty persist, particularly in the former conflict areas of the North and East and in relatively affluent areas including Kurunegala, Rathnapura and Kandy (Figure 1). On average, poverty at national poverty lines was highest in the estate sector in 2016, more than double the average for rural areas and more than four times the average for urban areas.¹²⁸

Figure 1: Spatial Differences in Headcount Poverty at National Poverty Lines, 2009 and 2016



Source: DCS Household Income and Expenditure Survey

Income inequality slightly increased. The bottom 40 per cent of the population recorded income growth of 3.7 per cent in 2016—slightly below the national average of 4.1 per cent, and short of the SDG commitment to “sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average”.¹²⁹ Incomes have also grown more quickly among the rich than the poor (the GINI Index increased from 0.37 in 2009 to 0.41 in 2016¹³⁰).

COVID-19 Impacts

Significant negative growth impact from COVID-19. The economic fallout largely occurred through measures to contain the pandemic (e.g., lockdowns, closure of the airport and internal travel restrictions) as well as international trade and finance channels. Tourism came to a virtual standstill while exports and remittances fell significantly¹³¹. Micro, small and medium enterprises (MSMEs), the backbone of the economy, were particularly hard-hit, with revenue across the services sector falling by as much as 70 per cent over the first five months of

¹²⁵ World Bank PovcalNet, cited in World Bank World Development Indicators. Accessed 15 October 2020.

¹²⁶ Ibid.

¹²⁷ Other indicators also point to the high level of vulnerability in households in Sri Lanka, such as % of pop that use charcoal for cooking, high expenditure on food as % of total expenditure and high household debt levels.

¹²⁸ Sri Lanka, Department of Census and Statistics, *Poverty Indicators based on the Household Income and Expenditure Survey – 2016*. Figure 1: Distribution of poverty headcount index by district.

¹²⁹ Sri Lanka, Department of Census and Statistics. Annual time series of GDP at constant prices and % growth: Table 4. Income growth of bottom 40% obtained from the World Bank’s World Development Indicators. Updated 15 December 2020.

¹³⁰ Sri Lanka, Department of Census and Statistics. Household Income and Expenditure Survey: 2016. Cited in CBSL *Economic and Social Statistics of Sri Lanka: 2020*.

¹³¹ United Nations Sri Lanka. *UN Advisory Paper: Immediate Socioeconomic Response to COVID-19 in Sri Lanka (2020)*.

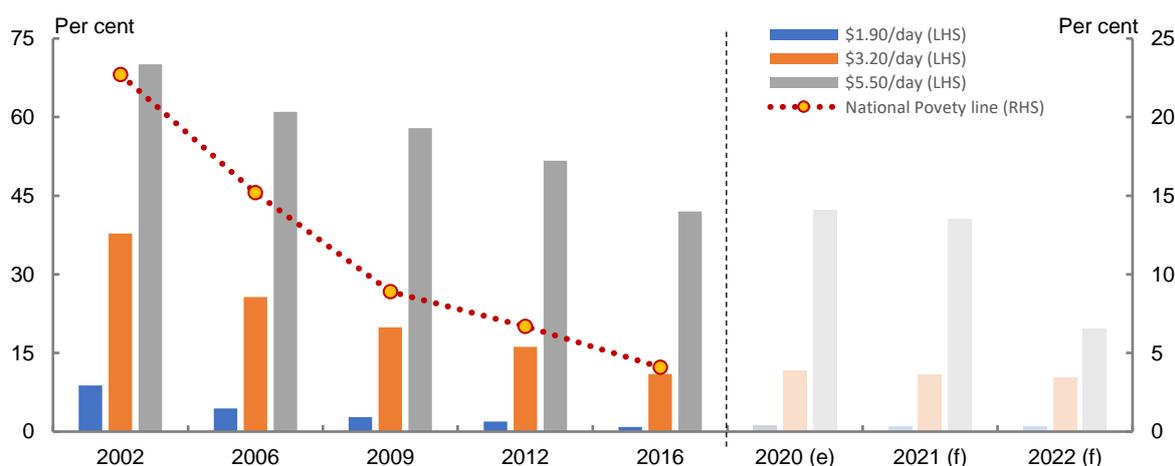
2020.¹³² In April and May 2020, the GoSL spent an estimated Rs. 50 billion (0.33 per cent of 2019 GDP, or \$270 million) in cash transfers to vulnerable populations through existing welfare schemes.¹³³ This was implemented across all 25 districts and extended to waitlisted families.¹³⁴

The World Bank suggests that over 500,000 people may have been pushed into poverty.¹³⁵ These findings indicate concentrated job losses in subsectors like construction, garment manufacturing, transport, and food and accommodation, with job loss more likely to occur in urban areas. Losses were also more likely to be concentrated in the lower-middle part of the income distribution, as workers at the higher end were more likely to be engaged in remote jobs, while subsectors with employees concentrated in the lower part of the distribution (such as agriculture) were less disrupted by restrictions on mobility and public gatherings. As a result, the ‘new poor’ created by the pandemic are twice as likely to reside in urban areas and are more educated than the cohort considered ‘poor’ prior to 2020.

The pandemic suggests poverty could rise. Projections by the World Bank indicate that the share of the population in poverty in Sri Lanka in 2020 could have increased to 1.2 per cent (at \$1.90 a day), 11.7 per cent (at \$3.20 a day) and 42.3 per cent (at \$5.50 a day), and the pandemic “more than reverses the progress” made in poverty reduction since 2016.¹³⁶ As the effects of the pandemic continue into 2021, a significant share of the population in vulnerable conditions could also be tipped into poverty.

An estimated 50,000 migrant workers have returned home in response to the pandemic, causing reductions in remittances and challenges for existing social protection systems, social cohesion and care networks, along with services to support the specific needs of forced returnees.¹³⁷

Chart 2: Measures of Headcount Poverty at National and International Poverty Lines



Source: World Bank Poverty and Equity Database; World Bank Sri Lanka Development Update, 2021; DCS Household Income and Expenditure Survey

In 2020, Sri Lanka’s economy contracted for the first time since 2001. The economy contracted by 3.6 per cent as island-wide curfews translated into lost labour income and business earnings for firms and households, particularly for industries with substantial person-to-person contact. Most of the contraction in GDP was absorbed by labour-intensive industries such as textile and apparel manufacturing (down 11.9 per cent compared to 2019); construction (-13.2 per cent); transport and warehousing (-6.7 per cent); and accommodation and food services (-39.4 per cent).¹³⁸ The consensus among forecasters pointed to an economic

¹³² Sri Lanka, Department of Census and Statistics. *Special Note: Further Explanation about GDP and the Economic Growth Rate in the Second Quarter of 2020*. See also International Trade Centre. *ITC COVID-19 Business Impact Survey: Sri Lanka* (2020).

¹³³ United Nations Sri Lanka. *UN Advisory Paper: Immediate Socioeconomic Response to COVID-19 in Sri Lanka* (2020).

¹³⁴ World Bank. *Sri Lanka Development Update: 2021* (Washington, DC, World Bank, 2021).

¹³⁵ Ibid.

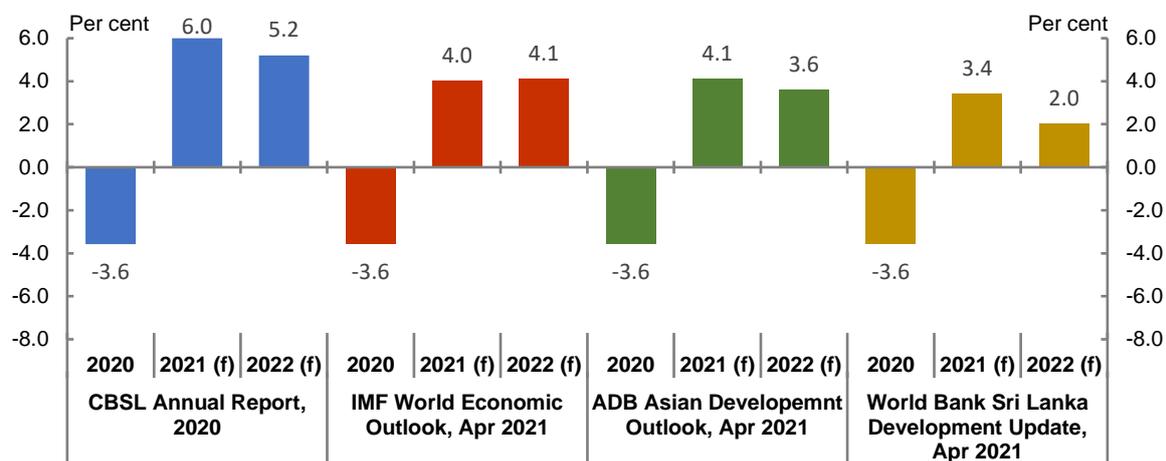
¹³⁶ Ibid.

¹³⁷ United Nations Sri Lanka. 2020. *UN Advisory Paper: Immediate Socioeconomic Response to COVID-19 in Sri Lanka*

¹³⁸ Sri Lanka, Department of Census and Statistics. Annual time series of GDP at constant prices and % growth: Table 4 (Sri Lanka, 2021).

recovery in 2021, though forecasts may not fully account for the recent deterioration in Sri Lanka’s public health situation. Growth is expected to moderate slightly in 2022, noting a high degree of uncertainty around the duration of the pandemic (Chart 5).^{139,140} The World Bank noted that a more prolonged economic downturn could push many MSMEs into insolvency, place additional strain on public finances and elevate the risks to macroeconomic stability.¹⁴¹ Recovery for international tourism (accounting for 11.0 per cent of Sri Lanka’s employment in 2019) could also be further delayed.¹⁴²

Chart 3: Sri Lanka GDP Growth Estimates and Projections, by Forecasting Entity, 2020-2022.



Distribution of COVID-19 vaccines is a source of cautious optimism. The IMF upgraded its most recent forecast for the global economy by 0.5 percentage points to 6.0 per cent in 2021. This is tempered by expectations that the pace of recovery will vary across countries. A potential two-speed global recovery could lead to significantly wider gaps in living standards between low- and high-income countries.¹⁴³ The recent surge of COVID-19 infections driven by “variants of concern” is, moreover, outpacing vaccination efforts. The World Bank and the Asian Development Bank identify a quick and comprehensive vaccine rollout in Sri Lanka in 2021 as crucial to economic recovery, though the recent surge in COVID-19 cases makes it increasingly difficult to predict the path and the scale of the pandemic.^{144,145}

An increasing risk is sustainability of public finances. Constraints on fiscal space leave little room for Sri Lanka to deliver the large-scale fiscal outlays of COVID-19 domestic policy responses by other world governments. Perhaps more concerning, the combined effects of a protracted decline in domestic economic activity and pressure on Sri Lanka’s external sector increase the risk of debt distress (for more details see Chapter 7 - Financing for Development, Box 2).

Central government debt in 2020 is estimated at 101 per cent of GDP and will likely increase in the near term unless reductions in government expenditure can offset the 30 per cent contraction in tax revenue recorded in 2020.^{146,147} The GoSL’s Medium-Term Macro-Fiscal Framework from 2020 to 2025 shows central government debt peaking in 2020 before declining over the period to 2025 as budget deficits are reduced through fiscal consolidation and projected revenue increases. However, projections from the IMF and the World Bank show more persistent fiscal deficits into the medium term and a less favourable outlook for government debt.

¹³⁹ Central Bank of Sri Lanka, *Annual Report: 2020* (Sri Lanka, 2021).

¹⁴⁰ World Bank, *Sri Lanka Development Update: 2021* (Washington, DC, World Bank, 2021).

¹⁴¹ Ibid.

¹⁴² Asian Development Bank, *Asian Development Outlook: April 2021*

¹⁴³ IMF, *World Economic Outlook – April 2021: Managing Divergent Recoveries* (Washington, DC, April 2021).

¹⁴⁴ Asian Development Bank, *Asian Development Outlook: April 2021* (Mandaluyong, Philippines, 2021)

¹⁴⁵ World Bank, *Sri Lanka Development Update: 2021* (Washington, DC, World Bank, 2021).

¹⁴⁶ Central Bank of Sri Lanka, *Weekly Economic Indicators: 28 May, 2021*

¹⁴⁷ Central Bank of Sri Lanka, *Annual Report: 2020*.

Potential Recommendations

Avoiding a prolonged recession depends on a COVID-19 recovery strategy aligned with the SDGs and the 2030 Agenda. The UN is firm in advocating for a package of first-best policies to support social and economic progress towards 2030 and is working tirelessly to find financing solutions to fit that programme, along with the World Bank and the IMF.¹⁴⁸

Releasing fiscal space in the short term to finance targeted poverty reduction measures resulting from the COVID-19 crisis. Sustainable ways to retire high-cost debt and refinance on better credit terms could generate short-term fiscal capacity while addressing overlaps in service delivery and improving the targeting of larger fiscal outlays to improve efficiency.

Initiating reforms to move towards a modern social protection system. A nationally defined social protection floor could guarantee the right of access to comprehensive health care and unemployment protections. Digitised delivery systems can reduce costs and establish a more comprehensive register of beneficiaries, easing future targeting of social assistance.

Safeguarding Sri Lanka's financial system against further financial market stress. Support for MSMEs should be ramped up through concessional financial incentives and grants. Once the pandemic is under control, attention should be given to rebuilding bank buffers, stricter regulation for non-banking financial institutions and improving financial access for MSMEs.

Amending domestic legislation is crucial to the operation of the GSP+ ahead of the EU-Sri Lanka Joint Commission meeting in 2022 is an important step. Recent engagements between Sri Lanka and the EU and commitments to engage in Working Group-level discussions in the fourth quarter of 2021 are welcome developments that will help contribute to policy certainty around trading arrangements.¹⁴⁹

Stemming the pre-pandemic de-industrialisation trend can restart job creation. Export-led growth can leverage current industrial skills gained in garment manufacturing, as well as enhanced value addition to Sri Lanka's primary sectors. Attracting export-oriented foreign investment into other labour and skill intensive sectors can promote export diversification. The country may also need to engage with the global fourth industrial revolution and the use of Advanced Digital Production technologies.

¹⁴⁸ United Nations Sri Lanka. 2020. *UN Advisory Paper: Immediate Socioeconomic Response to COVID-19 in Sri Lanka*

¹⁴⁹ Economy Next, "Sri Lanka updates EU on terror revision ahead of GSP+ monitoring mission", 1 July 2021.

Chapter 4 - Planet Pillar

This section attempts to evaluate Sri Lanka's progress towards achieving targets for seven SDGs (6, 7, 11, 12, 13, 14 and 15) listed under the heading of the planet pillar. It discusses the state of play before the COVID-19 pandemic, the impact of the pandemic in 2020, the outlook for 2021 and further afield, and some policy priorities.

- SDG 6: Ensure availability and sustainable management of water and sanitation for all
- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- SDG12: Ensure sustainable consumption and production patterns
- SDG 13 Take urgent action to combat climate change and its impacts
- SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halve biodiversity loss

ANALYSIS

Climate Change

Sri Lanka is highly vulnerable to climate change. This includes rising sea and land temperatures, changing precipitation patterns, and intensifying extreme events such as flooding, storms and droughts.¹⁵⁰ Annual average temperatures in Sri Lanka are projected to rise 1.0°C-1.5°C by 2050. While in line with regional averages, the impact on Sri Lankan livelihoods will be among the most severe in South Asia due to the high degree of vulnerability of households in “hotspot” areas.¹⁵¹

Climate change pace outstrips Sri Lanka's readiness to respond to its effects. The University of Norte Dame's 2018 ND-GAIN Index, which summarises a country's readiness to adapt to climate change, ranks Sri Lanka as 103rd out of 181 countries, belying growing vulnerability to changes in cereal yields and variability of water runoff.¹⁵²

Climate change is severely affecting Sri Lanka's poorer regions. In the Northern and North Western Provinces, living standards are projected to decline by more than 10 per cent by 2050. These provinces are characterised by gaps in critical infrastructure, lower water availability and lower rates of electrification. Declining living standards can be attributed to worsening health due to heat-related illness, crop failures, drought and water insecurity and lower labour productivity due to exhaustion and vector-borne disease.¹⁵³

Drought adversely affects livelihoods and food security. Over 14 drought events have been recorded in Sri Lanka between 1980 and 2019,¹⁵⁴ affecting the livelihoods of millions and posing food security issues as domestic food production struggles to meet population needs.¹⁵⁵ Droughts have also severely affected Sri Lanka's hydropower generation, leading to losses in crops and livestock in 2005-2010.¹⁵⁶ Figure 2 attempts to classify districts based

¹⁵⁰ M. Mani and others, *South Asia's Hotspots : Impacts of Temperature and Precipitation Changes on Living Standards*, South Asia Development Matters (Washington, DC, World Bank ,2018).

¹⁵¹ World Bank, “Action Needed to Prevent Impacts from Climate Change in Sri Lanka, says World Bank.” Press release, 20 September 2018. <https://www.worldbank.org/en/news/press-release/2018/09/20/action-needed-to-prevent-impacts-from-climate-change-in-sri-lanka-says-world-bank>.

¹⁵² C. Chen and others, University of Notre Dame Global Adaptation Index (Notre Dame, Indiana, 2018).

¹⁵³ M. Mani and others, *South Asia's Hotspots : Impacts of Temperature and Precipitation Changes on Living Standards*, South Asia Development Matters (Washington, DC, World Bank ,2018).

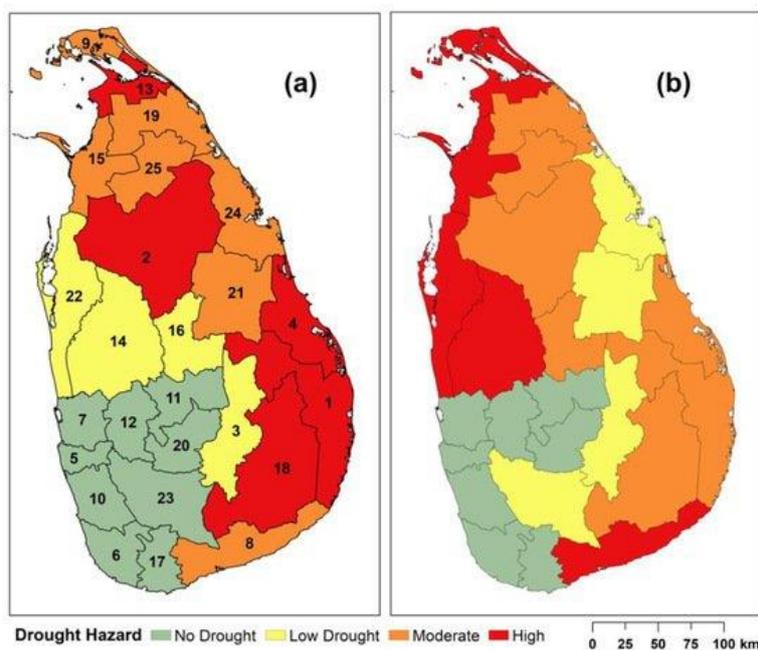
¹⁵⁴ N. Alahacoon, M. Edirisinghe, and M. Ranagalage, “Satellite-Based Meteorological and Agricultural Drought Monitoring for Agricultural Sustainability in Sri Lanka”, *Sustainability*, Vol. 13, No. 6, p. 3427.

¹⁵⁵ WFP, UNFPA, UNICEF, *Joint Concept Note: Integrated Disaster risk management approach for a Climate Resilient Sri Lanka* (Colombo: UN Sri Lanka, 2020).

¹⁵⁶ B. Marambe and others, Climate, climate risk, and food security in Sri Lanka: the need for strengthening adaptation strategies. In: *Handbook of climate change adaptation* (Berlin: Springer, 2015), pp. 1759-1789.

on their meteorological and drought hazards from 1989-2019.¹⁵⁷ Meteorological drought is measured through rainfall anomalies (e.g., prolonged dry spells), while agricultural droughts are assessed by vegetation health.

Figure 2: a) Meteorological and (b) Agricultural Drought Hazard by District, 1989-2019



Source: Alahacoon et al. (2021)

Average temperature rise and water stress can affect agricultural yields and lead to contamination of groundwater. Interventions should include safeguards against the effects of higher CO² concentrations; screening crop varieties for heat and water stress; and assessing impacts on reef fish stocks and fisheries.¹⁵⁸ Rural communities face health impacts from water sources with a much higher risk of agrochemical contamination or water-borne diseases.¹⁵⁹ Groundwater sources in the northern “dry zones” are also affected by fertiliser use.¹⁶⁰ This has longer-term implications given the challenges in rehabilitating sources and identifying viable alternatives.¹⁶¹

Sri Lanka’s coastal areas are increasingly prone to rising sea levels and extreme weather events. The World Bank estimates average annual disaster losses of LKR50 billion (\$313 million), equivalent to 0.4 per cent of GDP or 2.1 per cent of government expenditure¹⁶² (Chart 2). On average, 800,000 Sri Lankans per year were affected by natural disasters over the decade to 2019.¹⁶³ Climate-focused NGO Germanwatch ranked Sri Lanka as the sixth most vulnerable country to the effects of climate change in 2018.

¹⁵⁷ N. Alahacoon, “Satellite-Based Meteorological and Agricultural Drought Monitoring.”

¹⁵⁸ UN Sri Lanka, *Potential sector approaches to offset Sri Lanka’s vulnerability to climate change*, Colombo: Working document from Humanitarian Coordination Team, 2020.

¹⁵⁹ UNDP Sri Lanka, *Unseasonal Seasons in the Land of Serendipity*, n.p., 2019.

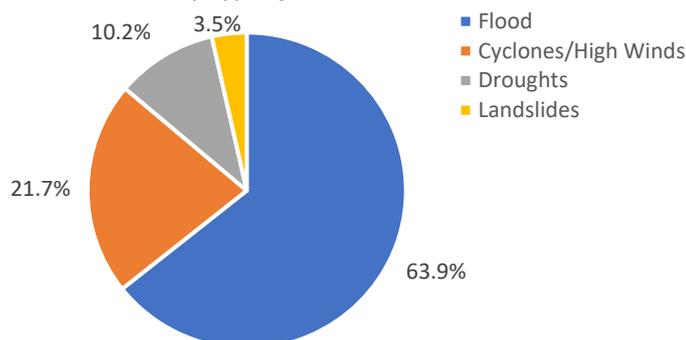
¹⁶⁰ UNICEF Regional Office for South Asia, *Community Involvement in Promoting Groundwater Recharge through Managed Aquifer Exchange Approach - A Pilot Experience in Jaffna, Sri Lanka* (Kathmandu, Nepal: UNICEF WASH Field Note).

¹⁶¹ World Bank Group, *Managing Groundwater for Drought Resilience in South Asia* (Water Global Practice, n.p., 2020).

¹⁶² World Bank Group, *Managing Groundwater*.

¹⁶³ United Nations Department of Economic and Social Affairs, *SDG Indicators: United Nations Global SDG Database* (2021).

Chart 4: Annual Average Disaster Losses, by Type of Disaster



Source: PreventionWeb: Sri Lanka Data Profile, cited in World Bank (2020)

Precipitation flooding accounts for a sizable share of overall losses each year (Figure 2), and is associated with landslides, which increase the prevalence of vector-borne diseases such as dengue fever.¹⁶⁴ Situation reports from the Natural Disaster Management Centre indicate that heavy rains in Sri Lanka’s north and east in 2019 caused flooding and landslides that affected 65,316 people across 13 Districts¹⁶⁵. A more responsive social protection system could provide timely, targeted disaster assistance in a way that leverages existing transfer mechanisms and minimises the fiscal and coordination burden on government.¹⁶⁶

Climate change is also affecting health. Children experience greater physical and psychological trauma, while nutritional deprivation, infectious agents and environmental contaminants can manifest as chronic disease or cognitive impairments later in life.¹⁶⁷ WHO estimates that 88 per cent of the disease burden due to climate change is borne by children under five.¹⁶⁸ Older persons are also vulnerable to disease due to heat stress and food and water supply issues.¹⁶⁹ Studies suggest that household air pollution driven by biomass cooking facilities are associated with an increased prevalence of low birthweight, and increased risk of cataracts, heart and respiratory disease among the elderly.^{170,171}

Sustainable Production and Consumption

Progress has been mixed under the 2019 National Policy on Sustainable Consumption and Production for Sri Lanka, which outlines an ambitious agenda.¹⁷² In 2021, the CEA enacted a regulatory framework to phase out single-use plastics, with mediation measures assisting the transition to biodegradable substitutes¹⁷³. The GoSL’s four-year partnership with the EU’s *Switch-Asia* facility has also built support for the introduction of eco-labelling.^{174,175} Further activity is constrained by few incentives to adopt sustainability-focused business

¹⁶⁴ UNDP Sri Lanka, *Unseasonal Seasons in the Land of Serendipity* (n.p., 2019).

