

Aligned with the 2030 Agenda, Sri Lanka envisions an “**Inclusive Transformation towards a Sustainably Developed Nation for All**”, where economic transformation is underpinned by green growth and social inclusivity. Central to this transformation is the integration of the 2030 Agenda and SDGs into policies such as the National Policy Framework –Vistas of Prosperity and Splendour, and the Public Investment Programme 2021-2024.

After the first Voluntary National Review (VNR) in 2018, Sri Lanka faced the 2019 Easter attacks, the COVID-19 pandemic, and currently the external debt crisis. Despite setbacks, implementation of policy measures has continued at the national and sub-national levels to deliver the country’s 2030 Agenda commitments. Amongst these, the establishment of the Sustainable Development Council, increasing data availability on SDG indicators from 46 in 2017 to 104 in 2021 and taking steps to mobilize innovative financing for SDGs are notable.

The second VNR is undertaken in 2022 to highlight the country’s progress towards the 2030 Agenda. To ensure an inclusive process, stakeholders from various groups were engaged through thematic, national, and sub-national level multi-stakeholder consultations and focus groups for primary data collection and subsequent validations.

Central to inclusive transformation is **Economic Diversification**, broadening the impact of economic growth by supporting prioritised sectors, including manufacturing, and diversifying the reliance of the economy on a few export industries. This is especially considering the economic setbacks, including the balance of payment crisis, experienced due to the pandemic.

To power economic diversification, policies that transform Sri Lanka into a **Blue-Green Economy** have been formulated and implementation underway. These include harnessing underutilised marine resources in a sustainable and regenerative manner, transitioning to renewable energy, agriculture development underpinned by biodiversity and sustainability, and waste management.

Transformation into a Blue-Green economy is led by national and sub-national level policies and strategies for **Protecting Biodiversity and Addressing Climate Change**. Along with robust Nationally Determined Contributions, Sri Lanka rolled out policies that address specific areas of ecological concern. While climate change disproportionately affects vulnerable communities, government-led climate mitigation efforts could be impacted with fiscal consolidation and the country may have to rely heavily on partnerships to undertake such projects.

Limitations in reaching poor and vulnerable groups during the pandemic highlighted the need for accelerating a **Knowledge-Based and Technology-Driven Transformation** across all sectors. Accordingly, projects are underway for accurate and timely data collection that will enable the Government to respond to emergencies with targeted and effective policy measures.

Whilst consistently performing as a High Human Development country ahead of its regional peers, when adjusted for inequalities (IHDI), Sri Lanka’s score falls by 13.9% to 0.673 in the 2020 UNDP Human Development Index. The pandemic has exacerbated inequalities and will likely create further challenges to achieve the 2030 Agenda. For instance, the \$3.2 per day poverty rate increased from 9.2% of the population in 2019 to 11.7% in 2020. Therefore, specific attention is paid to include **Social Inclusivity** in government policies at national and sub-national levels. For example, during the pandemic, cash transfers were made to economically vulnerable households and debt moratoriums

introduced for business recovery. **Public Sector Reforms and Innovation**, especially via digitalisation, is central to enabling delivery of inclusive transformation, especially to reach the most vulnerable.

Ensuring all Sri Lankan citizens enjoy the benefits of the envisioned inclusive transformation requires **Strengthened Law Enforcement and Rights Protection** to safeguard civil liberties, inclusive grievance mechanisms, and efficient legal systems. Projects to increase the efficiency of the legal system are underway, including mechanisms to fast-track achievement of SDG 16 targets through integrated planning and monitoring.

While Sri Lanka ranked 87th of 165 nations in the SDG Index 2021, challenges to achieving the 2030 Agenda remain. Reforming the Sri Lankan economy whilst minimising adverse effects on vulnerable groups is key to achieving macroeconomic stability and overcoming the current economic crisis. Support for structural and innovative reforms in the public sector, will play a crucial role. Owing to limited fiscal space, multilateral and bilateral partnerships, as well as south-south cooperation, can play an important role in addressing these challenges.

Consolidating Sri Lanka's progress to date towards the 2030 Agenda and the SDGs, and ensuring such progress isn't derailed, whilst strengthening ownership and implementation mechanisms, is the foremost priority for all stakeholders.