¹⁶⁵ Disaster Management Centre, Situation Report: December 23, 2019. Sri Lanka Ministry of Defense

¹⁶⁶ Institute of Policy Studies, Sri Lanka, Social Protection and Disaster Risk Management in Sri Lanka, *IPS Policy Insights* (2018), pp. 1-2.

¹⁶⁷ UNICEF Office of Research. ‘The Challenges of Climate Change: Children on the front line’, Innocenti Insight, Florence: UNICEF Office of Research, 2014.

¹⁶⁸ Ibid.

¹⁶⁹ World Health Organization, *Fact Sheet: Climate Change and Health*, <https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health>. Accessed 24 March 2021.

¹⁷⁰ Vakalopoulos, A. et al., 2021. Household Air Pollution from Biomass Fuel for Cooking and Adverse Fetal Growth Outcomes in Rural Sri Lanka. *International Journal of Environmental Research and Public Health*, Volume 18.

¹⁷¹ Elledge, M. et al., 2012. A Profile of Biomass Stove Use in Sri Lanka. *International Journal of Environmental Research and Public Health*, 9(4), pp. 1097-1110.

¹⁷² Government of Sri Lanka. 2019. National Policy on Sustainable Production and Consumption for Sri Lanka. 29 October, 2019.

¹⁷³ Sri Lanka Office of the Cabinet of Ministers, *Press Briefing on Cabinet Decision taken on 19 October 2020: Single Use Plastic and Polythene Waste Management*, October 19, 2020.

¹⁷⁴ Switch-Asia. *Sri Lanka and the European Union Advance on Sustainable Consumption and Production Commitments*, 13 February 2019

¹⁷⁵ Government of Sri Lanka, Project Activity Press Release: SWITCH-Asia Sustainable Consumption and Production National Policy Support Component for Sri Lanka (SCP NPSC SL) – SCP Exposure Visits in Europe for Senior Government Officials (Sri Lanka, Ministry of Environment, 2018).

practices¹⁷⁶ and a lack of harmonised monitoring of sustainable production.¹⁷⁷ More recent analysis points to waste leakage into the Lakshadweep Sea, which threatens biodiversity and international tourism.¹⁷⁸

Doubling of Sri Lanka's per capita CO² emissions and reliance on imported fossil fuels have prompted a National Energy Policy to increase renewable electricity generation to 80 per cent by 2030. Production-based CO² emissions per capita in Sri Lanka are over five times higher than in 1990,¹⁷⁹ while the share of imported fossil fuels doubled to 55%, underpinned by a twenty-fold expansion in the use of coal-powered energy between 2010 and 2018.¹⁸⁰ Growing demand has prompted recent shifts towards renewable energy.¹⁸¹ Sri Lanka has pledged to achieve 100 per cent green energy generation by 2050¹⁸².

Indigenous natural gas, hydroelectricity and other smaller-scale renewable sources are expected to underpin these commitments. Sri Lanka's Nationally Determined Contributions (NDCs) include replacing thermal power plants with large-scale wind power; involving the private sector in adoption of solar-power technologies; and hydropower generation.¹⁸³ Foreign and/or multilateral finance is likely to be needed to better incentivise the transition away from coal-powered energy.¹⁸⁴

Leakage from the damaged MV X-Press Pearl could have long-term effects on an already-fragile marine ecosystem and threaten the livelihoods of Sri Lankan families. The toxic chemical spill off the coast of Sri Lanka's Western Province in May and June 2021 is the worst maritime disaster in the island's history. The Singapore-flagged container vessel was carrying 348 tonnes of fuel, nitric acid, epoxy resins, ethanol and heavy metals.¹⁸⁵ Environmental scientists suggest the leak will result in disastrous long-term effects on marine life and the fishing trade.^{186,187} Sri Lanka's coastal shelf fisheries support over 220,000 active fishermen and supply chain workers, the majority concentrated in the North and Eastern Provinces.¹⁸⁸ In addition, FAO projects a potential 16 per cent decline in fish catch due to climate change by 2050.¹⁸⁹

The MV X-Press Pearl incident adds to the increasing problem of microplastic intrusion,¹⁹⁰ a critical issue with serious health impacts on marine organisms and humans.¹⁹¹ Evidence suggests that Sri Lanka is one of the top five polluters of land-based microplastics entering seawater,¹⁹² with the southern coastal area showing microplastic contamination of 60-70 per cent in sand and surface water.¹⁹³ Single-use plastics also contribute due to their low biodegradability and potential for contamination of drinking water sources.¹⁹⁴

¹⁷⁶ Extended Producer Responsibility frameworks refer to policy measures where producers are given significant responsibility for the treatment and disposal of post-consumer products (see <https://www.oecd.org/env/tools-evaluation/extendedproducerresponsibility.htm>).

¹⁷⁷ Switch-Asia. *Country Profile: Sri Lanka*. Accessed 27 July 2021.

¹⁷⁸ Switch-Asia. Policy Brief: Prevention of Marine Litter in Sri Lanka. Prevention of Marine Litter in the Lakshadweep Sea (PROMISE, 2021).

¹⁷⁹ P. Friedlingstein and others, *Global Carbon Budget 2020*, Earth Syst. Sci. Data, 11 December 2020.

¹⁸⁰ International Energy Agency, Total Energy Supply by Source - Sri Lanka. *IEA World Energy Balances 2020*, <https://www.iea.org/subscribe-to-data-services/world-energy-balances-and-statistics>.

¹⁸¹ Oxford Business Group, Sri Lankan state planning to address energy shortages and support economic development. *Oxford Business Group Report: Sri Lanka*, 2018.

¹⁸² Asian Development Bank and United Nations Development Programme. *100% Electricity Generation Through Renewable Energy by 2050: Assessment of Sri Lanka's Power Sector*. 2017.

¹⁸³ Ibid.

¹⁸⁴ Ibid.

¹⁸⁵ The Guardian, "Sri Lankans face up to 'unmeasurable cost' of cargo ship disaster", 4 June 2021.

¹⁸⁶ A. Wipulasena (Aljazeera), "As chemical cargo ship sinks off Sri Lanka, locals fear the worst", 3 June 2021.

¹⁸⁷ BBC News, "X-Press Pearl: Sri Lanka braces for environmental disaster from sunken ship", 3 June 2021.

¹⁸⁸ Sri Lanka, Ministry of Fisheries and Aquatic Resources Development & Rural Economy, *Fisheries Statistics 2018*, Colombo, 2018.

¹⁸⁹ M. Barange and others, Impacts of climate change on fisheries and aquaculture: Synthesis of current knowledge, adaptation and mitigation options. *FAO Fisheries and Aquaculture Technical Paper*, Volume T627, 2018.

¹⁹⁰ 'Microplastics' refers to plastic that is smaller than 5mm in diameter, and are found primarily in cosmetic and hygiene products, as well as through deterioration of larger pieces of plastic.

¹⁹¹ M. Smith and others, "Microplastics in Seafood and the Implications for Human Health", *Current Environmental Health Reports*, vol. 5 (pp. 375-386).

¹⁹² J. Jambeck and others, *Science*, vol. 347, No. 6223 (February 2013), pp. 768-771.

<https://science.sciencemag.org/content/347/6223/768>

¹⁹³ J. B. Koongollaa and others, "Evidence of microplastics pollution in coastal beaches and waters in southern Sri Lanka", *Marine Pollution Bulletin*, vol. 137 (2018), pp. 277-284.

¹⁹⁴ Single-use plastics which can be detected in 83% of tap water and taken an average of 100 years to degrade naturally in the environment

Deforestation and poor land use management puts livelihoods at risk. Large-scale commercial agriculture, urbanisation and industrialisation are compounded by elite-driven attempts at forest-land alienation.¹⁹⁵ Loss of vegetation cover, particularly on mountain slopes, increases susceptibility to landslides and floods¹⁹⁶. A 2020 study estimates an 8 per cent net change in loss of cover over 27 years between 1992 and 2019.^{197,198} Cabinet decisions to deregulate protection of state forests and remove their jurisdiction from the Forest Department underline the risks to Sri Lanka’s environment and biodiversity.¹⁹⁹

Sri Lanka is a biodiversity ‘hotspot’ with a wealth of endemic species. Poor safeguards also make it a lucrative target for environmental crimes.²⁰⁰ While deforestation threatens Sri Lanka’s lowland rainforests,²⁰¹ human-wildlife conflict is also on the rise, with more than 360 elephants and 100 humans killed in 2019.²⁰² According to the World Wildlife Report 2020, Asia remains a prime transit hub for the illegal live reptile trade. Sri Lanka is among the top ten countries that reported seizures between 2007-2017.²⁰³

Weak enforcement further exacerbates biodiversity depletion. Developments on Mannar Island, a haven for migratory birds and emerging hub for avian tourism, exemplify the tension between human activity and biodiversity in Sri Lanka. Recent exploration for heavy mineral extraction threatens the island’s natural assets. In Vankalai Sanctuary, transmission lines from a nearby wind park could prove fatal to migrating birds.^{204,205,206}

¹⁹⁵ The Sunday Morning, “Controversial 5/2001 Circular – Exploring the Ripple Effect”, 19 July 2020, available at <https://www.themorning.lk/controversial-5-2001-circular-exploring-the-ripple-effect/>.

¹⁹⁶ Keith Forbes and Others, *Forests and landslides: The role of trees and forests in the prevention of landslides and rehabilitation of landslide-affected areas in Asia*, FAO Regional Office for Asia and the Pacific, Bangkok, 2013.

¹⁹⁷ C. Liyanage, *Liberalization of Mining Laws and Its Impacts on the Environment*, Environmental Foundation Limited, n.p.

¹⁹⁸ M. Ranagalage and others, “Multi-Decadal Forest-Cover Dynamics in the Tropical Realm: Past Trends and Policy Insights for Forest Conservation in Dry Zone of Sri Lanka”, *Forests*, vol. 11, No. 8 (1 August 2020), p.836.

¹⁹⁹ S. Sellapperumage (The Diplomat), “Fighting Deforestation in Sri Lanka”, 23 October 2020.

²⁰⁰ Sri Lanka has a wildlife-based tourism industry and is home to the ‘Top 7’ wildlife species; the Asian Elephant, Sloth Bear, Leopard, Black-necked Stork, Saltwater Crocodile, Leatherback Turtle and Blue Whale, six of which are listed under CITES as protected species.

²⁰¹ Sri Lanka, Ministry of Mahaweli Development and Environment, *Biodiversity Profile - Sri Lanka, Sixth National Report to the Convention on Biological Diversity*, Colombo: Biodiversity Secretariat, 2019.

²⁰² Sri Lanka Department of Wildlife Conservation, cited in Wildlife and Nature Protection Society of Sri Lanka (Ceylon), *Annual Report and Accounts: 2019*.

²⁰³ United Nations Office of Drugs and Crime, *World Wildlife Crime Report (2020)*, p. 73.

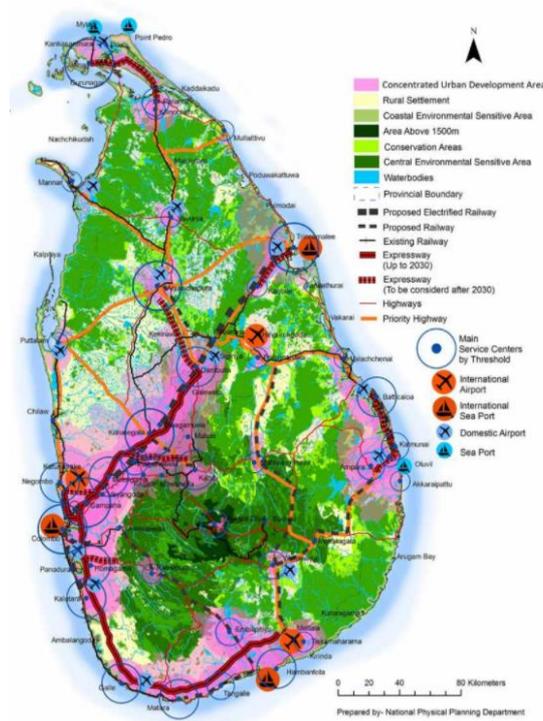
²⁰⁴ H. Shazuli (NewsFirst), “GSMB cancels licences for Mannar mineral project”, 23 April 2021.

²⁰⁵ Ceylon Electricity Board, *CEB Knowledge Hub: CEB Projects - Mannar Wind Power Project (2021)*.

Available at: <https://ceb.lk/project-detail/17/en>

²⁰⁶ K. Smallwood, “Comparing bird and bat fatality-rate estimates among North American wind-energy projects”, *Wildlife Society Bulletin*, vol. 37, No. 1 (2021), pp. 19-33.

Figure 3: National Physical Plan 2017-2050



Source: National Physical Planning Department

Urban Planning and a Sustainably Built Environment

The National Physical Plan (NPP) of 2017-2050 proposes the expansion of road networks and urban centres in ecologically sensitive or protected areas (figure 3).²⁰⁷ Integrated Strategic Environment Assessments (ISEAs) are an important part of the NPP, ensuring that infrastructure developments are ecologically sustainable. Sri Lanka has had just one ISEA conducted for the Northern Province between 2009 and 2014 to support regional development plans following the end of civil conflict.²⁰⁸

Significant rural-urban migration strains urban settlements. One in three Sri Lankans are expected to reside in urban settlements by 2050.²⁰⁹ Colombo’s urban population increased by 47 per cent between 2002 and 2012—nearly eight times the national growth rate²¹⁰—giving rise to urban sprawl over district and provincial boundaries. Colombo’s total built-up urban land area has increased from around 41 km² in 1995 to 281 km² in 2017²¹¹ (Figure 4). This rapid urban expansion is mirrored across other provincial capitals.^{212,213}

²⁰⁷ National Physical Planning Department, *National Physical Planning Policy and the Plan 2017-2050*. Battaramulla, Sri Lanka: National Physical Planning Department. 2019.

²⁰⁸ Central Environmental Authority & Disaster Management Centre, *Integrated Strategic Environment Assessment of the Northern Province of Sri Lanka, November 2014*. Available at: https://www.iucn.org/sites/dev/files/content/documents/isea_north_final_report.pdf.

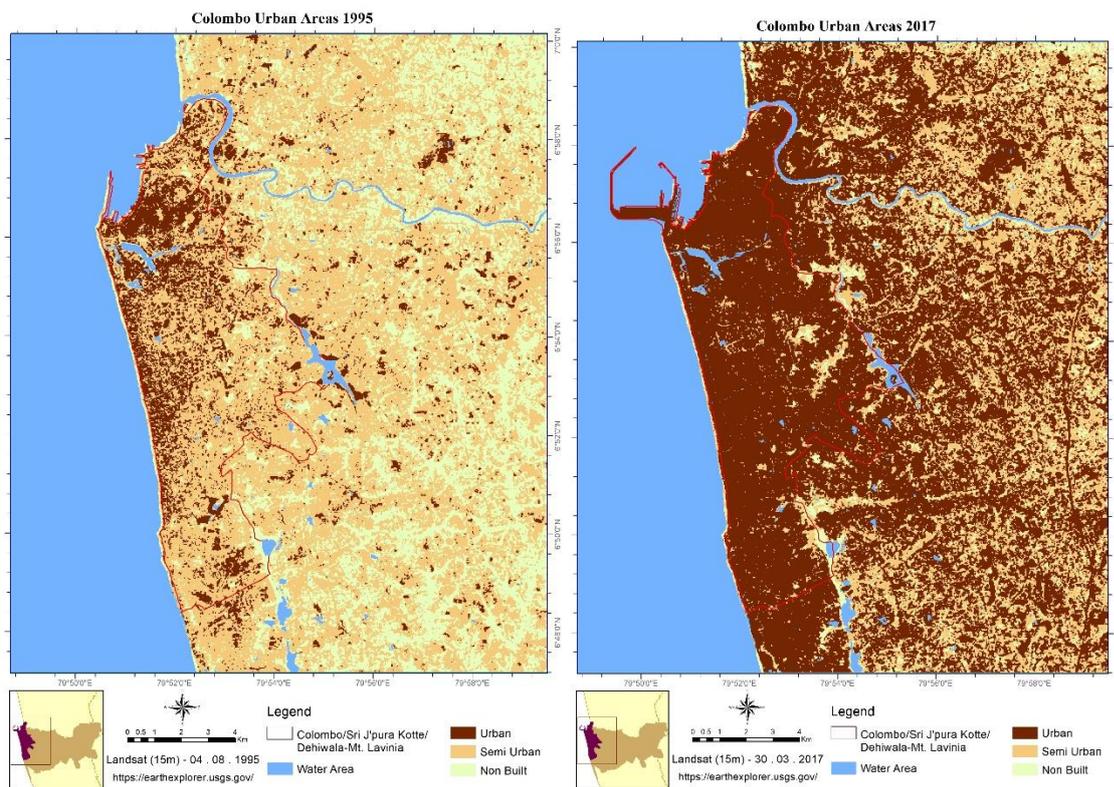
²⁰⁹ United Nations Department of Economic and Social Affairs, *World Urbanization Prospects: The 2018 Revision. File 2: Percentage of Population at Mid-Year Residing in Urban Areas by Region, Subregion, Country and Area, 1950-2050*. Accessed 12 January 2021.

²¹⁰ Sri Lanka, Department of Census and Statistics. *Census of Population and Housing – 2001 and 2012*. Cited in CBSL Economic and Social Statistics of Sri Lanka: 2020.

²¹¹ This is likely an underestimate of urban population growth, as the legal definition of “urban” in Sri Lanka does not fully capture peripheral urban areas with urban characteristics, which continue to grow exponentially.

²¹² UN-Habitat, 2018. *State of Sri Lankan Cities*.

Figure 4: Colombo Urban Expansion, 1995-2017



Source: UN-Habitat, *State of Sri Lankan Cities Report: 2018*

Rapid urban expansion contributes to mounting economic, social and environmental costs. Population growth in flood-prone areas of major urban centres exposes an increasing number of people to flooding hazards. In Colombo, changes in land use from non-urban to urban purposes has reduced water-holding capacity in wetland areas, reducing drainage capacity by up to 30 per cent.^{214,215}

Unplanned urbanisation is stimulating environmental degradation. Around half of all solid waste produced in Western Province is disposed of in landfill, releasing pollutants into nearby water bodies and wetlands²¹⁶. Green cover in Colombo has critically decreased from 83 per cent in 1981 to 5.02 per cent in 2015, with the estimated per capita green space in 2015 being 7.16 m².²¹⁷ The World Health Organization (WHO) has defined an area of 9 m² as optimal in an urban area to provide quality of life.²¹⁸ Public transport has grown at a much slower rate than the urban population, which leads to overcrowding and other hazards²¹⁹: 90 per cent of 2,500 women surveyed island-wide in 2017 had experienced some form of sexual harassment on public transit.²²⁰

Water Resources, Water Supply and Sanitation

²¹⁴ M. Hettiarachchi and others, "The eco-social transformation of urban wetlands: A case study of Colombo, Sri Lanka", *Landscape and Urban Planning*, vol 132 (December 2014), pp. 55–68.

²¹⁵ UN-Habitat, 2018. *State of Sri Lankan Cities*.

²¹⁶ *Ibid.*

²¹⁷ L. Li and others, "Is Colombo city, Sri Lanka secured for urban green space standards?", *Applied Ecology and Environmental Research*, vol. 15, No. 3 (May 2017), pp. 1789-1799.

²¹⁸ R. Khalil, "Quantitative evaluation of distribution and accessibility of urban green spaces", *International Journal of Geomatics and Geosciences*, vol. 4, No. 3 (2014), pp. 526-535.

²¹⁹ UN-Habitat, 2018. *State of Sri Lankan Cities*.

²²⁰ UNFPA, "Sexual Harassment on Public Buses and Trains in Sri Lanka", *UNFPA: Population Matters*, Volume Policy issue 04 (2017).

Sanitation coverage in Sri Lanka is 92 per cent and drinking-water coverage is 94 per cent. ^{221,222} According to the national census conducted in 2011, 54 per cent of Sri Lanka’s population were dependent on groundwater for their drinking water needs. Dug wells and tap-borne water are the major sources for the rural and estate sectors and are disproportionately affected by contaminants, especially during dry periods.²²³ Groundwater is likely to be heavily polluted by agro-chemicals, especially in the dry zones, further aggravating water security issues.²²⁴ Another issue is the rise in sea level and storm surges combined with rainfall variability, causing increases in saltwater intrusion. This has led to greater need for supply water, with higher distribution and maintenance costs passed on to the consumer.²²⁵

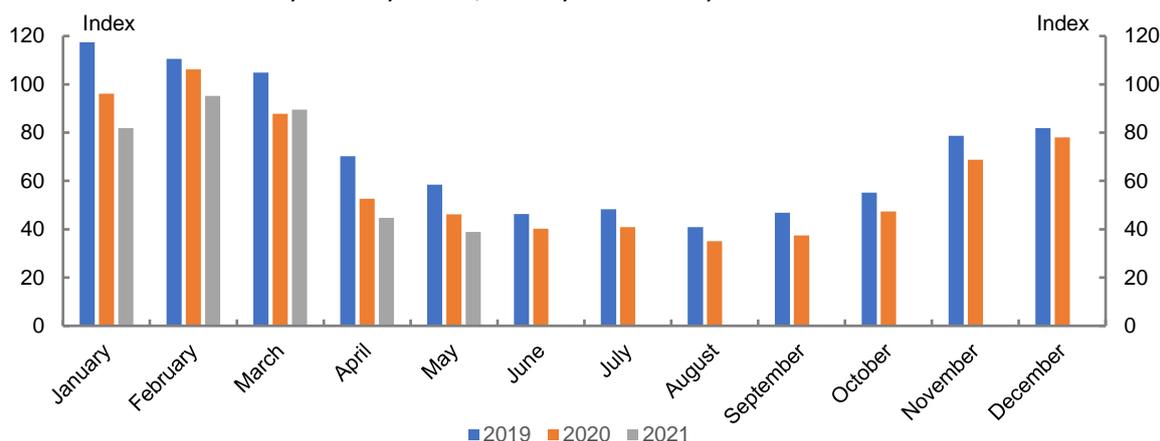
Mining of river sand is further contributing to Sri Lanka’s environmental degradation. Up to 80 per cent of sand used in construction is harvested from rivers²²⁶, half of which is estimated to be sourced illegally²²⁷. Recent amendments to the Mines and Minerals Act relaxing requirements for transportation license holders have been met with public claims of illegal and unregulated sand mining.²²⁸

COVID Impacts

Reductions in movement and economic activity during the pandemic have led to an improvement in air quality.

According to the US Air Quality Index, Colombo’s daily average air quality improved by 23 per cent during the curfew period in 2020. Improvements have persisted in early 2021 since the resumption of most economic activities have continued at a lower level (Chart 1).²²⁹ However, these short-term effects belie longer-term concerns about the level of investment required to meet the goals of the Paris Agreement.

Chart 5 - Colombo Air Quality Index by month, January 2019 to May 2021



Source: Colombo US Embassy Real-Time Air Quality Index

Increased use of Personal and Protective Equipment (PPE) in response to the COVID-19 pandemic has implications for medical waste disposal. Poor hazardous waste management exposes health care workers and the community to infection and/or injury, in addition to environmental contamination. The GoSL has conducted a Nationwide Rapid Assessment on healthcare waste management to determine best measures in line with international practices.²³⁰

²²¹ WHO, UN-Water Global Analysis and assessment of Sanitation and Drinking Water, 2015: https://www.who.int/water_sanitation_health/monitoring/investments/srilanka-10-nov.pdf.

²²² Six per cent of the population consume water by purchasing it from vendors who transport water in very unsanitary plastic containers, by walking more than two km, or from rivers, streams or unprotected wells.

²²³ UNICEF. Budget Brief: Water, Sanitation and Hygiene (WASH) Sector – Sri Lanka (2019).

²²⁴ WASH - Sri Lanka, Climate Resilience, UNICEF Regional Office for South Asia (ROSA) (Kathmandu, 2021).

²²⁵ Ibid.

²²⁶ Chandani Jayatilleke, *A river sand substitute*. Daily News, March 6, 2020: <https://www.dailynews.lk/2020/03/06/finance/213555/river-sand-substitute>

²²⁷ Global Water Partnership, *Curbing Unregulated River Sand Mining in Sri Lanka*, Impact Stories, December 2018

²²⁸ C. Liyanage, *Liberalization of Mining Laws and Its Impacts on the Environment*, Environmental Foundation Limited, n.p. (2020).

²²⁹ US Embassy in Colombo, *Colombo US Embassy Air Pollution: Real-time Air Quality Index (AQI)* (2021).

²³⁰ Sri Lanka, *Status of Waste Management in Sri Lanka*, Annual Report – 2021, EFL, <https://efl.lk/status-waste-management-sri-lanka/>

Potential Recommendations

Mounting climate change impacts underline the need for better information. More accurate, high frequency and accessible disaggregated data in line with international definitions and standards is essential for mitigating the effects of climate change and for designing effective social protections and insurance mechanisms.

Strengthening the technical skills and capacity of the Department of Meteorology, the Department of Irrigation, and the National Disaster Management Centre. Efforts are underway to improve short-term weather forecasts for planning and implementation in many economic sectors. Better incorporating this information in climate-sensitive sectors such as agriculture and tourism can help mitigate social and economic impacts of disasters and assist in relief and recovery.

More sustainable urban planning practices—such as the principles of the UN’s ‘Compact Cities’ agenda—could help manage unchecked urban sprawl. Improved use of existing urban space is a first step to more efficient development. Maintaining wetlands and access to green space for flood resilience, ecotourism and improved well-being for urban residents (including new pipeline systems for drinking water) are important considerations in sustainable urban planning. Comprehensive waste management planning and safer, better-regulated public transit are other key components.²³¹

Greener construction. Adoption of low carbon development through locally sourced building materials is a key entry point for policymakers to help reduce the carbon footprint of Sri Lanka’s import-intensive construction industry. Interventions to support more efficient, ecologically sustainable production and consumption methods should also be explored.

Feasibility studies of different forms of renewable energy. Shifting Sri Lanka’s energy mix to a major share in renewables is an important area for policy action.²³² Understanding additional investments required in power storage for renewable energy sources is key to delivering more stable supply and pricing, which will help incentivise the transition away from coal-powered energy.

Incorporating disaster risk reduction into land use and infrastructure decisions. Ensuring comprehensive ISEAs are included in all new infrastructure and urban development projects is crucial to ensuring the safety, resilience and sustainability of the urban environment.

Multistakeholder dialogue is essential. Mobilising community volunteers to co-design and implement sustainable projects can build local support for national climate commitments and hold local governments more accountable. Local participation also provides opportunities to educate communities on sustainable practices and help them maintain control over their own natural resources.

Strengthening surveillance and enforcement powers of the CEA. Recent changes around the administration of state forests and deregulation of transport of raw materials makes the CEA’s capacity to monitor, investigate and prosecute illegal activities under the National Environment Act (1980) increasingly vital.

Chapter 5 - Peace Pillar

[SDG 16 - Peace, Justice and Strong Institutions]

Analysis

Two broad types of challenges stand in the way of Sri Lanka attaining its targets. First, state institutions have a history of weak independence, increasing political influence over their functioning and reducing independent oversight. This affects multiple SDG 16 targets and increases prospects for regression. Second, special national security laws dating back to the conflict permit executive decisions on arrests and incommunicado detentions,

²³¹ UN-Habitat, 2018. State of Sri Lankan Cities.

²³² UN-Habitat, 2021. *SDG 12 - Sustainable Construction, Internal Working Paper*. Colombo: n.p.

inconsistent both with constitutional clauses on fundamental rights and international human rights standards.^{233,234}

Sri Lanka has undergone a political transition, with decisions that have reversed the changes introduced in the previous political cycle. The 19th Amendment to the Constitution in 2015 brought checks and balances to the presidency, but also created complex governance challenges that some perceived as inefficient. A new government secured a parliamentary supermajority in August 2020, enabling constitutional amendments reversing the 19th Amendment and restored the executive presidency. Some stakeholders have asserted that these changes have eroded the independence of key institutions. New presidential powers include control over appointment and dismissal of key officials.

The major source of contestation is abolition of the Constitutional Council, which limited presidential powers of intervention in public appointments and dismissals.²³⁵ Its replacement, a non-binding advisory entity to the parliament, in effect restored powers to the presidency. Over time this could affect equality of access to justice, with serious consequences for human rights and negatively impact Sri Lanka's progress on some SDG 16 targets and indicators.

Declining homicides and violence. The rate of homicides per hundred thousand people is around one-fourth of what it was in 2008 (indicator 16.1.1).²³⁶ This puts Sri Lanka ahead of many South Asian peers and on a par with Bangladesh. There has not been a single armed conflict-related death since the civil conflict ended twelve years ago (indicator 16.1.2). Human rights violations are markedly lower than in wartime,²³⁷ and 'grave crimes' as classified by the Sri Lanka police declined over 30 per cent between 2010 and 2019²³⁸. The Global Peace Index classifies the 'state of peace' in Sri Lanka as 'medium' and finds the country to be 20 per cent more peaceful in comparison to 2008, when Sri Lanka was in the penultimate stages of the war.²³⁹

Prison violence: Between March and November 2020, there were 14 deaths in three separate incidents of prison violence.²⁴⁰ The per capita death rate of incarcerated prisoners (convicted and detained/in custody) reached a 10 year high in 2019²⁴¹. This occurs at a time when prisons are overcrowded, with the majority of inmates unconvicted and held on remand partly due to a backlog in the court system and gaps in gathering evidence.²⁴² Meanwhile, between August and end December 2020, reported shootouts between law enforcement and suspected organised crime members resulted in five fatalities.^{243,244,245}

²³³ 'Internal paper assessing the effects of constitutional change,' UN Department of Political and Peacebuilding Affairs (DPPA), November 2020.

²³⁴ Prevention of Terrorism (Special Provisions) Act No. 48 of 1979, available at http://www.commonlii.org/lk/legis/num_act/potpa48o1979608/; Public Security Ordinance No. 25 of 1947, available at <https://www.lawnet.gov.lk/public-security-3/>; Chapter III of the Constitution of Sri Lanka, available at <http://www.parliament.lk/files/pdf/constitution.pdf>

²³⁵ 'Internal paper assessing the effects of constitutional change,' UN Department of Political and Peacebuilding Affairs (DPPA), November 2020.

²³⁶ World Bank, *Intentional Homicides (per 100,000 People) – Sri Lanka*, <https://data.worldbank.org/indicator/VC.IHR.PSRC.P5?locations=LK>.

²³⁷ UNDP, Crisis Risk Dashboard, <https://www.hrw.org/>.

²³⁸ Sri Lanka Police. *Grave Crime Abstracts for Whole Island: 2010-2019*. <https://www.police.lk/index.php/item/138-crime-statistics>

²³⁹ Institute for Economics & Peace, Global Peace Index – Measuring Peace in a Complex World, https://www.visionofhumanity.org/wp-content/uploads/2020/10/GPI_2020_web.pdf, accessed 14 August 2021.

²⁴⁰ Amnesty International, *Sri Lanka: prison deaths must be investigated amid growing COVID-19 unrest*, <https://www.amnesty.org/en/latest/news/2020/11/sri-lanka-prison-deaths-must-be-investigated-amid-growing-covid19-unrest/>, 30 November 2020.

²⁴¹ Sri Lanka, Prison Statistics of Sri Lanka 2020, vol. 39, year 2020, http://prisons.gov.lk/old_web/Statistics/Statistics-2020.pdf, p. 81.

²⁴² Ibid.

²⁴³ Adaderana, "Indra shot dead by police while trying to flee", 29 August 2020. <http://www.adaderana.lk/news/66815/indra-shot-dead-by-police-while-trying-to-flee->

²⁴⁴ News1st, "Update: Shooting at Anuradhapura prison; 2 dead, 6 hospitalized", 22 March 2020, <https://www.newsfirst.lk/2020/03/22/update-shooting-at-anuradhapura-prison-2-dead-6-hospitalized/>; BBC News, "Sri Lanka: Eight die in prison riot over Covid panic", 30 November 2020, <https://www.bbc.com/news/world-asia-55126199?xtor=AL-72-%5Bpartner%5D-%5Bforradio%5D-%5Bheadline%5D-%5Bnews%5D-%5Bbizdev%5D-%5Bisapi%5D>.

²⁴⁵ UNDP, UNDP Crisis Risk Dashboard.

Sexual and Gender-Based Violence: There is little dynamic data on SGBV. The 2019 *Women's Wellbeing Survey* reports that women in Sri Lanka are more than twice as likely to have experienced physical violence by a partner than a non-partner. Harassment of women in public remains high. Data from UNFPA and other sources indicate that 90 per cent of women have been subject to sexual harassment on buses and trains at least once in their lifetime.^{246,247,248}

Violence Against Children: A 2018 study of 1,500 students found that 45.4% had experienced childhood physical abuse, with parents and teachers the commonest perpetrators.²⁴⁹ In addition, 47 per cent had been victims of at least one form of either physical or psychological abuse. Sri Lanka is a signatory to the UN Convention on the Rights of the Child and the Optional Protocol on the sale of children, child prostitution and child pornography, and has ratified ILO Convention No. 182 (Worst Forms of Child Labour), but human trafficking remains a concern.²⁵⁰ The Trafficking in Persons (TIP) report has said Sri Lanka must do more and has placed the country on a Tier-2 Watch List in 2020 (Target 16.2).²⁵¹

Illicit Arms Flows: Despite a 30-year civil conflict, Sri Lanka is not a source for the export of illicit arms, potentially owing to the lack of a domestic arms industry, established systems to approve and monitor gun ownership and operations to apprehend unlicensed firearms. However, there are emerging risks that are typical of post-conflict countries.^{252,253,254} Many risks involve former combatants and undiscovered arms caches.

Organised criminal networks, especially international drug cartels, often have access to weapons.²⁵⁵ Left unchecked, drug leakage into Sri Lanka and links with local organised crime groups may increase unauthorised weapons use. Similarly, Sri Lanka's maritime location could be used for gunrunning, with leakages into the country. Sri Lanka is a signatory to several conventions that enable cooperation to reduce illicit arms flows, return stolen assets and combat organised crime.^{256,257} Sri Lanka is also a signatory to global and regional treaties that strengthen international cooperation to combat violence, crime and terrorism,²⁵⁸ and at the regional level, several treaties address maritime piracy.²⁵⁹ However, Sri Lanka's counter-terrorism legal framework needs to be better aligned with international human rights standards.²⁶⁰

Illicit Financial Flows (IFFs): Trade data reveal an average of \$1.6 Billion per annum in IFFs between 2008-17 (Indicator 16.4.1).²⁶¹ Sri Lanka was removed from the 'Grey List' of the Financial Action Task Force (FATF) in October 2019, which could help the development of a regional financial sector centred on the Colombo Port City

²⁴⁶ Population Matters, Policy Issue 04, March 2017, https://srilanka.unfpa.org/sites/default/files/pub-pdf/FINAL%20POLICY%20BRIEF%20-%20ENGLISH_0.pdf.

²⁴⁷ B. Cooke, "Sexual harassment in Sri Lanka: Stop telling everyone it's hunky-dory", Age of Awareness, 20 February 2020, <https://medium.com/age-of-awareness/sexual-harassment-in-sri-lanka-stop-telling-everyone-its-hunky-dory-5bbd53154daa>.

²⁴⁸ Population Matters, Policy Issue 04.

²⁴⁹ N. Chandraratne and others, "Mental Health Problems in Young Adults Exposed to Abusive Experiences During Childhood: A Structural Equation Model", *The Lancet*, 4 December 2018, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3294113.

²⁵⁰ Save the Children, Sri Lanka Takes Steps to Prevent Child Trafficking, 31 August 2020, <https://srilanka.savethechildren.net/news/sri-lanka-takes-steps-prevent-child-trafficking>.

²⁵¹ *Ibid.*; Trafficking in Persons Report 2020 – Sri Lanka (Tier 2 Watch List), <https://lk.usembassy.gov/wp-content/uploads/sites/149/Sri-Lanka-2020-TIP-Report.pdf>.

²⁵² Small Arms Survey, III. SALW and sources of supply and support outside the theatre of conflict, <https://www.jstor.org/stable/pdf/resrep10726.10.pdf?refreqid=excelsior%3A13f281aad16d4e7e4a6fd523986fc115> (1 October 2013); The Hindu, "Sri Lanka arrests 550 'military deserters' as part of clean-up", 13 February 2017, <https://www.thehindu.com/news/international/Sri-Lanka-arrests-550-%E2%80%98military-deserters%E2%80%99-as-part-of-clean-up/article17298048.ece>.

²⁵³ Crisis Group, Development Assistance and Conflict in Sri Lanka (2009), pp.17-18, available at <https://d2071andvip0wi.cloudfront.net/development-assistance-and-conflict-in-sri-lanka-lessons-from-the-eastern-province.pdf>.

²⁵⁴ Sipri, SIPRI Arms Industry Database, <https://sipri.org/databases/armsindustry>.

²⁵⁵ [https://www.unodc.org/pdf/india/publications/south Asia Regional Profile Sept 2005/13 srilanka.pdf](https://www.unodc.org/pdf/india/publications/south%20Asia%20Regional%20Profile%20Sept%202005%2013%20sri%20lanka.pdf).

²⁵⁶ BIMSTEC, Counter-Terrorism and Transnational Crime, updated 30 April 2018, https://bimstec.org/?page_id=288.

²⁵⁷ SAARC, <https://www.saarc-sec.org/index.php/resources/agreements-conventions?limit=20&limitstart=0>.

²⁵⁸ LKI, 10 Key International Treaties and Agreements Sri Lanka is Party To, <https://lki.lk/blog/10-key-international-treaties-and-agreements-sri-lanka-is-party-to/> (29 October 2018).

²⁵⁹ *Ibid.*

²⁶⁰ OHCHR report on Sri Lanka, January 2021. www.ohchr.org

²⁶¹ Global Financial Integrity, Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017, <https://secureservercdn.net/45.40.149.159/34n.8bd.myftpupload.com/wp-content/uploads/2020/03/GFI-Trade-IFF-Report-2020-Final.pdf?time=1622539229> (March 2020).

(CPC) International Financial Centre.²⁶² New laws have created a powerful economic commission to manage the CPC and provide special tax concessions for foreign investors, but this may raise the risk of money-laundering activities through insufficient oversight.²⁶³

Intercommunity Tensions: There is no immediate prospect of a return to large-scale armed conflict, but the Easter Sunday bombings in 2019 have worsened Sinhalese-Muslim relations.²⁶⁴ A nationally representative UN survey conducted in late 2019 indicates that 67 per cent of respondents believed relations between Muslims and Sinhalese were strained or hostile, up from 45 per cent the previous year.²⁶⁵ The Easter bombings saw the rise of an isolated but dangerous group of Islamic extremists. Hate speech and violence against Muslims followed.²⁶⁶ Ethnic stereotyping and Islamophobia have increased during the COVID-19 pandemic, including the targeting of Muslims as ‘virus vectors.’^{267,268} For example, in 2020 the government imposed a policy of “forced cremation” of people who die due to COVID-19 which was reversed after 10 months under domestic and international pressure. On 13 March 2021, Sri Lanka’s Cabinet Minister for Public Security announced that he was seeking to ban wearing face covers that cannot be removed in public upon request, including the burqa and the niqab, on the grounds of national security.^{269,270}

From 2015-2019, the government co-sponsored a Human Rights Council resolution on transitional justice and reconciliation in the aftermath of the civil conflict. This was an ambitious and unprecedented step internationally, setting a new standard for member-state participation in global governance. In a new governing cycle in 2019, Sri Lanka withdrew from its co-sponsorship.²⁷¹ In 2021, the Council adopted another resolution, 46/1, that reaffirmed support for the mandates of the Human Rights Commission of Sri Lanka, transitional justice mechanisms, the Office of Missing Persons and the Office for Reparation which were enacted through acts of parliament.²⁷² It also called for the development of strategies for future accountability processes, including “to support judicial and other proceedings, including in Member States, with competent jurisdiction.”²⁷³

In the north and east, tensions over land threaten to undermine Sinhala-Muslim-Tamil relations. Tamil and Muslim groups and media argue that central government land acquisitions for military and Buddhist archaeological purposes undermine tenure and property rights.^{274,275} Some independent observers and national civil society argue these measures are a continuation of state-aided ‘colonisation for demographic change.’²⁷⁶ Left unmanaged, such disputes carry risks of being ethnicised and contribute to wider conflict. The constitution

²⁶² Central Bank of Sri Lanka, [The Financial Action Task Force delisted Sri Lanka from the Grey List](https://www.cbsl.gov.lk/en/node/6701), <https://www.cbsl.gov.lk/en/node/6701> (21 October 2019).

²⁶³ Daily News, “TISL files petition challenging Colombo Port City Bill”, 17 April 2021, <http://www.dailynews.lk/2021/04/17/local/246782/tisl-files-petition-challenging-colombo-port-city-bill>.

²⁶⁴ BBC News, “Sri Lanka hardline group calls for halal boycott”, <https://www.bbc.com/news/world-asia-21494959>, 17 February 2021; Colombo Telegraph, “Unseen Footage Emerges Of Muslim Owned Fashion Bug Attacked”, <https://www.colombotelegraph.com/index.php/unseen-footage-emerges-of-muslim-owned-fashion-bug-attacked/>, 1 May 2014,

²⁶⁵ UN Sri Lanka Peacebuilding Survey data, 2018, 2019.

²⁶⁶ See for instance, <https://economynext.com/nine-arrested-and-remanded-for-violence-in-minuwangoda-43333/>.

²⁶⁷ UNDP Crisis Risk Dashboard.

²⁶⁸ UNDP Crisis Risk Dashboard.

²⁶⁹ Human Rights Watch. “Rights of Sri Lankan Muslims Need International Protection”. March 2, 2021.

<https://www.hrw.org/news/2021/03/02/rights-sri-lankan-muslims-need-international-protection>

²⁷⁰ Amnesty International. “Sri Lanka: Increased marginalization, discrimination and targeting of Sri Lanka’s Muslim community”. South Asia COVID-19 Research. March 19, 2021. <https://www.amnesty.org/en/documents/asa37/3866/2021/en/>

²⁷¹ Al Jazeera, “Sri Lanka says it will withdraw from UN rights resolution”, 20 February 2020. Available at:

<https://www.aljazeera.com/news/2020/2/20/sri-lanka-says-it-will-withdraw-from-un-rights-resolution>

²⁷² Paragraph 3 and 10, UNHRC Resolution 46/1 March 2021, <https://undocs.org/A/HRC/RES/46/1>.

²⁷³ UNHRC resolution 46/1 of 16 March 2021, available at <https://undocs.org/A/HRC/46/L.1/Rev.1>.

²⁷⁴ Sri Lanka, Presidential Secretariat, *Presidential Task Force to protect archaeological sites*, 22 May 2020,

<https://www.presidentsoffice.gov.lk/index.php/2020/05/22/presidential-task-force-to-protect-archaeological-sites/>.

²⁷⁵ Tamil Guardian, “High court imposes injunction against Sri Lanka Archaeology Department land occupation in Trincomalee”, 10 November 2020,

<https://www.tamilguardian.com/content/high-court-imposes-injunction-against-sri-lanka-archaeology-department-land-occupation>.

²⁷⁶ Report of the Special Rapporteur on Minority Issues on her mission to Sri Lanka, 2017. Available at

<https://digitalibrary.un.org/record/861184?ln=en>; M. Srinivasan (The Hindu), “Thousands rally in Jaffna to assert minority rights”, 7 February 2021, <https://www.thehindu.com/news/international/thousands-rally-in-jaffna-to-assert-minority-rights/article33776345.ece>.

devolves some land powers to the provinces, but these provisions have not been implemented despite being enacted in 1987 by the 13th Amendment.²⁷⁷

Relations between the state and the country's minorities are further strained due to perceived lack of progress on wartime accountability and information on the disappeared.²⁷⁸ Tamil political parties have called for an international accountability mechanism in this area.^{279,280} Activists claim a backlog of disappearances remain unaccounted for²⁸¹, and families of the disappeared (predominantly women) have reported an increase in surveillance.²⁸² The Office on Missing Persons was able to release a consolidated list of cases of the missing in 2020, an unprecedented step in a country with a long history of disappearances.²⁸³

Effective and Transparent Institutions: Assessing overall public satisfaction with the delivery of services provided by government institutions remains a challenge given limited surveys and limited data.²⁸⁴ Some government departments offer streamlined, efficient one-day services, but most require physical transactions, and digitalisation measures to bridge service delivery gaps have had mixed results.²⁸⁵ For example, some departments such as the Sri Lanka Police offer application forms for downloading, but service provision itself still takes place in the physical domain.²⁸⁶ Public mistrust of putting data online requires data protection safeguards, privacy laws and upgrading of cyber security. Beyond regulatory frameworks, operationalisation remains a challenge, as is the case for adaptation of simple digitalisation for electronic signatures.²⁸⁷

As of 2007, approximately 97 per cent of births were registered in Sri Lanka—a proportion significantly larger than other South Asian countries and ahead of UNICEF's global estimate that one in four children 'do not exist' in terms of legal documentation (Indicator 16.9.1).^{288,289} Historic discriminatory practices relating to citizenship status and voting rights for Indian-origin Tamils had been largely resolved by the early 2000s, though the community remains an outlier underperforming Sri Lanka's high averages on UNDP's human development indicators.²⁹⁰ The rights of asylum seekers and migrants (including families with children) in the country remain poorly defined.

A long-standing problem is in implementation of the Official Languages Policy. A CSO-led audit of central government ministries in 2017 showed that only around 25 per cent of front-of-office staff were able to accommodate requests for assistance in Tamil. According to the survey, 'no solution was provided' in over 30 per cent of such instances.²⁹¹

Constitutional changes point to a weakening of institutional independence. Under the 20th Amendment, Sri Lanka has reverted to a stronger executive presidency. Proponents point to greater efficiency in decision-making processes, including the ability to 'push through' difficult economic reforms and safeguard national

²⁷⁷ 13th Amendment to the Sri Lankan Constitution.

²⁷⁸ See: <https://www.hrw.org/news/2021/02/09/thousands-march-justice-sri-lanka-despite-ban>; <https://www.thehindu.com/news/international/a-long-march-in-sri-lanka-to-register-protest-forge-a-new-alliance/article33792547.ece>.

²⁷⁹ M. Srinivasan (The Hindu), "Sri Lanka's Tamil parties seek international mechanism to probe 'war crimes'", 16 January 2021, <https://www.thehindu.com/news/international/sri-lankas-tamil-parties-seek-international-mechanism-to-probe-war-crimes/article33587966.ece>.

²⁸⁰ Ibid.

²⁸¹ <https://www.amnesty.org/download/Documents/ASA3758532017ENGLISH.PDF>.

²⁸² Human Rights Watch, *Sri Lanka: Families of 'Disappeared' Threatened*, 16 February 2020, <https://www.hrw.org/news/2020/02/16/sri-lanka-families-disappeared-threatened>.

²⁸³ Sri Lanka, Office on Missing Persons, <http://www.ompsrilanka.org/missing-persons>.

²⁸⁴ UNICEF, <https://data.unicef.org/sdgs/country/lka/>.

²⁸⁵ Mudalige Uthpala Indeelinie Alahakoon and Others, Efficiency of Public Service Delivery—A Post-ICT Deployment Analysis, *Economies* Multidisciplinary Digital Publishing Institute; <https://www.mdpi.com/2227-7099/8/4/97/pdf>.

²⁸⁶ Government of Sri Lanka, <https://www.gov.lk/index.php>.

²⁸⁷ Verité Research, *Accepting e-documents with e-signatures – A small step for government, a giant leap for the country*, February 2017. <https://www.veriteresearch.org/wp-content/uploads/2018/05/Non-acceptance-of-E-Signatures-in-Sri-Lanka.pdf>.

²⁸⁸ UNICEF, <https://data.unicef.org/topic/child-protection/birth-registration/>.

²⁸⁹ Ibid.

²⁹⁰ UNDP, Human Development Report 2020, <http://hdr.undp.org/sites/default/files/Country-Profiles/LKA.pdf>.

²⁹¹ Centre for Policy Alternatives, *Survey on the Implementation of Official Languages Policy at Ministerial Level in Sri Lanka – 2017*, 30 May 2018, <https://www.cpalanka.org/survey-on-the-implementation-of-official-languages-policy-at-ministerial-level-in-sri-lanka-2017/>.

security.^{292,293} Critics argue this comes at the expense of independent appointments to vital institutions, such as the judiciary, police and the Human Rights Commission of Sri Lanka (HRCSL).²⁹⁴ Removing checks on these institutions reduces their ability to be effective, accountable and transparent.²⁹⁵ In 2018, Sri Lanka was reinstated to 'A Status' by the Global Alliance for National Human Rights Institutions (GANHRI) for greater independence over appointment and dismissal processes.²⁹⁶ It is now at risk of being downgraded again (Target 16.a).^{297,298}

There is insufficient transparency in the policymaking framework. An example is the changing of commodity taxation through unannounced gazettes before seeking parliamentary ratification, a problem that has pervaded governing cycles.²⁹⁹ This appears to violate the principle of parliamentary supremacy over taxation, allowing potential exploitation of information and abuse of import licensing.^{300,301}

Presidential Commissions of Inquiry (COI) are assuming a politicised role against a backdrop of an increased majority for the governing party. In June 2020, the Attorney General warned that COIs were functioning like judicial tribunals, noting the risk of COI's supporting political victimisation³⁰² that mandated to scrutinise criminal investigations under the previous government of public officials for corruption and other crimes.³⁰³ A further risk is increased involvement of military officers in traditionally civil administration in Sri Lanka.³⁰⁴ Estimates suggest that more than 25 retired (or serving) senior military have recently been appointed to head or to senior leadership functions at diverse state bodies with civilian functions such as customs, the ports authority and various ministries (including the key Ministry of Health during the pandemic).³⁰⁵

The Justice System: There are bottlenecks in the justice process, caused primarily by an overloaded court system and lack of digitalisation. Prisons were at 260 per cent capacity as of April 2020,³⁰⁶ making Sri Lanka's prisons the most overcrowded in South Asia.³⁰⁷ In April 2020, the government recognised this, and released 2,961 remand prisoners on bail.³⁰⁸ 30 per cent of remand prisoners spend between six months to over two years awaiting sentencing, while 11 per cent wait over two years (Indicator 16.3.2).³⁰⁹ Sri Lanka also has national security laws that have spanned several administrations permitting arbitrary arrests and detentions. Historically,

²⁹² Daily News, "20th Amendment: Far reaching changes envisaged", 10 September 2020, <http://www.dailynews.lk/2020/09/10/features/228328/20th-amendment-far-reaching-changes-envisaged>; "Birth of a Strong and Stable Government", 8 November 2020,

<http://dailynews.lk/2020/11/18/supplement/233818/birth-strong-and-stable-government?page=1>.

²⁹³ Daily News, "20A introduced to strengthen national security – PM", 22 October 2020, <https://www.dailynews.lk/2020/10/22/local/232093/20a-introduced-strengthen-national-security-pm>.

²⁹⁴ Centre for Policy Alternatives, *Statement on the Twentieth Amendment*, 4 September 2020, <https://www.cpalanka.org/statement-on-the-twentieth-amendment-2/>.

²⁹⁵ <https://www.parliament.lk/files/pdf/constitution.pdf>

²⁹⁶ Sri Lanka, The Constitution of Democratic Socialist Republic Of Sri Lanka, <https://nhri.ohchr.org/EN/AboutUs/GANHRIAccreditation/Documents/SCA%20Report%20May%202018-Eng.pdf>.

²⁹⁷ Global Alliance of National Human Rights Institutions, https://nhri.ohchr.org/EN/AboutUs/GANHRIAccreditation/Documents/2007_October%20SCA%20Report.pdf.

²⁹⁸ Ibid.

²⁹⁹ EconomyNext, "Sri Lanka's fiscal tyranny by midnight gazette, retrospective taxes must end", 21 September 2015, <https://economynext.com/sri-lankas-fiscal-tyranny-by-midnight-gazette-retrospective-taxes-must-end-2661/>.

³⁰⁰ Article 148 of the Constitution gives parliament full control over public finance, including taxation and levies. <http://www.parliament.lk/files/pdf/constitution.pdf>; one opposition party leader has questioned the government's bona fides in using gazettes in this manner. <https://www.newsfirst.lk/2021/01/20/gazettes-a-pathway-to-corruption-akd/>.

³⁰¹ EconomyNext, "Sri Lanka sugar scam from midnight gazette, parliament committee calls for probe", 8 January 2021, <https://economynext.com/sri-lanka-sugar-scam-from-midnight-gazette-parliament-committee-calls-for-probe-77669/>.

³⁰² Sri Lanka Presidential Secretariat. "Report of the Commission to Investigate Political Victimization handed over to President". 8 December, 2020. <http://www.presidentsoffice.gov.lk/index.php/2020/12/08/report-of-the-commission-to-investigate-political-victimization-handed-over-to-president/>

³⁰³ Z. Farzan (News 1st), "COI not a judicial tribunal but a fact-finding body; AG (COMPLETE LETTER TO COI)", 23 June 2020, <https://www.newsfirst.lk/2020/06/23/coi-not-a-judicial-tribunal-but-a-fact-finding-body-ag-complete-letter-to-coi/>.

³⁰⁴ J. Uyangoda (Colombo Telegraph), "Military, Ex-Military, & Current Politics In Sri Lanka", 5 August 2018. www.colombotelegraph.com/index.php/military-ex-military-current-politics-in-sri-lanka/.

³⁰⁵ These numbers are as of January 2021, as per open-source data accessed by the UN in Sri Lanka.

³⁰⁶ PMD News, "2,961 prison inmates released on bail", 4 April 2020, <https://www.presidentsoffice.gov.lk/index.php/2020/04/04/2961-prison-inmates-released-on-bail/>

³⁰⁷ World Prison Brief. Institute for Crime & Justice Policy Research <https://www.prisonstudies.org/>

³⁰⁸ PMD News, "2,961 prison inmates released on bail", 4 April 2020,

³⁰⁹ The latest available Prisons Department data as of 31 December 2018. http://prisons.gov.lk/old_web/Statistics/Statistics-2019.pdf.

there are some instances where such laws were used to target potential challengers.³¹⁰ These laws combined with other provisions under the 20th Amendment could weaken equal access to justice for all.

Prisoners held under the Prevention of Terrorism Act (PTA) have spent many years in remand custody. According to the Human Rights Commission of Sri Lanka, 11 prisoners held under the PTA have spent 10-15 years and 29 have spent 5-10 years in remand.³¹¹ Past UNHRC resolutions³¹² and reports of the High Commissioner for Human Rights³¹³ have supported the review and repeal of existing counter-terrorism laws in favour of updated legislation adhering to international human rights standards.³¹⁴

There are strong concerns about political interference with the judiciary³¹⁵—especially the derailment of high profile “emblematic cases” since the appointment of the incumbent government—which implicate leading figures within government and the military. Some investigators on these cases are currently under investigation themselves.³¹⁶ Hearings on some recent arrests have been tainted with accusations of false evidence being manufactured by intelligence and the police.³¹⁷

Access to Information. Sri Lanka has robust legislation on public access to information since 2016 but implementation challenges remain.³¹⁸ The 20th Amendment removes previous provisions for independent appointments to the Right to Information Commission. The independence of this commission has played a significant role in the past. According to UNESCO, 85 per cent of Sri Lanka’s RTI commission orders in its first two years saw release of information previously denied by a public authority.³¹⁹

Freedom of Expression: Sri Lanka’s rankings on the World Press Freedom Index remained relatively stable in 2019 and 2020 after steady improvement in its rankings between 2015 and 2019.³²⁰ On the Freedom House Index that measures the extent of political rights and civil liberties, Sri Lanka is classified as ‘partly free.’ On the overall score, Sri Lanka ranked joint-third with Nepal among South Asian peers, behind India and Bhutan; it ranked fourth on political rights, but joint-first for civil liberties.³²¹ Sri Lanka’s government remains a member of the Open Government Partnership, which places emphasis on civil society participation in governance.³²² However, the High Commissioner for Human Rights notes a pattern of intensified surveillance and harassment of civil society organizations and human rights defenders.³²³

³¹⁰ See V.S. Ganesalingam, “Impact of PTA on the Fundamental Rights Recognized by the Constitution”, in *Sri Lanka Prevention of Terrorism Act (PTA): A Critical Analysis* (Colombo: Centre for Human Rights and Development, n.d.), pp. 41-54; S. Edirisinghe, in *Sri Lanka: Prevention of Terrorism Act (PTA)*, pp.17-18; J. Gunaratne, K. Pinto-Jayawardena and G. Gunatilleke, “The Judicial Mind in Sri Lanka: Responding to the Protection of Minority Rights, 2014 (Colombo: Law and Society Trust, 2014), pp.267-268, available at https://www.academia.edu/12987171/The_Judicial_Mind_in_Sri_Lanka_Responding_to_the_Protection_of_Minority_Rights.

³¹¹ See <https://www.hrcsl.lk/wp-content/uploads/2020/01/Prison-Report-Final-2.pdf>; see also <https://srilankabrief.org/living-in-hell-the-plight-of-prisoners-held-under-the-pta-ambika-sathkunanathan/>.

³¹² UNHRC resolution 30/1; UNHRC resolution 46/1. www.ohchr.org.

³¹³ OHCHR report on Sri Lanka, January 2021. www.ohchr.org.

³¹⁴ G. Gunatilleke and K. Pinto-Jayawardena, “The Judicial Mind in Sri Lanka; Responding to the Protection of Minority Rights”, *Law and Society Trust*, 2014, https://www.academia.edu/12987171/The_Judicial_Mind_in_Sri_Lanka_Responding_to_the_Protection_of_Minority_Rights.

³¹⁵ Human Rights Council, forty-sixth session, *Promotion reconciliation, accountability and human rights in Sri Lanka – Report of the Office of the High Commissioner for Human Rights*, 22 February-19 March 2021, https://www.ohchr.org/Documents/Countries/LK/Sri_LankaReportJan2021.docx.

³¹⁶ Centre for Policy Alternatives, *Revisiting Ten Emblematic Cases in Sri Lanka: Why Justice Remains Elusive*, January 2021, <https://www.cpalanka.org/wp-content/uploads/2021/01/Revisiting-Ten-Emblematic-Cases-in-Sri-Lanka-final-draft-1.pdf>.

³¹⁷ T. Ruwanpathirana (Amnesty International), “On Hejaaz Hizbullah: The latest victim of Sri Lanka’s draconian Prevention of Terrorism Act”, 15 July 2020, <https://www.amnesty.org/en/latest/news/2020/07/sri-lanka-on-hejaaz-hizbullah-and-the-prevention-of-terrorism-act/>; Daily FT, “Shani gets relief from Court of Appeal”, 17 June 2021, <https://www.ft.lk/front-page/Shani-gets-relief-from-Court-of-Appeal/44-719324>.

³¹⁸ UN General Assembly, Resolution adopted by the Human Rights Council on June 30, 2016, <http://www.slpi.lk/wp-content/uploads/2016/08/Final-RTI-bill-certified-on-4th-August-2016-English.pdf>.

³¹⁹ Daily FT, “SL’s RTI Act and RTI Commission feature in UNESCO’s global report”, 22 February 2021, <https://www.ft.lk/news/SL-s-RTI-Act-and-RTI-Commission-feature-in-UNESCO-s-global-report/56-713605>.

³²⁰ G. Gunatilleke (Oxford Human Rights Hub), “Hate Speech in Sri Lanka: How a New Ban Could Perpetuate Impunity”, 11 January 2016 <https://ohrh.law.ox.ac.uk/hate-speech-in-sri-lanka-how-a-new-ban-could-perpetuate-impunity/>; RSF, ““Terminator” v. press freedom”, <https://rsf.org/en/sri-lanka>.

³²¹ Freedom House, <https://freedomhouse.org/>.

³²² Sri Lanka, Presidential Secretariat, OGP, <https://www.presidentsoffice.gov.lk/index.php/ogp/>.

³²³ UN Human Rights, *Sri Lanka: Experts dismayed by regressive steps, call for renewed UN scrutiny and efforts to ensure accountability*, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=26715&LangID=E>.

Controlling Bribery and Corruption. Sri Lanka ranks 94 out of 180 countries on Transparency International's 2020 Corruption Perceptions Index based on data published in the previous two years suggesting a high degree of public awareness and concern on issues of bribery (Target 16.5).³²⁴ The Commission to Investigate Allegations of Bribery or Corruption (CIABOC), a dedicated state body to fight corruption, was established by an Act of Parliament in 1994. The CIABOC recorded an average of 427 bribery complaints between 2014 and 2019, a figure which saw an increase of approximately 18 per cent after the introduction of the 19th Amendment in 2015.³²⁵

Inclusive, participatory and representative decision-making. Sri Lanka has a tiered system of government. The central government is at the apex and is responsible for all national decision-making. Each of nine provinces elects its own provincial council. There are also local councils for municipal or local-level government. In theory, these tiers enable more inclusive decision-making. In practice, critics argue that the system permits broad overriding powers to the central government.³²⁶

Women's representation: Sri Lanka was ranked 102 among 153 countries assessed in 2020 (Indicator 16.7.1).³²⁷ Women's representation in the national legislature is 5 per cent.³²⁸ In recognition of this gap, Sri Lanka enacted laws in 2017 introducing a 25 per cent quota for women in local government; similar legislation does not exist for either the national parliament or for provincial councils, unlike regional peers Afghanistan, Bangladesh, Nepal and Pakistan, each of which have quotas at both national and subnational levels.³²⁹ Women's representation in state sector employment is significantly more equitable at 45 per cent, though senior leadership remains low.³³⁰

Youth representation: The national legislature of 225 seats presently has 25 members between the ages of 25 and 40. No quotas exist at national, provincial or local levels (Indicator 16.7.1). Sri Lanka has a 'Youth Parliament,' modelled on the national parliament as a training ground for future youth representatives.³³¹ According to Sections 88 and 89 of the Sri Lankan constitution, a citizen who has attained the age of 18 and who is otherwise not disqualified has the right to vote at an election.

COVID-19 impacts

The pandemic has contributed to further polarising policymaking between the state and civil society. A ban on COVID-19 victim burials has affected Muslims and other religious minorities disproportionately.³³² It has also contributed to a more stringent security policy.³³³ The risk is that pandemic management, and management of related social tensions, could facilitate increased securitisation, with implications for peace.

Potential Recommendations

- Invest in improvements to the **surveillance and prosecution** of actors involved in illicit drug flows to reduce social costs associated with these substances; reduce the risk to human life if social tensions in Sri Lanka continue to escalate; and help fulfil Sri Lanka's long-standing regional commitments.
- Facilitate and expedite **equal access to justice** through the expansion of remote court hearings/remote testimony across the civil, criminal and commercial sectors.
- Expand the provision of **protection and assistance to victims and witnesses of crime** in line with international standards.
- Develop a national **sentencing policy/guideline** to ensure uniformity in sentencing and minimise prison overcrowding.

³²⁴ Transparency International, Corruption Perceptions Index, <https://www.transparency.org/en/cpi/2020/index/lka>.

³²⁵ CIABOC, *Progress Report for the Period of 2017-2020*, https://ciaboc.gov.lk/images/pdf/reports/2020/Report_Part_2_-_English.pdf.

³²⁶ Reliefweb, *Devolution Under The Thirteenth Amendment: Extent, Limits, and Avenues for Reform*, 5 November 2016.

<https://reliefweb.int/report/sri-lanka/devolution-under-thirteenth-amendment-extent-limits-and-avenues-reform>.

³²⁷ World Economic Forum, *Global Gender Gap Report 2020*, http://www3.weforum.org/docs/WEF_GGGR_2020.pdf.

³²⁸ Parliament of Sri Lanka, *Lady Members*, <https://www.parliament.lk/lady-members>.

³²⁹ International IDEA, <https://www.idea.int/>.

³³⁰ Sri Lanka, Department of Census and Statistics, *Census of Public and Semi Public Government Sector Employment – 2016 – Final Report*, http://www.statistics.gov.lk/Resource/en/PublicEmployment/census_reports/FinalReport2016.pdf.

³³¹ Sri Lanka, National Youth Services Council, https://www.nysc.lk/aboutParliament_e.php.

³³² UNDP Crisis Risk Dashboard.

³³³ M. Ganguly (Human Rights Watch), *Sri Lanka Uses Pandemic to Curtail Free Expression*, 3 April 2020, <https://www.hrw.org/news/2020/04/03/sri-lanka-uses-pandemic-curtail-free-expression>.

- Implement the **National Legal Aid Policy** and the **National Sexual and Gender Based Violence Action Plan**.
- Strengthen **Alternate Dispute Resolution Mechanisms** in Sri Lanka (e.g., through special land mediation boards).
- Undertake an inclusive and progressive **legal reforms agenda** in line with international standards and best practices to amend archaic legislation.
- **Overcrowding in Sri Lanka’s prison system** can be addressed by reducing lengthy delays in the courts system and investing in more and better authorized accommodation for incarcerated individuals, in line with United Nations Rules for the Minimum Treatment of Prisoners (“Nelson Mandela Rules”).
- Make the justice system more **“child-friendly.”** Children 16-17 are treated as adults and held in adult prisons. Children, moreover, still have to wait over 10 years for their cases to be heard in court; child victims are housed in the same residential facilities as their perpetrators; and age-appropriate representation and legal aid are still lacking.
- Continue to strengthen the HRC’s mandate on **Fundamental Rights** complaints and on **monitoring detention centres**.
- Further invest in operationalizing the **Official Languages Policy** for the provision of public services and information provision to improve equitable access to services and information for all.
- Devolution of **land and police powers** as mandated by the constitution is an important step in diffusing intercommunity tensions in the North and East.
- Maintain the **space for dialogue** (including among diaspora groups), community engagement and developing cross-cultural understanding and reconciliation as vital to developing strong ties between groups.
- Address the legacies of the conflict by improving **State-minority relations** through improved service delivery, supporting demilitarization efforts in the north and east and pursuing credible post-conflict accountability efforts particularly on behalf of the disappeared
- Address misconceptions on **family planning and sexual and reproductive health** by investing in comprehensive programmes to educate communities on prevention of violence and peacebuilding in order to increase community social cohesion.
- Adopt and implement the **National Action Plan on Women, Peace and Security** to ensure that gender is mainstreamed and prioritized in peacebuilding efforts.
- Adopt a national strategic plan which identifies areas where **youth volunteerism** is utilized for positive harnessing of youth capacities.
- Continue monitoring the effective implementation of the **Right to Information Law**.
- Account for challenges faced by groups that do not have access to **participation in decision-making processes** but have a right to be protected against discrimination and violence (e.g., persons with disabilities, groups based on sexual orientation or gender identity and others within SDG targets).

Chapter 6 - Partnerships Pillar

This section evaluates Sri Lanka’s progress towards achieving targets for SDG 17 focused on data, partnerships, and stakeholder engagement.

- SDG 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

Analysis

The GoSL has formulated an institutional architecture mainstreaming SDGs into the national development agenda. Establishing “Sustainable Development” as a portfolio under the Ministry of Wildlife and Sustainable Development in 2015 was an initial step towards implementation of the 2030 Agenda. The legal framework is provided by the SD Council, established in 2018 and comprising the secretary to the president, ex-officio

members of key public institutions and eight other members appointed by the president.³³⁴ An inter-ministerial steering committee was formed in 2020 to provide political leadership for overall SDG implementation. At its first meeting in February 2021, it proposed two technical committees on (i) revising the National Policy on Sustainable Development and the Strategic Plan; and (ii) identifying environment-related SDG indicators.

A draft policy on implementing the 2030 Agenda is being revisited following the change in government and its new policy framework, “Vistas of Prosperity and Splendour.” The draft was based on mapping between the global SDG framework and the government policy framework and includes national policy targets for each of the 17 goals, and overall strategies to achieve them. The SD Council argue that a clear financing framework is required to achieve the 2030 Agenda.

The government has attempted to engage with stakeholder groups through all stages.³³⁵ Stakeholder interviews by the UN have noted a high degree of engagement and awareness, but efforts may have waned with shifts in focus and priorities.³³⁶ Alternative assessments of Sri Lanka’s progress against the SDGs may reflect a diversity of views not included in government consultation processes.³³⁷

UN agencies characterize their engagement level as broadly collaborative. Despite recent changes in the machinery of government, UN agencies have generally built strong relationships with partner ministries and departments. However, multiple UN agencies seem to engage with the same government agencies on different fronts and at different levels, with limited inter-agency coordination³³⁸.

The extent of UN engagement with other stakeholder groups varies between agencies and projects. Many UN agencies have implemented processes to engage with end beneficiaries as part of ongoing research and monitoring activities, such as feedback calling systems, focus groups, and field visits. However, many stakeholders feel that the UN’s engagement tends to concentrate on the same group of organisations³³⁹.

The UN’s “convening power” and bilateral relationships means it is uniquely placed to act as an intermediary. The 2030 Agenda is ambitious in its attempts to drive progress in areas that require all participants to share knowledge, expertise, technologies and financial resources. Assisting with this is an important function of the UN, as are its activities in programme planning, implementation and monitoring.³⁴⁰

Volunteering is a means of delivering ‘whole-of-society’ partnerships that accelerate progress towards the SDGs. Each year, seven million Sri Lankans³⁴¹ over the age of 15 contribute their time, skills, and effort to promote the well-being of their local communities. This resource has tremendous potential to accelerate progress on the 2030 Agenda by fostering a sense of ownership and accountability in community-based development activities.

The mandate for tracking and reporting on progress on SDG goals lies with the SD Council. The SD Council works in close collaboration with the Department of Census and Statistics (DCS) in tracking SDG progress. It also maintains a public data portal (<http://portal.sdc.gov.lk/public>) on which relevant entities are required to update data on SDG Indicators.

³³⁴ Sustainable Development Act No. 19 of 2017 Section 4 (1) - 8 additional members of the Council consist of 2 members appointed by the President, 1 member nominated by the Prime Minister, 2 members nominated by the Ministry of Sustainable Development and 3 members nominated by Provincial Councils.

³³⁵ United Nations in Sri Lanka and PriceWaterhouseCoopers, *Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming*, 2021.

³³⁶ Ibid.

³³⁷ Sri Lanka Voluntary People’s Review. *Voluntary Peoples Review on the implementation of the 2030 Agenda for Sustainable Development*. Presented at the High-level Political Forum on Sustainable Development (New York, 2018).

³³⁸ United Nations in Sri Lanka and PriceWaterhouseCoopers, *Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming*, 2021.

³³⁹ Ibid.

³⁴⁰ For example, see United Nations Network on Migration. 2020. *United Nations Migration Network in Sri Lanka – Terms of Reference*. United Nations Sri Lanka

³⁴¹ Charities Aid Foundation, CAF World Giving Index, October 2019, https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi_10th_edition_report_2712a_web_101019.pdf.

Sri Lanka’s existing statistical capacity is able to track broad progress in economic and social development but offers relatively limited coverage of all 244 indicators underpinning the SDGs. The UN’s Mainstreaming, Acceleration and Policy Support Agenda in 2017 (MAPS) Report highlighted Sri Lanka’s data collection capacity as one of five “potential accelerators for an SDG roadmap” (Table 2).³⁴²

Table 2: Status of indicators under the SDGs

Code	Classification	Number of Indicators	Share of total (%)
1	Global indicators/ proxy indicators (disregarding disaggregation levels) for which data are already compiled by the DCS through ongoing censuses and surveys and administrative records	46	18.8
2	Global indicators/ proxy indicators (disregarding disaggregation levels) for which data could be compiled by adding new modules into ongoing censuses and surveys or through new surveys and special studies	29	11.9
3	Global indicators/ proxy indicators (disregarding disaggregation levels) for which data are available through other institutions of the National Statistical System or specific agencies	131	53.7
4	Global indicators/ proxy indicators (disregarding disaggregation levels) for which data could be compiled by other institutions of the National Statistical System or specific agencies		
5	SDG Indicators corresponding to regional or global levels	35	14.3
6	SDG Indicators or disaggregation levels, which are not directly relevant to the Sri Lankan context	3	1.2

Source: Department of Census and Statistics “Status of Sustainable Development Goals Indicators in Sri Lanka: 2017”

Of the 46 indicators currently compiled by DCS, half rely on nationally representative surveys that are conducted infrequently. As a result, the most recent measure of progress for nearly half of these indicators is outcomes obtained in 2016. For the remaining indicators, there appears to have been no systematic tracking and limited access to the underlying data beyond an initial baseline in 2015. There is relatively comprehensive coverage of SDG3 (Good Health and Wellbeing) and SDG8 (Decent Work and Economic Growth) and SDG17 (Partnerships for the Goals), but data is missing for most indicators on SDG5 (Gender Equality), SDG10 (Reducing Inequalities) and for nearly all of the SDGs under the ‘Planet’ pillar.³⁴³

Limited progress in monitoring SDG indicators reflects on the ‘mainstreaming’ of SDGs and national statistical systems required for the 2030 Agenda. The release of DCS (2017) generated a need to map baseline data against the SDG indicators, culminating in #SDGLK—a joint symposium by the UN and the GoSL in March 2018—and a number of joint activities such as an SDG Tracker tool³⁴⁴ and an SDG Financing Platform to visualise and document progress. However, since 2018 there has been limited evolution.

Effective access is also limited, suggesting that Sri Lanka is not fully realising the potential of its existing data holdings as a crucial ‘public good.’ Despite DCS’ established policy on disseminating microdata,³⁴⁵ recent analysis from Verité Research suggests a mismatch between DCS’ stated policies on data dissemination and their

³⁴² Department of Census and Statistics, *Status of Sustainable Development Goals Indicators in Sri Lanka: 2017*, Ministry of National Policies and Economic Affairs, Sri Lanka.

³⁴³ Recognising these missing data, the SD Council is working with cabinet ministries, state ministries and departments to identify existing data sources for SDG indicators.

³⁴⁴ The SDG Tracker (<https://data.sdg.lk/>) provides information on Sri Lanka’s SDG “status quo,” and time series data at national and subnational level highlighting the disparities that require the attention of the policy makers.

³⁴⁵ Microdata refers to data on the characteristics of units of a population such as individuals, households or establishments, collected by a census, survey or experiment. See the [OECD Glossary of Statistical Terms](#).

application in practice.³⁴⁶ The analysis also points to lengthy follow-up processes for applications, with payments for access to microdata likely to far exceed their marginal cost (Table 3).³⁴⁷

Table 3. Microdata File Size and Actual Cost of Procurement to Verité Research, by dataset

Dataset	Size (in KBs)	Actual Payment by Verité Research (LKR) ⁱ
Labour Force Survey, 2012	16,907	33,800
Labour Force Survey, 2016	22,222	44,400
Household Income and Expenditure Survey, 2012	121,789	243,500
Household Income and Expenditure Survey, 2016	73,503	147,000
5% Sample of Census of Population and Housing, 2001	226,787	453,574
5% Sample of Census of Population and Housing, 2012	213,703	427,406

ⁱ DCS' standard charge for 50 KBs of data is LKR100 for local users and USD\$2 for foreign users.

Source Verité Research, *Reviewing the Data Dissemination Practices of Sri Lanka's Department of Census and Statistics*. Verité Policy Note, 2021

Impact of the Pandemic

Curfew restrictions and IT restraints in 2020 caused disruptions in face-to-face engagements. Stakeholders representing vulnerable groups continue to face challenges in engaging with key beneficiaries. Poor IT infrastructure, and limited internet and mobile access were also identified as challenges to continuing engagement with grassroots-level groups, particularly in rural areas. Meanwhile, UN agencies have also highlighted how the COVID-19 pandemic has provided opportunities to deepen their direct engagement at community level³⁴⁸.

The national COVID-19 response mechanism is coordinated by the Presidential Task Force for the Prevention of COVID-19 (PTF) and includes partnerships between government, the private sector and civil society. The PTF has been the focal point for the UN on matters relating to COVID-19 response. In addition, a CSO collective was formed to assist the government in its immediate response to the crisis, enabling all 25 districts to work with relevant government officials to address urgent food security, hygiene and medical needs of vulnerable groups in Sri Lanka.³⁴⁹

The private sector, civil society and development partners demonstrated their value in real-time surveillance. In 2020, private sector entities provided valuable insights on how mobility restrictions impacted supply chains and food distribution systems across the island. Labour unions also helped provide the earliest evidence of industries at greatest risk³⁵⁰. With extensive presence in the outstations of the island, NGOs and civil society organisations provided real-time monitoring on whether citizens could access what they needed when they needed it from the government's response to COVID-19. They also served as first responders for the pandemic's mounting social and economic costs.

The pace and national scale of disruptions from COVID-19 have highlighted information gaps in policy making. Fully understanding the impact of COVID-19 requires policymakers to look to a new set of partnerships—including with non-government organisations and private sector bodies—to compile real-time information needed for decision-making.

Potential Recommendations³⁵¹

³⁴⁶ Verité Research, *Reviewing the Data Dissemination Practices of Sri Lanka's Department of Census and Statistics*. Verité Policy Note, 2021.

³⁴⁷ Ibid.

³⁴⁸ United Nations in Sri Lanka and PriceWaterhouseCoopers, *Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming*, 2021.

³⁴⁹ UNDESA, *Sri Lanka Partnership Landscape Assessment 2021*.

³⁵⁰ For example, see Ceylon Chamber of Commerce, *Findings Report: Business Survey on Trade and Labour Market Impacts of COVID-19 on Exporters in Sri Lanka*, Partnerships for Accelerating Results in Trade, National Expenditure and Revenue (PARTNER) Activity. June 2020

³⁵¹ Unless otherwise indicated, these partnership opportunities are based on analysis drawn from the UN-commissioned report by PriceWaterhouseCoopers on *Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming*.

Joint UN-GoSL stakeholder mapping of each of the 17 SDGs would facilitate more regular engagement. This exercise may assist the GoSL to establish more regular constructive dialogue between government, civil society and the private sector, and identify new partners for consultation in UN agencies' regular programming efforts.

Amending the Sustainable Development Act (2017) to formalise non-government participation in decision-making bodies would represent an investment in inclusivity. The private sector, civil society, local government and academia offer technical expertise and capacity to contribute to essential service provision. The SD Council should develop strategic partnerships to understand private sector contributions to the SDGs and consider joint responses. The UN's SDG Investor Map in Sri Lanka can assist by identifying investment opportunities for domestic and international private capital.

For the GoSL, including the private sector, civil society and other NGOs in consultations would capitalise on partnerships forged during the COVID-19 crisis. During the island-wide curfew in 2020, private sector bodies, NGOs and civil society organisations demonstrated how their prompt interaction with government could help identify key entry points for policymakers. Such relationships could help consolidate new state-society partnerships and serve as a framework for more inclusive policymaking.

Engagement with subnational authorities and civil society organisations should link policy ambition at the central government level to the delivery of essential services underpinning the SDGs. Reviving central government support to incorporate the SDGs into locally authorities' budgeting processes under the leadership of the SD Council would be a useful first step. Voluntary SDG councils at the provincial and national levels could also solicit feedback on mainstreaming the SDGs in policy and help build ownership of these initiatives on a larger scale.

A more coordinated approach would engender greater government confidence in the UN system and help coordinate activities that support SDG targets. While UN agencies work effectively with government counterparts within their respective portfolio ministries, UN agencies and IFIs often engage with different counterparts at the country programme level, which makes consistency of messaging and policy advice difficult.

The private sector, civil society and NGOs are important partners of the UN. Regular engagement with these groups can help build solutions to policy problems that better fit the local context. Their extensive presence across the island positions them to help enable responsive changes to the UN's programmes.

A national all-UN agency outreach campaign with tailored messages to civil society groups and the private sector could demonstrate the value and relevance of the SDGs to a wider audience. A "Whole of Society" multilingual outreach campaign that highlights the broad scope of the 2030 Agenda can speak to how a more diverse range of stakeholders can partner with the UN to support shared areas of interest.

An annual joint UN-SD Council platform would provide regular centralized updates on progress towards the SDGs. The platform could coincide with the annual review of progress against the SDG indicators as compiled by the SD Council and DCS and highlight success stories and good practices in policymaking supporting the SDGs.

Expediting legislation underpinning the 2019 National Policy on Volunteering will support "People-Based Action" for the 2030 Agenda in Sri Lanka. Sri Lanka's Voluntary National Review (2018) highlighted how volunteer initiatives can strengthen civic engagement, social inclusion and community ownership of development results. A joint venture between the SD Council, the recently established National Volunteering Secretariat (NVS), and UN, civil society and volunteer organisations would support this goal.

ESCAP's 2019 Review of the National Statistical System of Sri Lanka (NSS Review) outlines a comprehensive programme of reform targeting data generation—including efforts surrounding the SDGs. The NSS Review calls on the GoSL to expedite compilation of required data from across government systems for the 131 SDG indicators for which this is possible. It also calls for a revised legal framework to broaden the role of the DCS,

consistent with the United Nations Generic Law on Official Statistics. The Review further suggests establishment of a single standardised system of national statistics³⁵².

A renewed compact between the GoSL, the UN and relevant partners would support better data to track progress and make informed policy decisions in areas related to the SDGs. DCS is the institution with the strongest technical mandate to drive this process, though high-level leadership from the Department of National Planning and the SD Council may be needed to incorporate localised SDG indicators into planning and development strategies. Following initial recommendations of the 2017 MAPS consultations, building statistical capacity to support the 2030 Agenda should:³⁵³

- i. **Reconcile international requirements for reporting on the SDGs with the existing data ecosystem in Sri Lanka.**
- ii. **Adopt a whole-of-government framework for data generation, management and exchange.**³⁵⁴
- iii. **Address known ‘capacity gaps’ to collect a richer set of disaggregated data using existing data collection processes.**

Broaden survey and administrative methods to include more information on vulnerable or at-risk populations and incorporate new techniques. National-level surveys should be transparent in how they incorporate at-risk groups and ensure methodologies produce precise, disaggregated point estimates. Survey instruments should accurately track progress in outcomes of these groups over time, as is required by the SDGs, and comply with the six principles of the UN’s *Human Rights-Based Approach to Data*.³⁵⁵ New IT-driven data collection methods like Computer-Aided Personal Interviewing (CAPI), used successfully in Sri Lanka’s Labour Force Survey,³⁵⁶ could be applied to larger, more complex surveys to reduce the lag time in monitoring progress under the SDGs.

Sri Lanka’s National Data Sharing Policy needs to be complemented with investments in its data ecosystem. A national data policy is insufficient in actively fostering a culture of evidence-based policymaking in Sri Lanka. The UN’s submission to the SDC, *“Building the Data Ecosystem for Evidence-Based Decision Making in Sri Lanka,”* describes six areas for targeted capacity-building in Sri Lanka’s data ecosystem:

1. **Data Infrastructure**
2. **Data Standards**
3. **Data Governance Frameworks and Standard Operating Procedures**
4. **Data Analysis**
5. **Advocacy and Communication**
6. **Human Resources**

Better aligning DCS’ business model with its stated policy on ‘affordable’ access to microdata would catalyse more research and robust analysis of “what works.” A move to an alternative pricing model would provide new research opportunities in support of the SDGs in Sri Lanka.³⁵⁷ Limited historical access of paid microdata under the current pricing scheme suggests a policy change in this area could serve as a valuable own-source revenue stream that could be re-invested in statistical capacity development to support the SDGs.

³⁵² United Nations Economic and Social Commission for the Asia-Pacific (ESCAP), *Report: Review of the National Statistical System of Sri Lanka*, December 2019

³⁵³ These areas are discussed in Section 3 of the UN Sri Lanka’s Catalysing Decade of Action in Sri Lanka, a submission to a government Working Group assessing the current status of implementation of the 2030 Agenda for Sustainable Development and achievement of the SDGs. The submission focused on the “enabling environment” for achieving SDGs and proposes a set of recommendations to catalyse a decade of action for SDGs.

³⁵⁴ United Nations. *MAPS Approach Supporting SDG Implementation in Sri Lanka*. 2018 Report of the interagency UN mission led by UNDP, UNFPA and UNESCAP in Sri Lanka in 2017.

³⁵⁵ United Nations Office of the High Commissioner for Human Rights. *A Human Rights-Based Approach to Data: Leaving No-One Behind in the 2030 Agenda for Sustainable Development* (2018).

³⁵⁶ UN Economic and Social Commission for the Asia-Pacific. *Review of the National Statistical System of Sri Lanka* (2019).

³⁵⁷ Department of Census and Statistics, *Dissemination Policy on Microdata* (2007).
http://www.statistics.gov.lk/Datadessimination/DataDissaPolicy_2007Oct26.

Chapter 7 - Financing the SDGs in Sri Lanka

- SDG 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

Analysis

Estimating Sri Lanka's SDG Financing Requirements

Mobilising financing is key to implementing the 2030 Agenda for Sustainable Development. Sustainable financing is crucial for policies supporting social and economic progress in Sri Lanka. In the context of a country facing prolonged fiscal constraints, UN Sri Lanka's Advisory Paper on the Immediate Socioeconomic Response to COVID-19 in Sri Lanka advocates for an approach that identifies the necessary requirements to achieve the SDGs and working to find financing to fit those needs³⁵⁸.

Estimating financing needs is a useful first step. ESCAP estimates suggest that low- and middle-income countries in the Asia-Pacific region need to invest an additional 5 per cent of 2018 GDP (\$1.5 trillion) per year through 2030 in order to achieve the SDGs.³⁵⁹ For Sri Lanka, this can provide a sense of the scale of financing required, which in turn may help guide the UN's advice on the optimal mix of financing instruments to close the 'gap.'³⁶⁰

Estimates from across the UN system suggest that Sri Lanka requires financing of at least 6.0 per cent of GDP to achieve the SDG targets in key policy areas. One approach to estimate a lower bound of the SDG financing 'gap' for a subset of the SDGs in Sri Lanka: considering the minimum cost of certain 'inputs' in key SDGs to help reach the same level of progress of leading middle-income countries under each SDG.³⁶¹ These estimates suggest that Sri Lanka requires financing of at least 3.5 per cent of GDP per year on average to 2030 to reach similar levels of progress in health and education to the leading middle-income countries (Table 4).

³⁵⁸ United Nations Sri Lanka. UN Advisory Paper: Immediate Socioeconomic Response to COVID-19 in Sri Lanka. June 2020 (Revised July 2020).

³⁵⁹ UN Economic and Social Commission for Asia and the Pacific, 2019. *Economic and Social Survey of Asia and the Pacific, 2019: Ambitions Beyond Growth*.

³⁶⁰ For a discussion on recent country developments and their implications for realising the SDGs, see the 'Outlook to 2030' section of the Prosperity chapter.

³⁶¹ V. Gaspar and others, "Fiscal Policy and Development : Human, Social, and Physical Investments for the SDGs", *IMF Staff Discussion Notes* (2019), p. 45.

Table 4. Selected Estimates of Investment Requirements to Achieve the SDGs, by SDG

Policy Area	SDG	Framework/Source	Investment Requirement (% of 2019 GDP)
Health	SDG 3	Gaspar, et al., 2019 ³⁶² 2021 CCA ³⁶³	3.5
Education	SDG 4		
Electrification	SDG 7		
Roads	SDG 9		
Water and Sanitation	SDG 6		
Poverty Reduction	SDG 1	UN ESCAP, 2019 ³⁶⁴	0.2
Climate-resilient infrastructure	SDG 9	Huang, et al., 2019 ³⁶⁵	0.8
Social Protection	SDG 1	Kidd, et al., 2020 ³⁶⁶ UN ESCAP, 2019	1.5-1.7 ³⁶⁷

Tools to Finance Sri Lanka's 'Needs'

Sri Lanka's SDG 'financing gap' will require significant resource mobilisation in a number of policy areas, each with different requirements. Mobilising greater own-source revenue is required to fund essential government expenditure in areas like health, education and social protection, where service provision is majority publicly funded. Sizable capital outlays are also required for investments in renewable energy and other major infrastructure projects requiring FDI, PPP and other concessionary finance arrangements. This section explores five major sources of financing; their relative magnitude in the Sri Lankan context; and where these tools might be best applied in financing the 2030 Agenda.

Official Development Assistance

ODA represents a declining share of Sri Lanka's economy. ODA played a key role in the immediate post-conflict period, supporting stability and post-conflict reconstruction and recovery.³⁶⁸ These investments—particularly from bilateral sources³⁶⁹—have eased in recent years (Chart 1). Net multilateral financing flows³⁷⁰ have also

³⁶² Ibid.

³⁶³ Costings conducted in the development of this paper involve comparisons of expenditures across countries expressed in 2019 US dollars. All cost estimates are therefore expressed as a share of Sri Lanka's 2019 GDP after accounting for purchasing power parity (PPP) differences across countries.

³⁶⁴ UN Economic and Social Commission for Asia and the Pacific, 2019. *Economic and Social Survey of Asia and the Pacific, 2019: Ambitions Beyond Growth*.

³⁶⁵ Zhenqian Huang and others, "SDG implementation and budgeting: Sri Lanka's efforts and challenges", ESCAP Blog, 7 August 2019: <https://www.unescap.org/blog/sdg-implementation-and-budgeting-sri-lanka#>

³⁶⁶ Stephen Kidd and Others. "Tackling the COVID-19 economic crisis in Sri Lanka: Providing universal, lifecycle social protection transfers to protect lives and bolster economic recovery". *UNICEF Sri Lanka Working Paper: June 8, 2020*

³⁶⁷ ESCAP estimates in this area are derived from ILO's *Social Protection Floors Cost Calculator*: <https://www.social-protection.org/gimi/SPFCalculReport.action>, while UNICEF's estimates are derived from modelling based on eligibility of beneficiaries as determined using Sri Lanka's 2016 Household Income and Expenditure Survey (HIES). For further details, see Kidd et al. (2020).

³⁶⁸ D. De Mel, "The Role of Foreign Aid in Post-Conflict Recovery", *Institute of Policy Studies: Sri Lanka State of the Economy Report - 2010*, chap. 9.

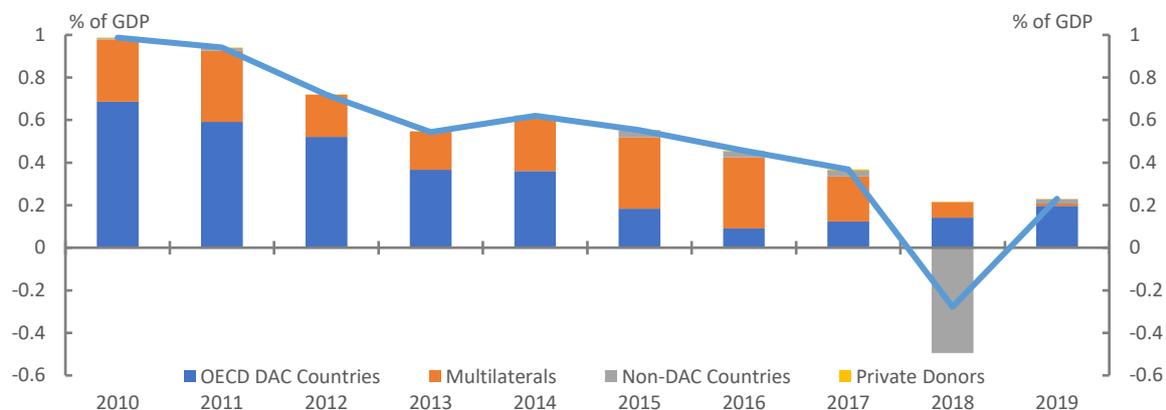
³⁶⁹ The OECD denotes 'OECD DAC Countries' as: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom and the United States.

'Non-DAC Countries' include: Israel, Kazakhstan, Kuwait, Lithuania, Malta, Qatar, Romania, Russia, Thailand, Turkey, and the United Arab Emirates.

³⁷⁰ The OECD denotes 'Multilaterals' as: International Monetary Fund, the Asian Development Bank, the Asian Infrastructure Investment Bank, Islamic Development Bank, the United Nations and its agencies, the World Bank Group, the Adaptation Fund, the Central Emergency Response Fund [CERF], Global Alliance for Vaccines and Immunization [GAVI], Global Environment Facility [GEF], Nordic Development Fund [NDF], and the OPEC Fund for International Development [OPEC Fund].

eased slightly, potentially influenced by the continuation of Sri Lanka’s ‘graduation’ to middle-income status.^{371,372}

Chart 6: Net Official Development Assistance by Donor Type, 2010-2019



Source: OECD Development Assistance Committee. Note: Net ODA for 2018 is negative due to a large, one-off repayment of ODA financing to a single, non-DAC country. Absent this transaction, net ODA from all other official donors in 2018 was 0.21 per cent of GDP.

Notwithstanding, ODA will continue to play a critical role in Sri Lanka’s economic and social transformation and should be consistent with the UN’s Resolution on Development Cooperation with Middle-Income Countries (MICs). ODA to MICs remains important to attaining the SDGs, recognising that 73 per cent of the world’s poor reside in MICs.³⁷³ ODA can and is being applied in Sri Lanka in areas recognised by the UN as being critical to supporting economic and social welfare; the resilience of social and economic systems; and in supporting the government to reach those most left behind.^{374,375} However, the UN and other bilateral and multilateral donors need to ensure that activities remain fit-for-purpose as Sri Lanka grows and develops.

A DESA report focusing on the role of the UN Development System in MICs highlights that the poor may be ‘harder to reach’ compared to lower-income countries; that the distribution of the benefits from economic growth—or lack thereof—may generate new forms of social inequality; that climate change poses important choices for MICs; and that backlogs in infrastructure and adaptive capacity leave many MIC populations at risk from climate change.³⁷⁶

ODA delivery mechanisms also need to be responsive to changes in country capacity, acknowledging that constraints to sustainable development should be tackled through “the exchange of experiences, improved coordination and better and focused support of the United Nations development system.”³⁷⁷ The Centre for Global Development suggests four principles to guide ODA investments in middle-income countries like Sri Lanka:³⁷⁸

1. matching the scale of investment to the scale of the development challenge;
2. delivering ODA with the right financing instruments;
3. *complementing* state capacity and delivery systems, rather than *substituting* for them; and
4. making best use of multilateral partnerships to coordinate activities and amplify impact.

³⁷¹ J. Heckelman, S. Knack, and F. Rogers, “Crossing the Threshold: An Analysis of IBRD Graduation Policy”, *World Bank Policy Research Working Paper 5531*. (2011).

³⁷² A. Wijesinha, 2012. “Mind the Gap: How Will Sri Lanka Finance its Development Needs?”, *Institute for Policy Studies: Talking Economics* (6 November 2012).

³⁷³ United Nations General Assembly, *A/RES/74/231 Development Cooperation with Middle-Income Countries*, n.p. (2020).

³⁷⁴ J. Glennie, “The role of aid to middle-income countries: a contribution to evolving EU development policy”, *Overseas Development Institute Working Paper 331* (2011).

³⁷⁵ R. Dissanayake, C. Kenny, and M. Plant, “What Is the Role of Aid in Middle-Income Countries?”, *Centre For Global Development: Policy Paper 201* (2020).

³⁷⁶ A. E. Abdenur, *Delivering the 2030 Agenda for Sustainable Development* (New York: United Nations Department of Economic and Social Affairs). https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/desa_mics_paper_abdenur_may18_-_final.pdf

³⁷⁷ United Nations General Assembly, *A/RES/74/231 Development Cooperation with Middle-Income Countries*, n.p. (2020).

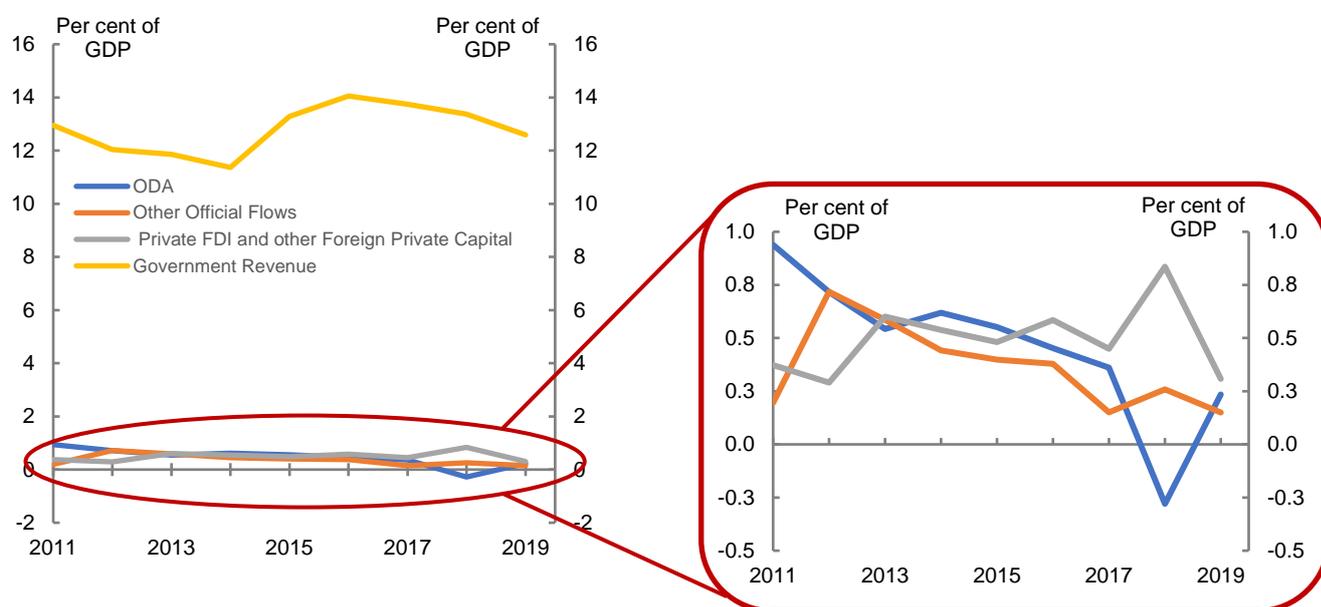
³⁷⁸ R. Dissanayake, C. Kenny, and M. Plant, “What Is the Role of Aid in Middle-Income Countries?”, *Centre For Global Development: Policy Paper 201* (2020).

For MICs with higher institutional capacity, development assistance should increasingly take the form of policy advice that is technically-sound, informed by in-country experiences and sensitive to fiscal and political constraints. Promoting a transparent culture of evaluation among in-country activities allows the UN Development system to rely more on evidence-based analysis.³⁷⁹

Domestic Resource Mobilisation

Countries use this to raise and spend their own funds. It is the largest source of financing available to low- and middle-income countries. Own-source revenue can build fiscal capacity in a more sustainable way compared to more volatile FDI and ODA flows. Such longer-term fiscal capacity is crucial to financing ongoing provision of essential government services like education, healthcare and social protection.^{380,381} Sri Lanka's government revenue is its largest source of development financing, averaging 12.5 per cent of GDP since 2010. Over the same period, shares of other sources of development finance³⁸² have continued to decline (Chart 1).

Chart 7. Total Government Revenue and Other Development Financing Flows, 2010-2019



Source: OECD Development Assistance Committee, World Bank

Reversing Sri Lanka's long-term decline in government revenue as a share of GDP is essential to building fiscal capacity for expansion of basic services to achieve the SDGs. Sri Lanka has a history of fiscal deficits, averaging 6-7 per cent of GDP over the decade to 2020 (Chart 8). Official data indicate a rise in the fiscal deficit in response to the initial impact of the COVID-19 pandemic.³⁸³ Persistent fiscal deficits are of concern: public borrowing to fund regular shortfalls adds to an increasing stock of debt, which requires Sri Lanka to make regular interest payments that divert fiscal capacity away from more productive uses and pro-poor expenditures (e.g. in health and education services). Moderation in Sri Lanka's GDP growth from 2015 to 2019 and a contraction in 2020 has meant that government revenue has failed to keep pace with servicing costs.

³⁷⁹ A. E. Abdenur, *Delivering the 2030 Agenda for Sustainable Development* (New York: United Nations Department of Economic and Social Affairs). https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/desa_mics_paper_abdenur_may18_-_final.pdf

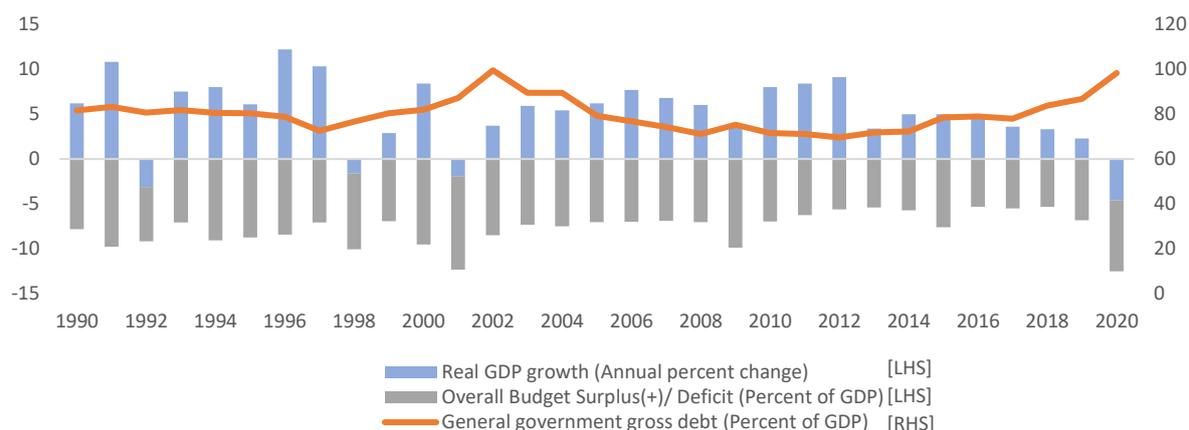
³⁸⁰ Millennium Challenge Corporation, *Domestic Resource Mobilisation* (2021). <https://www.mcc.gov/initiatives/initiative/domestic-resource-mobilization>

³⁸¹ R. F. Junquera-Varela and others, "Strengthening Domestic Resource Mobilisation: Moving from Theory to Practice in Low- and Middle-Income Countries" (Washington, D.C: World Bank Group, 2017).

³⁸² Other Official Flows (OOF) are defined as official sector transactions that do not meet official development assistance (ODA) criteria (Organisation of Economic Cooperation and Development, 2021).

³⁸³ https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/red/2020/Chapter_6_e.pdf

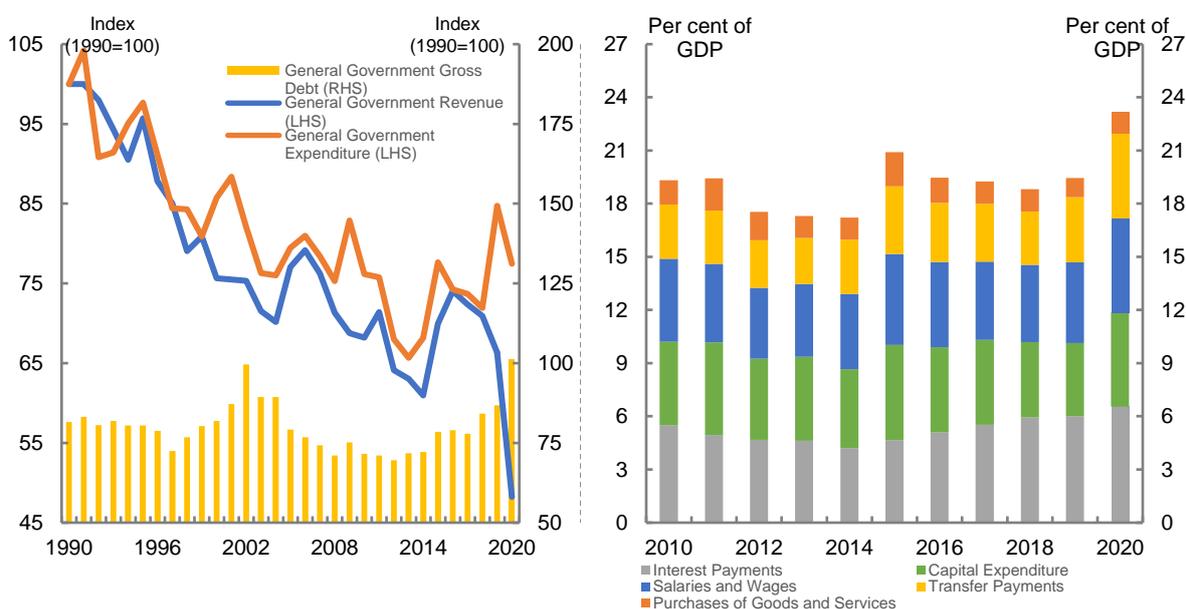
Chart 8. Real GDP Growth, Fiscal Balance and General Government Gross Debt, 1990-2020



Source: International Monetary Fund, Central Bank of Sri Lanka

Government revenue as a share of GDP has more than halved from around 20 per cent in 1990 to 9.2 per cent in 2020, with the decline accelerating during Sri Lanka’s period of civil unrest.³⁸⁴ Periods of large discrepancies between growth in expenditure and revenue are reflected in changes in the stock of public debt, which reached an estimated 101 per cent of GDP in 2020³⁸⁵ (Chart 2). This accumulation of debt has meant that interest payments have become the single largest expenditure item in the Sri Lankan government’s budget—considerably larger than the national public sector wage bill and national capital outlays (Chart 10).

Charts 9 and 10. General Government Revenue, Expenditure and Gross Debt, 1990-2020 and Composition of Government Expenditure, 2010-2020



Source: Central Bank of Sri Lanka: Annual Report 2020; Central Bank of Sri Lanka Economic and Social Statistics, 2020; IMF World Economic Outlook Database

Undue fluctuations in the value of Sri Lanka’s exchange rate can also have significant implications for the country’s public debt burden—40 per cent of which is denominated in foreign currencies.^{386,387} Textile and

³⁸⁴ Central Bank of Sri Lanka, Annual Report: 2020, n.p., n.d..

³⁸⁵ Ibid.

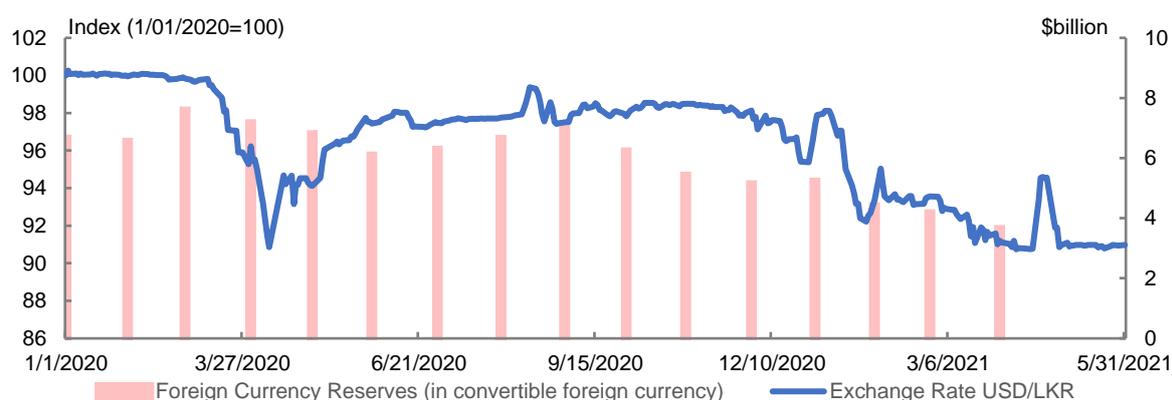
³⁸⁶ Central Bank of Sri Lanka, Annual Report: 2020, n.p., n.d.

³⁸⁷ Changes in the value of a country’s foreign currency debt burden due to exchange rate fluctuations are known as *valuation effects*. For debt holdings denominated in foreign currency, changes in the exchange rate result in changes in the value of domestic currency required

garment exports, personal travel (including international tourism) and remittances are Sri Lanka's three largest sources of foreign exchange, accounting for nearly 60 per cent of foreign income receipts in 2020.³⁸⁸ Foreign exchange earnings—and by extension, Sri Lanka's exchange rate—are likely to be volatile while COVID-19 continues to impact international tourism flows, major apparel export markets in Europe and the US, and recipient countries for Sri Lanka's migrant workforce.

The value of the Sri Lankan rupee has depreciated by 9 per cent since the beginning of 2020, due in part to measures by the Central Bank to manage foreign currency reserves. Despite concerted policy effort to stem foreign exchange outflows, reserves are still diminishing (Chart 11), with import cover of 1.9 months at around a third of the level seen in mid-2020. Insufficient stock of foreign currency can destabilise the banking system, drive increases in domestic prices for imported goods, and potentially lead to importers being unable to import goods.

Chart 11: Foreign Currency Reserves and LKR/USD Exchange Rate



Source: Central Bank of Sri Lanka, Table 2.15

Sri Lanka is also likely to have to face these fiscal challenges with little to no access to international bond markets. Fitch and Moody's have both downgraded Sri Lanka's default rating in recent months, citing concerns about declining foreign currency reserves, the serviceability of external debt redemptions in 2021 and "impaired market access... [due to] spreads on Sri Lankan international sovereign bonds over US Treasuries hovering around 1000 basis points."³⁸⁹

Foreign Direct Investment

Foreign Direct Investment (FDI)³⁹⁰ has played a key role in the post-conflict revitalisation of the services side of Sri Lanka's economy. Sri Lanka recorded inward FDI flows of \$758 million in 2019 (0.9 per cent of GDP). Inflows in the post-conflict period have averaged between 0.8 per cent and 1.2 per cent of GDP per year (Chart 4). Public records from Sri Lanka's Board of Investment indicate that FDI was highly concentrated in the services sector over the decade to 2012, accounting for around two-thirds of all projects in 2012, and around 90 per cent of annual FDI flows.³⁹¹

to meet particular debt obligations held in foreign currencies, meaning a depreciating exchange rate requires greater amounts of domestic currency to meet the same repayment value held in a foreign currency debt.

³⁸⁸ Central Bank of Sri Lanka, Table 2.09, *Balance of Payments – Annual*.

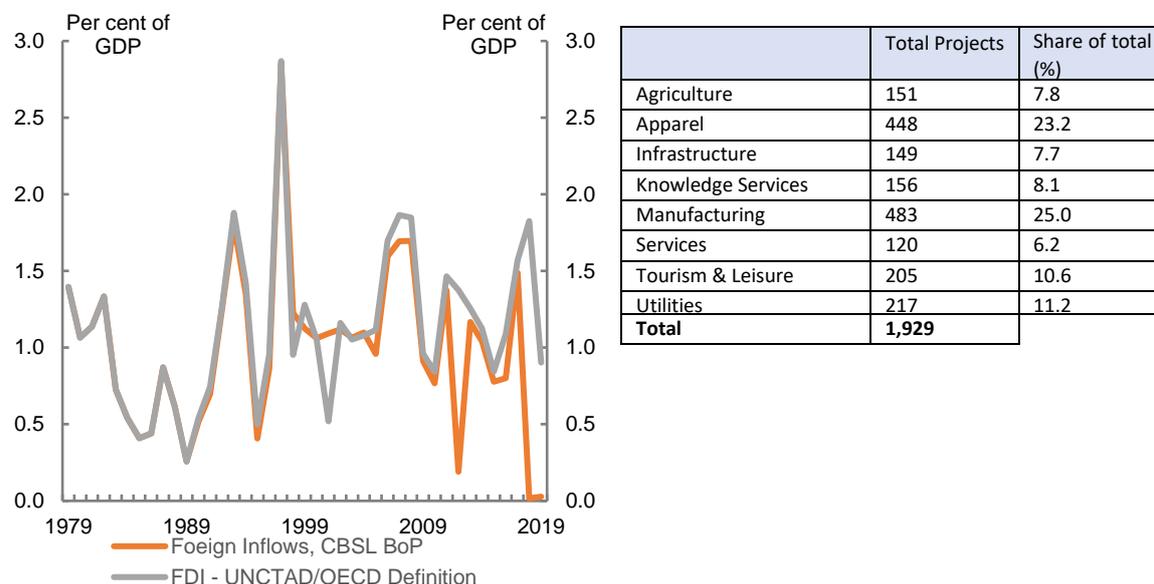
³⁸⁹ Moody's Investor Service, *Rating Action: Moody's downgrades Sri Lanka's ratings to Caa1, outlook changed to stable: 28 September 2020*; Fitch Ratings, *Rating Action Commentary: Fitch Downgrades Sri Lanka to 'CCC'* (27 November 2020).

³⁹⁰ Foreign Direct Investment refers to cross-border investments made by a resident in one economy in an enterprise that is resident in another economy, with the objective of establishing a lasting interest and/or strategic long-term relationship with the recipient enterprise (OECD, 2008).

³⁹¹ Sri Lanka Board of Investment, *Estimated Investment of Projects Approved (2000-2012)* (Colombo: Sri Lanka Board of Investment, 2013).

However, more recent records of commercial operations suggest FDI could have diversified over the past five years (Table 5). Sri Lanka's major investment partners over this period are dominated by countries in Asia, with China, Hong Kong, India and Malaysia accounting for the majority of FDI flows into Sri Lanka.

Chart 12 and Table 5. Foreign Direct Investment, 1979-2019 and Board of Investment Projects in Commercial Operation, by Sector, 2017



Source: Central Bank of Sri Lanka, UNCTAD, Sri Lanka Board of Investment (BOI)

Sri Lanka's apparel export industry has historically been driven by FDI, limiting the extent of quality upgrades, technology transfer and diversification. The share of manufacturing exports generated by Foreign-Investment Enterprises (FIEs) has increased from 24 per cent in 1978 to nearly 90 per cent by 2015, most of which was concentrated in the garments sector.³⁹² Despite the efforts of Sri Lanka's Board of Investment, FDI in higher value-added manufacturing exports like electronics has not occurred to the same extent.³⁹³

Public Private Partnerships (PPP)

Eighty-seven PPP projects³⁹⁴ were completed in Sri Lanka, with a combined investment of \$3.2 billion. Energy is the most prominent sector for PPPs in Sri Lanka, with 77 projects, followed by ICT (five projects) and transport (three projects, Table 4). However, more than a third of the total value of Sri Lanka's PPP portfolio is concentrated in five projects, three of which have been completed in the last five years. These include three major port developments; one solid waste management project; and one high-profile divestiture in the telecommunications sector.

Table 6. PPP Investment Flows and Projects Completed, by Year of Completion¹

Year	Investment (US\$million)					Projects (Number)				
	Energy	ICT	Municipal	Transport	Total	Energy	ICT	Municipal	Transport	Total
1989-1999	178	321		240	739	8	5		1	14
2000-2009	477				477	38				38
2010-2018	1,170		187	620	1,977	31		2	2	35
Total	1,825	321	187	860	3,193	77	5	2	3	87

Source: World Bank Private Participation in Infrastructure (PPI) Database. ¹Listed projects do not include the Colombo Port City project (2017), which is classified as FDI, and the West Container Terminal at Colombo Port, approved on 3 March 2021.

³⁹² P. Athukorala and others, "The Sri Lankan Economy: Charting A New Course", Manila: Asian Development Bank (ed. 2017).

³⁹³ Ibid.

³⁹⁴ International Monetary Fund, 2014.

PPP projects in Sri Lanka were useful to address growing infrastructure needs. However, legal, regulatory and administrative frameworks supporting further PPP investments have been actively disbanded in recent years, with implications for the ability to finance viable projects. In 2016, a World Bank PPP diagnostic identified several constraints to a better-functioning government PPP programme:³⁹⁵

- Over-reliance on unsolicited proposals for projects, which can adversely affect transparency and value-for-money
- Absence of a clear procurement process, giving rise to poorly-structured transactions and a lack of feasibility studies
- Lack of domestic capital market development to provide long-term debt arrangements, liquidity and derivative markets to hedge against interest rate and exchange rate risk
- Lack of regulatory and legal frameworks for government to manage liabilities associated with long-term PPP projects

In July 2017, a National Agency for Public Private Partnerships (NAPPP) was established within Sri Lanka's Ministry of Finance and Mass Media to support the development of PPP legal and regulatory frameworks and develop tools to evaluate and prioritise possible projects. Technical Assistance offered by the World Bank would also assist the NAPPP to develop a PPP project pipeline of \$1.2 billion. However, the NAPPP was disbanded in January 2020 on grounds that its functions were no longer necessary.³⁹⁶ To date, there has been no established legal framework for PPPs in Sri Lanka, despite the increasingly pressing need for infrastructure development.³⁹⁷ There is also no centralised PPP project pipeline.³⁹⁸

Innovative Financing³⁹⁹

This class of development financing tools has emerged in response to a need for low- and middle-income countries to better leverage market-based methods of development financing, and to continue to leverage global capital markets during times of low-risk appetite.⁴⁰⁰ Prominent innovative financing instruments include **social impact investment**, whereby investors provide concessional or non-concessional funding to address social needs with the explicit expectation of measurable social and financial returns; and **Development Impact Bonds**, which make financing conditional upon the delivery of concrete results.⁴⁰¹ Targeted examples include 'green' (energy efficiency) and 'blue' (environmental management) bonds.

Social Impact investment currently has little to no footprint in Sri Lanka. Over the period 2004-2014, \$101.8 million in impact investment capital was deployed in Sri Lanka, representing 12 per cent of total impact investment in South Asia (Chart 13) and around 3 per cent of impact investor flows to South Asia, South-East Asia, East Africa and West Africa combined. \$70 million of this investment was deployed in financial services and microfinance, and \$32 million in high-end healthcare.⁴⁰²

³⁹⁵ World Bank, *Sri Lanka PPP Diagnostic Note*, n.d.

³⁹⁶ A. Derana (LankaNewsWeb), "Government disbands National Agency for Public-Private Partnership", 19 January 2020.

³⁹⁷ World Bank, *Project Appraisal Document: Framework Development and Infrastructure Financing to Support Private-Public Partnerships Project* (Colombo: World Bank Group, 2018).

³⁹⁸ Asian Development Bank, *Public-Private Partnership Monitor, 2nd Edition* (Manila, Philippines, 2019).

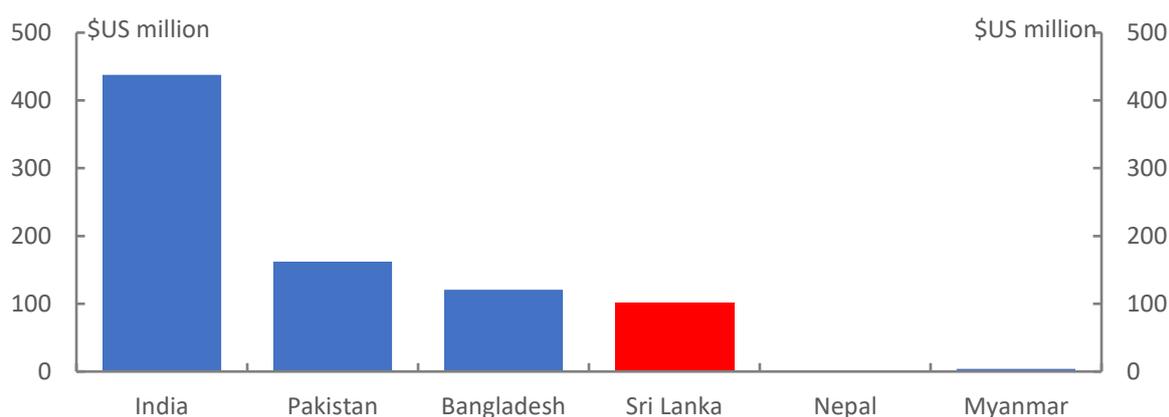
³⁹⁹ UN Economic and Social Commission for Asia and the Pacific, *Innovative Financing for Development in Asia and the Pacific: Government Policies and Impact Investment and Public Finance for Innovation* (United Nations, n.d.).

⁴⁰⁰ World Bank, *Innovative Financing for Development* (Washington, D.C.: World Bank Group, 2019).

⁴⁰¹ Organisation for Economic Cooperation and Development, *Social Impact Investment 2019: The Impact Imperative for Sustainable Development* (Paris: OECD Publishing, 2019).

⁴⁰² Global Impact Investing Network, *The Landscape for Impact Investing in South Asia* (n.p., n.d.)

Chart 13. Capital Deployed by Impact Investors (non-DFI agencies), South Asia, 2004-2014



Source: Global Impact Investing Network, Dalberg

Sri Lanka is also yet to issue ‘green’ or ‘blue’ bonds. Out of the \$52 billion in global green bond issuances, India is the only South Asian country to issue green bonds (\$3.2 billion in 2019), though the IFC suggests that “policies are starting to be put into practice” for a number of South Asian countries including Sri Lanka.⁴⁰³ As of October 2020, the world’s first and only blue bond was issued by the government of the Seychelles in 2018.⁴⁰⁴

Impact investors have shown interest in Sri Lanka, but issues relating to the necessary scale and stability of capital markets, due diligence, deal structuring and exit arrangements are binding constraints. Dalberg’s global survey of impact investors indicates that Sri Lanka’s domestic market is often insufficient to manage the minimum investment sizes of around \$20 million demanded by most impact investors. The survey also suggests that few SMEs appear investment-ready in terms of their corporate governance, with added uncertainty around sufficient regulation around trade sales or initial public offerings.⁴⁰⁵

Potential Recommendations

Improving Sri Lanka’s tax system as a means of medium-term fiscal consolidation and long-term development financing. Introducing simpler and more equitable statutory rates for income tax and corporate tax will raise tax revenues by providing clarity on payable taxation and reducing administrative challenges associated with tax collection. Measures to rationalise concessions (e.g., corporate tax holidays, corporate profit exemptions and differential taxation rates across occupations) could increase tax revenues by as much as 1.3 per cent of GDP.⁴⁰⁶ Rolling back exemptions—including the often-opaque procedures in applying them—would help mitigate the erosion of Sri Lanka’s value-added tax (VAT) base and import tax base.^{407,408} Capacity-building investments in revenue administration will also improve the efficiency of tax collection, expand the base of taxpaying entities, and improve tax compliance.⁴⁰⁹

More efficient public expenditure to create fiscal space in the long term. Civil service salaries are a large item of recurrent expenditure that imposes rigidities on the expenditure side of Sri Lanka’s budget. After a 40 per cent increase in civil service positions from 900,000 to 1.3 million between 2004 and 2014, civil service reform in the interests of medium-term fiscal sustainability is likely to be an incremental—and politically sensitive—process.⁴¹⁰ Instituting a more considered remuneration review process can help manage changes in the public

⁴⁰³ International Finance Corporation, *Emerging Market Green Bonds Report 2019* (Amundi Asset Management and International Finance Corporation, 2020).

⁴⁰⁴ World Bank, *Seychelles launches World’s First Sovereign Blue Bond* (Washington DC: World Bank Press release, 2018).

⁴⁰⁵ Global Impact Investing Network, *The Landscape for Impact Investing in South Asia*, 2015.

⁴⁰⁶ International Monetary Fund, Staff Report for the 2016 Article IV Consultation and Request for a Three-Year Extended Arrangement Under the Extended Fund Facility, *IMF Country Report No. 16/150* (2016).

⁴⁰⁷ Verité Research, *Wading Through Murky Waters: A Case Study of Regulatory Ineffectiveness in Sri Lanka’s Import Tax Exemption Schemes*, <https://www.veriteresearch.org/wp-content/uploads/2018/08/VE91941.pdf> (April 2018).

⁴⁰⁸ International Monetary Fund, Staff Report for the 2016 Article IV Consultation.

⁴⁰⁹ Ibid.

⁴¹⁰ P. Athukorala and others, “The Sri Lankan Economy: Charting A New Course”, Manila: Asian Development Bank (ed. 2017).

sector wage bill in a way that helps medium-term fiscal planning.⁴¹¹ Continuing with restructuring Sri Lanka's main loss-making SOEs is another essential component of fiscal consolidation, along with firmer rules around growth in public expenditure as an anchor for medium-term debt sustainability.^{412,413}

A multi-year, parliament-approved national financing framework could provide a sustainable funding base for Sri Lanka's national economic and social priorities. The “*Vistas of Prosperity and Splendour*” framework outlines policy interventions to achieve its overall vision for Sri Lanka. A financing plan for this national policy framework will help support its implementation and serve as a useful review mechanism when financing conditions normalise in coming years. As global stewards of the Financing for Development Agenda and the Addis Ababa Action Agenda, the UN is uniquely positioned to support domestic revenue mobilisation in support of the SDGs.

Explore re-establishing a statutory body to develop legal, regulatory and administrative arrangements of PPPs in Sri Lanka, and develop a pipeline of prioritised investments of national importance. A dedicated body would reduce administrative overlap by providing a single point of contact for project tenders, proposals and coordination of PPP activities and provide a sense of policy certainty for potential investors and project partners.

Consider establishing a financing agency to help mobilise longer-term financiers, syndicate equity arrangements in PPPs and other innovative financing, and overcome domestic capital market constraints. This agency could be an effective broker to ‘match’ these projects with longer-term sources such as pension funds, insurance companies and other institutional investors. Involving institutional investors in nationally prioritised economic and social projects may also help facilitate contributions from other development finance institutions and other private investors.⁴¹⁴

Chapter 8 - Leave No One Behind

The preceding analysis shows Sri Lanka has made some progress across the 5Ps of sustainable development. The analysis below identifies several specific populations that are left behind in Sri Lanka's development trajectory and suggestions on how their unmet needs could be addressed in realising SDG targets.

Women Heads of Households

Analysis

Numbers have been rising since the 1970s, reaching nearly one-quarter of all households by 2009/10.⁴¹⁵ The armed conflict which ended in 2009 was a significant contributor, with women being widowed or left as the primary caretakers following the loss of a male head of household due to conflict or conflict-related disability. Substance abuse among men, migration, as well as separation and/or abandonment have also contributed to this increase.

⁴¹¹ International Monetary Fund, Fifth Review Under the Extended Arrangement Under the Extended Fund Facility, Request for Waivers of Non-Observance of Performance Criteria, Extension of the Arrangement and Rephasing of Purchases. *IMF Country Report No. 19/135* (2019).

⁴¹² International Monetary Fund, Fifth Review Under the Extended Arrangement Under the Extended Fund Facility, Request for Waivers of Non-Observance of Performance Criteria, Extension of the Arrangement and Rephasing of Purchases, *IMF Country Report No. 19/135* (2019).

⁴¹³ D. Weerakoon, U. Kumar, and R. Dime, “Sri Lanka's Macroeconomic Challenges: A Tale of Two Deficits”, *ADB South Asia Working Paper Series*, Volume 63 (March 2019).

⁴¹⁴ World Bank, *Sri Lanka PPP Diagnostic Note* (World Bank Group, South Asia, 9 August 2017).

⁴¹⁵ UN Sri Lanka, *Mapping of Socioeconomic Support Services to Female Headed Households in the Northern Province of Sri Lanka*, <https://lk.one.un.org/wp-content/uploads/2016/05/Mapping-of-Socioeconomic-Support-Services-to-Female-Headed-Households-in-the-Northern-Province-of-Sri-Lanka.pdf> (2015).

Women heads of households are vulnerable to abuse and poverty,^{416,417} while women who have lost husbands bear cultural stigma and are excluded from decision-making structures. They carry a double burden in being the primary caregivers for dependents, while also being the primary breadwinners. These women also struggle to access markets, credit and resources to elevate their economic activity above small-scale subsistence, leaving them even more vulnerable in crises, as seen during the COVID-19 pandemic.⁴¹⁸ Additionally, vulnerability has led to heightened sexual and gender-based violence, including sexual bribery by those in positions of authority over them.⁴¹⁹ In conflict-affected areas, such women also suffer from the challenge of repayments on large debts owed to loan sharks and micro-credit lenders.⁴²⁰

The GoSL has recognised their special vulnerability by creating a National Centre for Widows and Women Heads of Households in Kilinochchi in November 2015, tasked with coordinating their support and empowerment in the district.⁴²¹ A National Framework on Women Heads of Households and a National Action Plan (NAP) on Women Heads of Households have been formulated, but neither have been validated by the government.

Potential Recommendations

- Support actions to ensure that the **NAP on Women Headed Households** and the **NAP on Women, Peace and Security**⁴²² are adopted by the government.
- Advocate for protection as well as the economic and political empowerment of women heads of households in **policymaking** at all government levels through gender mainstreaming and gender-responsive budgeting (GRB).
- Provide training schemes and incentives for women to **return to work**, such as more professional development and upward mobility opportunities and better childcare and work life arrangements.
- **Support the spread of financial and business development services** for women-run business start-ups.

Women Ex-combatants

Analysis

At the end of the conflict, 1,823 women, including 230 girls who had been cadres of the Liberation Tigers of Tamil Eelam (LTTE), surrendered to the government.⁴²³ Most went through a government rehabilitation programme, but their reintegration into society has been challenging, with reports of continued surveillance, intimidation and harassment by local officials and military personnel—mostly men. Surveillance also affects their economic participation, with some employers choosing not to risk surveillance as well.

These women are often marginalized for multiple reasons—including resentment of their past role in the conflict and their present (largely) unmarried status, the latter of which can be compounded by surveillance. Where women ex-combatants have gone on to marry, they are vulnerable to violence within family structures.⁴²⁴ The

⁴¹⁶ V. Jeyasankar and S. Ganhewa, "Making Ends Meet: Women's Livelihoods in Post-War Sri Lanka" (Colombo: International Centre for Ethnic Studies, February 2018), <http://ices.lk/wp-content/uploads/2018/03/Making-Ends-Meet-Women%E2%80%99s-Livelihoods-in-Post-War-Sri-Lanka.pdf>.

⁴¹⁷ Fokus Women, *Shadow Report to the United Nations Committee on the Elimination of Discrimination Against Women*, https://tbinternet.ohchr.org/Treaties/CEDAW/Shared%20Documents/LKA/INT_CEDAW_NGO_LKA_23894_E.pdf (February/March 2017).

⁴¹⁸ UN Women, *Supporting female heads of households to overcome COVID-19's economic toll in Sri Lanka*, <https://www.unwomen.org/en/news/stories/2021/2/feature-women-overcoming-covid-19-economic-toll-in-sri-lanka> (26 February 2021).

⁴¹⁹ Centre for Equality and Justice, *Sexual Bribery of Military Widows in Sri Lanka*, <https://ceisrilanka.org/wp-content/uploads/Sexual-Bribery-Of-Military-Widows-English.pdf> (July 2018); *Shrouded in Secrecy – Sexual Bribery of Muslim Women in Post War Districts*, <https://ceisrilanka.org/wp-content/uploads/Shrouded-In-Secrecy.pdf> (April 2018).

⁴²⁰ UNOHCHR, *Sri Lanka: Human rights to dismantle debt trap, says UN expert*, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=23529&LangID=E> (11 September 2018).

⁴²¹ Sri Lanka, *Ministry of Women and Child Affairs – Performance Report*, <https://www.parliament.lk/uploads/documents/paperspresented/performance-report-ministry-of-women-child-affairs-2017.pdf> (2017).

⁴²² Currently undergoing end-stage ministerial review ahead of public validation.

⁴²³ Sri Lanka, Bureau of Commissioner – General Rehabilitation, *Evaluation of the Post-Insurgency Rehabilitation Program in Sri Lanka*. December 2018: https://www.researchgate.net/publication/345472529_Evaluation_of_the_Post-Insurgency_Rehabilitation_Program_in_Sri_Lanka

⁴²⁴ For more, see <https://www.crisisgroup.org/asia/south-asia/sri-lanka/289-sri-lankas-conflict-affected-women-dealing-legacy-war>; R. Friedman, "Remnants of a Checkered Past: Female LTTE and Social Reintegration in Post-War Sri Lanka", *International Studies Quarterly* vol. 62 (2018), pp. 632–642; The Washington Post, "From soldiers to housewives: Women who fought as Tamil Tigers in Sri Lanka are

general treatment of women ex-combatants leaves them at risk of sexual bribery and harassment, poverty and exclusion from communal decision-making. In addition, the general lack of consistent mental health support continues to impede their recovery from trauma.

Potential Recommendations

- Ensure all **monitoring and reporting processes** relating to national security are gender-sensitive, safe and accessible to women ex-combatants.
- Review the current status of women ex-combatants to assess **needs and missed opportunities**, leading to the adoption of targeted policies to enable full reintegration.

Women Within the Remit of Discriminatory Personal Laws

Analysis

The legal system in Sri Lanka contains three key personal laws: 1) The Kandyan Law, 2) The Thesawalamai Law, and 3) The Muslim Law. Each of these were customary laws which were then codified during colonial rule. Each contains provisions which discriminate against groups of women and have resulted in further cementing women's vulnerability within these segments of the population.

The Kandyan Law of intestate succession states that a woman given in a Diga⁴²⁵ marriage before the death of her father forfeits her right to his estate. If she were to marry after his death, she may inherit. Further, if her brothers and Binna⁴²⁶ married sisters tender an offer to purchase the inherited property at fair market value, she is bound to transfer the property to them.

Married women owning property governed by the Thesawalamai Law are required to gain their husband's consent when disposing of their immovable property.⁴²⁷ This poses an additional burden on women whose husbands disappeared during the conflict, or women who have been abandoned by their husbands without formal divorce.⁴²⁸

The Muslim Law specifically allows for the marriage of a child under the age of 12 with the approval of a Quazi;⁴²⁹ does not require consent of the bride; and allows for polygamy without the wife's consent. Muslim Law also institutes a separate oversight body made up of Quazi judges who, despite being employed by the state, can only be men. Recourse to justice is further limited to a man, or an all-male panel (if the case proceeds to the Board of Quazis), often resulting in discriminatory rulings.⁴³⁰ Appeal through the civil justice system is often followed by communal ostracisation, resulting in women rarely taking this route.

Potential Recommendations

- Reform all personal laws to ensure **gender parity and autonomy** while ensuring consultative processes with women and women's groups and the relevant communities,

Female Sex Workers and People Living with HIV/AIDs

Analysis

forced into traditional roles", 6 June 2018, https://www.washingtonpost.com/world/asia_pacific/the-women-who-fought-for-the-tamil-tigers-in-sri-lanka-are-being-forced-into-traditional-roles/2018/06/06/6894df7a-681a-11e8-bea7-c8eb28bc52b1_story.html; D.

Kanagasabapathipillai, "Post-war Sri Lanka denies rights of women ex-combatants", n.d., <http://www.humanrights.asia/wp-content/uploads/2019/03/WomenExCombatants.pdf>.

⁴²⁵ A marriage where the wife leaves her family to join her husband's family's household.

⁴²⁶ A marriage where the husband leaves his family to join his wife's family's household.

⁴²⁷ S6, Matrimonial Rights and Inheritance Ordinance (Jaffna) (1911).

⁴²⁸ Fokus Women, *Shadow Report to the United Nations Committee on Economic, Social and Cultural Rights*, March 2017, https://tbinternet.ohchr.org/Treaties/CESCR/Shared%20Documents/LKA/INT_CESCR_CSS_LKA_27092_E.docx, p. 6.

⁴²⁹ S23, Muslim Marriage and Divorce Act (MMDA).

⁴³⁰ H. Hamin and H. C. Isadeen, "Unequal Citizens: Muslim Women's Struggle for Justice and Equality in Sri Lanka", October 2016, <https://mplreformsdotcom.files.wordpress.com/2016/12/unequal-citizens-study-hyshyama-hamin-hasanah-cegu-isadeen1.pdf>.

Data suggests that the number of female sex workers in Sri Lanka is around 35,000 (about 0.17 per cent of the population).⁴³¹ There are also networks of men who have sex with men and have multiple partners including paying clients and women. Findings suggest sexually transmitted infections (STIs) and HIV/AIDS among female sex workers are relatively low,⁴³² as they see fewer clients per day and have relatively high condom use; however, only about one-third knew women could be asymptomatic. Women and children are considered the most vulnerable because they typically cannot negotiate condom use with clients or seek STI treatment.

In 2019, it was estimated that approximately 3,600 people⁴³³ (0.016 per cent of the population) lived with HIV/AIDS. Evidence suggests that in low prevalence settings, the prevention programmes should focus on those most at risk, such as female sex workers.⁴³⁴ Key risk factors include low condom use, unsafe sex work, sexually transmitted infections, migration within Sri Lanka and emigration to other countries for economic survival. Limited knowledge and stigma are further critical issues, discouraging those living with HIV/AIDS and others who fear they may be infected from seeking health care or from being tested. These same people also face discrimination in accessing care or medical services due to perceived 'additional' exposure risk.

Potential Recommendations

- Support improved **disaggregated data collection** through relevant surveys on HIV/AIDS.
- **Advocate for and help design continuous provision** of essential healthcare services.
- Support extended and more focused **relief support**.
- Conduct and support public information and awareness campaigns on **HIV/AIDS prevention measures**.

Migrant Workers

Analysis

There has been a significant increase in outflows of migrant workers from Sri Lanka since the opening up of the economy in 1977. Before the pandemic, it was estimated that approximately 1.5 million Sri Lankan migrant workers were employed overseas (6.9 per cent of the population).⁴³⁵ About half of these work in Middle Eastern countries. Furthermore, on average, 230,000 – 250,000 workers were leaving the island every year to work overseas by the 2010s.⁴³⁶ Data from the GoSL's Bureau of Foreign Employment (SLBFE) indicate that around 55.2 per cent of departures in 2018 consisted of low skilled domestic workers, predominantly women⁴³⁷. Outbound migration has been driven by the liberalisation of labour markets in Middle Eastern countries, the search for better paid employment, the need to support family incomes and a route out of poverty for women.

Sri Lankan migrant workers have been important contributors to the country's economy. After merchandise exports, worker remittances are typically the second largest share of the country's foreign exchange earnings. About \$6.7 billion came from worker remittances in 2019 (equivalent to 8.0 per cent of GDP in 2019)⁴³⁸, which has helped offset the country's large balance of trade deficit and contribute to external debt payments in US\$. Recent estimates show that one in every 11 households in Sri Lanka received international remittances, migrants normally remit once a month, and the average amount remitted is LKR 40,000 per month.⁴³⁹

⁴³¹ The Global Fund to Fight AIDS, Tuberculosis and Malaria. The Global Fund Annual Report: 2010. May 2011.

https://www.theglobalfund.org/media/1336/corporate_2010annual_report_en.pdf

⁴³² Sri Lanka, Ministry of Health, *HIV Sentinel Surveillance Survey 2011*,

http://www.aidscontrol.gov.lk/images/pdfs/hiv_data/Report_of_the_HIV_Sentinel_Survey_2011.pdf.

⁴³³ Sri Lanka, Ministry of Health, *National STD/AIDS Control Programme Annual report 2019*,

https://www.aidscontrol.gov.lk/images/pdfs/publications/NSACP_Annual-Report_2019.pdf.

⁴³⁴ Sri Lanka, Ministry of Health, National STD/AIDS Control Programme,

https://www.aidscontrol.gov.lk/index.php?option=com_content&view=article&id=12&Itemid=132&lang=en.

⁴³⁵ Corporate Plan, Sri Lanka Bureau of Foreign Employment 2017-2021, <http://www.slbfe.lk/file.php?FID=386>; see also, National Policy & Action Plan on Migration for Employment for Sri Lanka 2020-2023 (2020), unpublished.

⁴³⁶ Ibid.

⁴³⁷ Sri Lanka Bureau of Foreign Employment, *Annual Statistical Report on Foreign Employment, 2018*:

<http://www.slbfe.lk/page.php?LID=1&MID=232>

⁴³⁸ Central Bank of Sri Lanka, Table 2.14: *Workers Remittances*

⁴³⁹ Bilesha Weeraratne, *Migration and Remittances: Impact on financial behaviour of families left behind in Sri Lanka*, Labour and Migration Series No. 201, Institute of Policy Studies of Sri Lanka, Colombo, July 2019.

Sri Lanka has taken significant steps to safeguard the rights of its own nationals working overseas, including ratification of the UN Convention on the Rights of Migrant Workers.⁴⁴⁰ However, despite changes in regulations governing outward worker migration and better formal banking services for migrants, Sri Lanka continues to face challenges including low-skilled labour migration dominated by female workers (with low remuneration resulting in low remittances); vulnerability to trafficking and sexual abuse; social issues affecting families and children remaining in Sri Lanka; and national dependence on Middle East destinations with labour demand cycles that fluctuate with oil prices. Sri Lanka also lacks a transparent policy on the employment of foreign nationals in the country and the granting of work permits.

The pandemic has had a devastating impact on migrant workers, with issues including travel restrictions, difficulties in practicing social distancing due to crowded living conditions, and problems in accessing adequate health care. Data collected by the Ministry of Foreign Affairs⁴⁴¹ suggests that over 52,401 Sri Lankans in 117 countries seek to return home due to job losses, poor living conditions and xenophobia. As of November 2020, over 40,000 Sri Lankan migrant workers have been repatriated.⁴⁴² A high percentage of these return migrants will require various forms of support to facilitate their reintegration back into life in Sri Lanka including reskilling and work-based training.

Potential Recommendations

- More comprehensive data is needed on worker migration through **inter-agency cooperation**.
- Improved **integrated border management** is needed to administer movement of migrant workers based on international good practices.
- **Specialised legal aid services** through Sri Lanka's missions overseas are needed for detained migrants.
- More **gender-sensitive recruitment and training** (e.g., recruitment of more female counsellor officials and training on how to respond to trafficking and sexual abuse) is required for staff dealing with Sri Lankan migrants in Middle Eastern countries.
- A focused programme of socioeconomic **reintegration support and training** to assist returning migrants at both national and sub-national (District) level.
- Strengthened **counter-trafficking response** including enhanced protection services and adequate social and economic reintegration options for victims of human trafficking.

Asylum and Refugee Seekers

Analysis

Sri Lanka has no legal or policy framework on asylum; therefore asylum-seekers and refugees in the country have no legal status. They also have no access to public education or work, although they do have access to government healthcare services. These individuals, once registered with UNHCR, are permitted to remain in the country until their claims are processed. Refugees can remain until they can be resettled in a third country or return home voluntarily. Currently this time period can vary from three to seven years but could be prolonged since resettlement as a solution is shrinking globally.

At the end of May 2021 there were 1,188 refugees and 224 asylum-seekers in Sri Lanka, mainly from Pakistan and Afghanistan and the rest from Iran, Myanmar (Rohingyas), Palestine and elsewhere.⁴⁴³ Based on the principle of "Leave No One Behind," this group should be included in government planning.

There has been advocacy around access to education in government schools. Currently 140 primary-aged refugee children⁴⁴⁴ are provided with access to private education with the support of UNHCR. According to Sri Lanka's obligations under the Child Rights Convention and on the principle of LNOB (Agenda 2030), all asylum-

⁴⁴⁰ Sri Lanka acceded to the Convention in 1996. See UN Treaty section, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=IV-13&chapter=4.

⁴⁴¹ Ministry of Foreign Relations, 'Contact Sri Lanka' web portal, <https://www.contactsrilanka.mfa.gov.lk>.

⁴⁴² Sri Lanka Ministry of Foreign Affairs, *Speech Delivered by the Hon. Foreign Minister of the Democratic Socialist Republic of Sri Lanka at the Launch of the UN Network on Migration in Sri Lanka*, 11 November 2020

⁴⁴³ UNHCR Sri Lanka 2021.

⁴⁴⁴ Ibid.

seeker and refugee children should be provided with access to education in government schools on the same basis as nationals.

During their time in Sri Lanka, asylum-seekers and refugees need to live off their savings or depend on the assistance of UNHCR and other donors to survive. As a middle-income country, Sri Lanka now imports labour for certain sectors. There has been advocacy for some of these jobs to be given to refugees and asylum-seekers who are already in the country and have the skills, so that they can live an empowered life and contribute positively to their country of asylum.

In addition, during the civil conflict, many Sri Lankans fled to a number of countries, including nearly 100,000 individuals who had sought asylum in India and currently reside in and outside of camps in Tamil Nadu, South India.⁴⁴⁵ Around 1,000 to 1,500 individuals have been returning each year through the UNHCR and receive limited assistance. Some are included in the programmes of other UN agencies and NGOs. The protracted presence of a large refugee population in Tamil Nadu also leaves many highly vulnerable to human trafficking networks that operate in Southern India.

UNHCR's monitoring reveals that returnees' primary challenges are housing, livelihoods, lack of material support from the government, documentation, water and sanitation. Anchoring the return of these individuals will ensure that they do not displace again and that they can resume their lives with dignity and contribute effectively to the country.

Potential Recommendations

- Consider asylum-seekers and refugees as a **vulnerable category** to ensure access to welfare support, employment and public education.
- Facilitate **sustainable reintegration** for Sri Lankan refugees.
- Create **livelihood opportunities** for these groups and enable them to gain employment.
- Create legislation to allow government to **provide land/housing** for returnees who are landless and without shelter in order to enhance sustainable reintegration.
- **Implement** the National Policy on Durable Solutions for Conflict-Affected Displacement.

Internally Displaced Persons (IDPs)—Impacted by Protracted Armed Conflict, Environmental Disasters and Climate-Induced Displacement

Analysis

Over a million persons were displaced owing to the protracted conflict.⁴⁴⁶ Each year about 30,000⁴⁴⁷ families are displaced due to environmental calamities including floods, drought and other disasters.⁴⁴⁸ While some have been resettled, an unfinished agenda exists on achieving an evidenced-based approach to risk mitigation and building sustainable reintegration and social cohesion models.

Potential Recommendations

- A needs assessment can identify **current requirements and challenges** faced by IDP communities 12 years after the end of the prolonged civil conflict.
- New data and evidence are required to formulate **programmatic interventions** for displaced communities owing to natural disasters, climate change and lessons learned to inform future policy.

Children

Analysis

⁴⁴⁵ Adhiti Phadnis, *Lankan Tamil refugees in Tamil Nadu: The nowhere people*, India Today: February 23, 2021.

⁴⁴⁶ Sri Lanka, Ministry of Prison Reforms, Rehabilitation, Resettlement, and Hind Religions Affairs, National Policy on Durable Solutions for Conflict-Affected Displacement, <https://reliefweb.int/sites/reliefweb.int/files/resources/final%20policy.pdf>.

⁴⁴⁷ Sri Lanka, Internal Displacement Monitoring Centre, <https://www.internal-displacement.org/countries/sri-lanka>.

⁴⁴⁸ Sylcan Trust, *Climate Change and Human Mobility in Sri Lanka*, Policy Brief (August 2020).

Sri Lanka's estimated child population is about 6.1 million. While primary school enrolment numbers are encouraging, irrational stresses are frequently caused by the education system's limitations and lack of social protection. Data related to abuse of children is alarming, as are many unmet needs of children including nutrition, quality and coverage of water and sanitation facilities, unnecessary institutionalisation and long periods of detention for petty crimes. In comparison to other countries in the region, Sri Lanka falls behind in child nutrition indicators.⁴⁴⁹ In Sri Lanka, almost one in six babies are born with low birthweight (LBW, less than 2500 g), already putting them at a disadvantage for optimum growth and cognitive development. 17.8 per cent of children under five are stunted, and that number is much higher in the estate sector (32 per cent). 15.4 per cent experience wasting, with the highest prevalence among infants 0 to six months (at 19 per cent).⁴⁵⁰ A recent DHS study found that multiple statistically significant variables determine the birthweight of a child. These factors need to be included for policymaking.⁴⁵¹ Child deaths and injuries from natural disasters have been higher than that of adults in the South Asian region.⁴⁵²

Potential Recommendations

- Work with children **as agents of change**, in full recognition of their capacity to prepare for and respond to climate change. Government should **prioritise children's safety**, development and participation in decision-making.
- **Low birthweight** must be handled within a multisectoral framework.
- **Psychological and physical abuse** as a means of discipline should be prohibited and abolished, while moving social norms towards positive discipline.

Persons of Diverse Sexual Orientations and Gender Identities

Analysis

EQUAL GROUND, an organization working for the rights of Lesbian, gay, bisexual, transgender, queer and intersexed (LGBTQI+) people in Sri Lanka, stated that approximately 19.6 per cent (753,973) of adults aged 18 years and older living in Colombo, Matara, Nuwara Eliya and Kandy in 2017 are either lesbian, gay, bisexual and/or transgender.⁴⁵³ LGBTQI+ people have been disproportionately impacted by both COVID-19 and the containment measures.

Though there are LGBTQI+ people in every Sri Lankan, community, there is significant stigma and discrimination towards this segment of the population. The general public and many health workers are typically not sensitive to their unique challenges in accessing services and information on sexual and reproductive health and rights, leading to disparities in access and quality of healthcare. Laws criminalising same-sex relations further increase negative health outcomes for LGBTQI+ people. This has been especially true during the COVID-19 pandemic: stay-at-home restrictions forced many LGBTQI+ youth to be confined in hostile environments with unsupportive family members or partners, increasing their exposure to violence, as well as mental health and psychosocial issues such as anxiety, depression and the lack of supportive networks.

Potential Recommendations

- Specific efforts should be made to ensure that LGBTQI+ people do not experience **discrimination or retribution** for seeking healthcare during and after the pandemic.
- Health services that are particularly relevant to LGBTQI+ people should not be **deprioritised during an over-stretched health system in pandemic times**.
- **Shelters, support services and other measures** to address gender based violence during the pandemic should take steps to include the LGBTQI+ population.

⁴⁴⁹ Institute for Health Policy, *Child Undernutrition in Sri Lanka. A Policy Brief on the Problem and Potential Actions* (2015).

⁴⁵⁰ Andrews & Sudfeld (March 2018). Disparities, changes, and the way forward in childhood malnutrition in Sri Lanka: Findings from an in-depth analysis of the 2006 and 2016 Demographic and Health Surveys.

⁴⁵¹ S. De Mel, "Determinants of low birth weight in Sri Lanka", *Journal of Multidisciplinary Research and Publications*, vol. 3, No. 6 (2020), pp. 80-87.

⁴⁵² UNICEF, *Child-Centred Disaster Risk Reduction* (Kathmandu, Nepal: 2015), https://www.preventionweb.net/files/48413_childcenteredrrsouthasia2015.pdf.

⁴⁵³ K. Brown (Equal Ground), "Mapping LGBT in Colombo, Kandy, Matara and Nuwara Eliya", <http://www.equal-ground.org/wp-content/uploads/Mapping-LGBT-in-Colombo-Kandy-Matara-and-Nuwara-Eliya.pdf> (2017).

- Include a **budget line** on reproductive health in the 2022 national budget specifically focusing on key vulnerable populations.

Older Persons

Analysis

Sri Lanka's population age structure is changing rapidly. Between 1981 and 2012, the proportion of the population aged 60 years and over has increased from 6.6 per cent to 12.4 per cent.⁴⁵⁴ It is estimated that by 2030, one in five persons in Sri Lanka will be above the age of 60. Women continue to make up the larger share of the older population as, on average, they outlive their male counterparts. Females account for about 56 per cent of the total aged population. In 2012, one in every three older women were widowed in Sri Lanka, and 40 per cent of female household heads are widowed, divorced or separated. Widows face social stigma, are marginalised and are considered inauspicious. Their lack of economic autonomy makes them particularly susceptible to sexual exploitation.

In Sri Lanka, the majority of older persons live with their family and rely on them for support. However, changes in society—e.g., the move to nuclear families, urbanisation, migration and more women entering the labour force—have affected this traditional system of family care. In 2012, three-fourths of older persons were economically inactive. Older females are mostly engaged in unpaid work like childcare. This leaves them heavily reliant on family and government transfers. Less than one-fifth of older persons receive pensions and only one-third of the working population participate in pension schemes. The situation is worse for women, since female labour force participation is very low (around 36 per cent) and the majority of older women were either engaged in the informal economy or never worked at all.

The aging population is also more vulnerable to an increase in climate-related health hazards due to impaired physical mobility and sensory awareness, pre-existing health conditions, and social and economic constraints. The aging population is especially vulnerable as COVID-19 continues to spread. Older persons can be increasingly subject to abuse, including physical, psychological, sexual, and financial exploitation and neglect.⁴⁵⁵ Moreover, social distancing can lead to loneliness, which is a serious health risk.

Potential Recommendations

- Prioritise and address the **gender dimensions** of aging in national economic and social policy.
- Adapt a **life cycle approach** to policy and programming in state and other institutions.
- Create additional resourcing and strengthened healthcare services for **geriatric care** including mental health services.
- Institute a **voluntary contributory national pension scheme** to supplement other old-age financial provisions.
- Study options for **comprehensive social protection** for older persons.

Drug Users and Prison Populations⁴⁵⁶

Analysis

Sri Lanka is known to be a transshipment hub for international drug trafficking owing to its strategic location as a connector of the maritime East-West shipping lanes. Over the past decade, cannabis, heroin and methamphetamine have been identified to be the top three drugs used on the island, with a steadily increasing trend in the use of synthetic drugs. According to the Minister of Justice, approximately 553,000 people (about

⁴⁵⁴ S. Perera, "Ageing population of Sri Lanka: Emerging issues, needs and policy implications", Sri Lanka: UNFPA (2017). https://srilanka.unfpa.org/sites/default/files/pub-pdf/UNFPA%20Ageing%20Monograph%20Report_0.pdf.

⁴⁵⁵ S. Perel-Levin, "Abuse, Neglect and Violence against Older Persons", New York: UNDESA, May 2019, <https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2019/05/Silvia-Perel-Levin-Abuse-Neglect-and-Violence-against-Older-Persons-in-situations-of-emergencies.pdf>.

⁴⁵⁶ For country specific drug-related data please visit the NDDCB website: <http://www.nddcb.gov.lk/>

2.5 per cent of the population) are addicted to drugs. The National Dangerous Drugs Control Board (NDDCB) reports around 20 per cent of illicit drug users in Sri Lanka are aged 19–25, and 38 per cent are aged 26–35.

Over the past five years, the average number of annual arrests stands at 86,000. Near 50 per cent of Sri Lanka’s prison population has been incarcerated for drug-related offences, resulting in overcrowded facilities. Nearly 99 per cent of those arrested are men, leading to many negative social and economic consequences such as poverty due to income loss. Drug-related court cases increased from 6,600 in 2015 to 16,000 in 2019.

Potential Recommendations

- Increase **voluntary drug rehabilitation programmes** for drug users to help prevent prison overcrowding and provide those affected with proper healthcare.
- Abolish the **Drug Dependant Persons (Treatment and Rehabilitation) Act 2007** Art. 10, which stipulates that a “drug dependent person” can be sent for “compulsory treatment and rehabilitation”. This is contrary to the International Human Rights standards and standard 2.2 of the *International Standards for the Treatment of Drug Use Disorders* (WHO/UNODC, 2020).

Persons with Disabilities

Analysis

Persons with disability in Sri Lanka are more likely than others to have poor health according to a cross-country survey,⁴⁵⁷ and are therefore more vulnerable to the impact of weak or inaccessible healthcare services. This places them among the most marginalised groups when it comes to accessing information and services during the pandemic. Persons with disabilities also continue to be hampered by inaccessible physical environments, despite regulations requiring all public buildings be accessible.

The 2012 DCS census records 8.7 per cent of the total population as persons with disabilities, but significant concerns remain regarding the definition and criteria for identifying persons with disabilities. Rather than recognising their disability as an evolving concept, the legislative definition emphasises their dependency—highlighting insensitivity towards disability. Policy pronouncements notwithstanding, persons with intellectual disabilities, paraplegics and those with severe disabilities are thus not counted in statistics and frequently denied access to public services.

Especially during the pandemic, women living with disabilities have faced complex issues such as domestic violence, various forms of abuse and issues concerning maternal and new-born health. Persons with disabilities are also likely to be at increased risk of mental health and psychosocial issues. Identifying and eliminating barriers to accessing healthcare services should start with training healthcare providers to cater to persons living with disabilities; strengthening national policies in line with crisis response plans; and empowering persons with disabilities to take control over their own healthcare decisions.

The GoSL committed to a rights-based approach by acceding to the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) on 8 February 2016.⁴⁵⁸

Potential Recommendations

- Collect **sex/age/disability-disaggregated data** for better planning, resource allocation and targeting of service delivery.
- Generate **trilingual public awareness** on prevention and safety measures, laws and regulations, etc. in accessible formats (e.g., sign language).

⁴⁵⁷ Among forty-three countries, 42 per cent of persons with disabilities versus 6 per cent of persons without disabilities perceive their health as poor. Sri Lanka was not part of this survey.

⁴⁵⁸ UN Sri Lanka, *Sri Lanka Ratifies the Convention on the Rights of Persons with Disabilities*, <https://www.un.int/srilanka/news/sri-lanka-ratifies-convention-rights-persons-disabilities#:~:text=Sri%20Lanka%20ratified%20the%20Convention,State%20to%20ratify%20this%20Convention.&text=Following%20ratification%20by%20the%2020th,Convention%20on%2030th%20March%202007>, 8 February, 2016.

- **Strengthen provision** of healthcare, education, and other social services for persons living with disabilities.
- Include **reproductive health** specifically focusing on persons with disabilities in the government budget in 2022 and improve **universal physical access**.
- Mainstream disability into the **Sustainable Development Roadmap** currently being designed by the SD Council of Sri Lanka.

Estate Sector Population

Analysis

Special attention is needed to tackle persistent human development gaps in the Estate Sector, consisting mainly Tamils of Indian origin in the South-West and Central areas of the country. Headcount poverty in 2016 was highest in the estate sector at 8.8 per cent—double the average for rural areas and more than four times the average for urban areas.⁴⁵⁹ The post-conflict decline in multidimensional poverty resulted in little change in the estate sector⁴⁶⁰. The proportion of households that cannot afford a nutritious diet is largest among this group, with food accounting for nearly 50 per cent of household expenditure, compared to 30–35 percent for non-estate sectors.⁴⁶¹ Affordability and availability of diverse and nutritious diets is problematic.⁴⁶² The prevalence of child undernutrition is high, and stunting affects as much as a third of children in the estate sector.⁴⁶³

Difficult terrain in the estate sector has led to challenges in accessing health services, while many households are inadequately equipped for access to remote learning.⁴⁶⁴ Women in the agricultural sector and estate sector are especially vulnerable to food insecurity, given that they rarely own the land on which they work.⁴⁶⁵ Landslides have also affected the estate sectors of the country, further increasing vulnerability.⁴⁶⁶

Potential Recommendations

- Consider **expanding the scope and coverage** of existing social protection systems to include specific provisions for agriculture and estate-based workers.
- Increasing estate sector access to **emergency assistance** in the event of natural disasters or other events that adversely affect food security and livelihoods.

Victims of Human Trafficking

Analysis

Human trafficking is a serious organized crime that takes place both within and across borders. As a country of origin, Sri Lankan women and men migrate primarily to the Middle East and certain Asian countries for employment as domestic workers, or to work in garment factories, or on construction sites. As a destination country, there are reports of foreign women being trafficked to Sri Lanka for sexual exploitation. Within the country, there are incidents of women deceived into accepting jobs in the main cities who are subjected to forced labour or exploitation in prostitution. Cyber exploitation and pornography involving children have also been increasingly observed.⁴⁶⁷

The GoSL has taken key measures to combat trafficking, ratifying the UN Palermo protocol in 2015 and the Penal Code (Amendment) Act No. 16 of 2006. Further, the Victim and Witness Protection Act was enacted in 2015,

⁴⁵⁹ Sri Lanka, Department of Census and Statistics, *Poverty Indicators based on the Household Income and Expenditure Survey – 2016*

⁴⁶⁰ Renuka Mahadevan and Maneka Jayasinghe, “Examining Multidimensional Poverty in Sri Lanka: Transitioning Through Post War Conflict”, *Social Indicators Research*, Vol. 149, No. 1 (2019), pp. 15–39. doi:10.1007/s11205-019-02229-2.

⁴⁶¹ World Food Programme, *Fill the Nutrient Gap: Sri Lanka Summary Report* (December 2018).

⁴⁶² Ibid.

⁴⁶³ Department of Census and Statistics. 2017. *Sri Lanka Demographic and Health Survey: 2016*. Ministry of National Policies and Economic Affairs.

⁴⁶⁴ DCS Computer Literacy Statistics, 2020 (First six months): <http://www.statistics.gov.lk/PressReleases/ComputerLiteracystatistics-2020-Firstsixmonths>

⁴⁶⁵ Department of Census and Statistics. 2008. *Census of Agriculture 2002*.

⁴⁶⁶ Keith Forbes and Others, *Forests and landslides: The role of trees and forests in the prevention of landslides and rehabilitation of landslide-affected areas in Asia*, FAO Regional Office for Asia and the Pacific, Bangkok, 2013.

⁴⁶⁷ U.S Trafficking in Persons Report, 2021 & National Strategic Action Plan to Monitor and Combat Human Trafficking (2021-2025)

along with other key measures, with technical support from IOM. Despite these sustained efforts, human trafficking remains an area of grave concern.

Potential Recommendations

- **Support increased government efforts** to effectively identify, screen and protect victims.
- Enhance access to **crucial services** such as legal aid, shelter, medical and psychosocial support services, livelihood support and reintegration.
- Increase government efforts to **investigate and prosecute** traffickers
- Support and create a **conducive environment** for victims to participate in court trials.
- **Maintain trafficking data**, develop evidence-based policies and research for informed decisions and policymaking.
- Strengthen and formulate **counter-trafficking responses** in line with the National Strategic Action Plan to Monitor and Combat Human trafficking (NSAP 2021-2025).

Chapter 9 - SDG Progress Towards 2030: Risks, Challenges, and Opportunities

To deliver on an ambitious development agenda, consolidate its status as an upper-middle income country, and as a base for further growth and development, Sri Lanka needs to navigate two key transitions.

- i. **The economic and social transition:** Only a couple of Asian countries have successfully navigated the transition from middle-income to high-income status over the recent decades, suggesting that continued economic and social progress for middle-income countries can be difficult to realise.⁴⁶⁸
- ii. **The financial transition:** Accession to middle-income status often initiates a process of change to credit terms and access to concessional financing from some bilateral and multilateral institutions. For Sri Lanka, this means ensuring adequate resources for payment of external debts and financing economic development amidst a transition in development assistance away from concessional assistance.

Risk analysis justifies financing for development as a key driver of SDG-based transformation potential. Climate change action and disaster risk reduction are ranked as high risks. A third area of high risk is weakening institutions and governance mechanisms, and insecurity across a number of domains. Improving public sector effectiveness is therefore another driver of transformation. The fourth area of major risk is the increasing digital divide. Based on a comprehensive review of the findings under the five Pillars of the CCA, the following eight factors were identified as innovative opportunities to drive the national transformative agenda through SDG-focused interventions. References to specific CCA Pillars, SDGs and Targets are provided to demonstrate how these issues can be related to many areas of the 2030 Agenda.

Financing for Sustainable Development

People	Prosperity	Planet	Peace	Partnerships
✓	✓		✓	✓

- Increasing constraints on fiscal space leave little room for Sri Lanka to deliver large-scale COVID-19 response. Releasing fiscal space in the short term is essential to finance much-needed poverty reduction measures for vulnerable populations and to mitigate potential intergenerational inequalities (Prosperity; SDG Target 1.5).
- Limited fiscal space challenges the financing and prioritising of health responses to the pandemic (People; SDG Target 3.c) and is likely to force a re-evaluation of mechanisms to finance the provision of key public goods, e.g., a National Remote-Learning Strategy (People; SDG Target 4.1).
- The increased risk of debt distress could mean tough trade-offs between economics and politics that could impact peace as resource scarcity contributes to societal pressure (Peace; SDG Target 16.1).
- Sri Lanka’s SD Council has identified the need for a clear financing framework to underpin the government’s policy framework and to achieve the 2030 Agenda (Partnerships; SDG Target 17.14).

⁴⁶⁸ J.A. Alonso and J.A Ocampo, eds., *Trapped in the Middle: Development Challenges for Middle Income Countries* (Oxford, Oxford University Press, 2020).

Social Protection

People	Prosperity	Planet	Peace	Partnerships
✓	✓	✓		

- Sustained expansion of equitable social protections in Sri Lanka is crucial, particularly during a covariate shock like COVID-19. (Prosperity; SDG Target 1.3).
- A responsive social protection system can provide more timely, targeted assistance, leveraging existing transfer mechanisms and minimising burdens on national and subnational governments (Planet; SDG Target 11.5).
- A system that effectively protects access to nutritious food is crucial to ensure that "nobody is left behind" (People; SDG Target 2.1).

Conflict Prevention

People	Prosperity	Planet	Peace	Partnerships
✓	✓		✓	

- Twelve years after the civil conflict, peace, stability and progress towards the SDGs in Sri Lanka could be hampered by legacy issues and episodes of serious violence taking place in various parts of the country, further complicated by structural problems in governance. Pockets of severe poverty persist, particularly in the former conflict areas of the North and East (Prosperity; SDG Target 1.5).
- These parts of the island are also among the most vulnerable to climate change, which can contribute to increased conflict risk through stresses on resource allocation, management and scarcity (Peace; SDG Target 16.1).
- Conflict incidence directly contributes to physical and economic insecurity, which places women at greater risk of violence and disempowerment (People; SDG Target 5.2).

Demographic Change

People	Prosperity	Planet	Peace	Partnerships
✓	✓			

- An aging population (People; SDG Target 3.8) affects the level of labour force participation, productivity and economic growth (Prosperity; SDG Target 8.1 and 8.2),
- Increased numbers of elderly people add additional fiscal burdens in the form of higher state-funded pension schemes and income transfers (Prosperity; SDG Target 10.4).

Climate Change

People	Prosperity	Planet	Peace	Partnerships
✓		✓	✓	

- Climate change disproportionately affects the health and well-being of biologically susceptible groups such as children, pregnant women, older persons and persons with disability (Planet; SDG Target 13.b).
- Localised shocks to rain-fed agriculture can exacerbate availability of locally produced food, while bad harvests and droughts put food security at risk (People; SDG Target 2.4).
- Deforestation and poor land use management nullify efforts to adapt to climate change (Planet; SDG Target 15.2).
- Dry-zone areas in post-conflict regions are projected to be major climate change "hotspots" where living standards are expected to decline by more than 10 per cent by 2050. This could serve as a catalyst for further conflict (Peace; SDG Target 16.1).

Implementation Capacity in Public Service Provision

- A country's transition to middle-income status often requires localised methods of implementation. The CCA identified several areas needing improvements in matching policy ambition with service delivery: childhood education and education in multiple languages (People; SDG Target 4.2); addressing and preventing sexual and gender-based violence (People; SDG Target 5.2); environmental management and climate change (Planet; SDG Target 11.b); public access to information from government; and delivery of essential services in multiple languages (Peace; SDG Target 16.10).

People	Prosperity	Planet	Peace	Partnerships
✓		✓	✓	

Digitisation and Technology-Driven Diversification

- Further post-pandemic digitalisation measures could bridge more gaps in public service provision.
- Poor IT infrastructure, low bandwidth and lack of mobile access were identified as challenges to engagement during island-wide curfews in 2020, particularly in rural areas (Partnerships; SDG Target 17.14).
- IT infrastructure is essential for effective integration of digital and telemedicine practices into Sri Lanka's public health system (People; SDG Target 3.8).
- Lack of digitalisation has contributed to system bottlenecks in resolving disputes in the justice system (Peace; SDG Target 16.3) and service provision (Peace; SDG Target 16.7).
- The need for technological upgrades extends to natural disaster preparedness: investments in information systems are required to improve weather forecasting and early warning systems (Planet; SDG Target 11.5).
- Foreign direct investment from private enterprises may help facilitate technology transfer and productivity growth, and aid Sri Lanka's entry into new and higher-productivity export industries (Prosperity; SDG Target 8.2).

People	Prosperity	Planet	Peace	Partnerships
✓	✓	✓	✓	✓

Data for Effective Decision-Making

- Sri Lanka's existing statistical capacity offers limited coverage of the 244 indicators underpinning the SDGs. Such capacity should be an integral part of a system of national statistics underpinned by a national-level coordination structure (Partnerships; SDG Target 17.19).
- Collected data should include more information on vulnerable groups like migrants, women-headed households and informal workers (Partnerships; SDG Target 17.18).
- Improved district-level access to health information systems can provide data to support better decision-making during the pandemic (People; SDG Target 3.d), while more reliable standardised data on environmental issues will support better environmental impact analyses for development projects (Planet; SDG Target 11.a).
- New sources of information on physical, psychological and sexual violence are needed to guide basic service provision in these areas (Peace; SDG Target 16.1).

People	Prosperity	Planet	Peace	Partnerships
✓		✓	✓	✓

Women's Well-being and Social and Economic Participation

- Women make up 60 per cent of employment in clerical and non-managerial professional occupations and only around a quarter of managerial-level positions. The unemployment rate for women is also consistently double that of men (Prosperity; SDG Target 8.5).
- Likewise, 5.3 per cent of elected parliamentary representatives in 2020 were female, despite an electoral system amendment in 2017 mandating that 25 per cent of members in local authorities should be women members.

People	Prosperity	Planet	Peace	Partnerships
✓	✓	✓	✓	

- Employer perceptions and cultural stigmas relating to women in leadership can effectively exclude women from securing managerial positions. This same attitude poses obstacles for women entering public office, along with threats of gender stereotyping and harassment (People; SDG Target 5.5).
- Sri Lanka's constitution guarantees fundamental rights based on gender, but many ethnoreligious laws inhibit control over economic resources for women (People; SDG Target 5.c); permit underage marriage in a way inconsistent with international norms on child rights; and limit female agency over marriage. In some circumstances, the law does not criminalise marital rape (Peace; SDG Target 16.3).
- Poorly serviced public transport poses specific risks: 90 per cent of 2,500 women surveyed island-wide in 2017 had experienced some form of sexual harassment (Planet; SDG Target 11.2).
- Air pollution and unsafe fuel sources are also associated with an increased prevalence of low birthweight, and increased risk of cataracts and heart and respiratory disease among older women (Planet; SDG Target 11.6).
- An effective legal framework to govern access to female reproductive services is also required to minimise unsafe reproductive medical practices (People; SDG Target 3.7).