INCLUSIVE TRANSFORMATION TOWARDS A SUSTAINABLY DEVELOPED NATION FOR ALL


Government of the Democratic Socialist Republic of Sri Lanka
June, 2022
MESSAGE FROM THE PRESIDENT

Building on our long and rich history of sustainability practices, my government has formulated policies under 10 key clusters encapsulated in the National Policy Framework ‘Vistas of Prosperity and Splendour’ to achieve the fourfold outcome of poverty reduction, a healthy population, education for all and a clean environment in line with our global sustainable development commitments under the 2030 Agenda.

Despite setbacks, the national development planning and programmes have been directed towards ensuring Sri Lanka’s integration to the global economy through a production oriented economy underpinned on circularity principles and a healthy and productive citizenry endowed with knowledge and skills, minimizing economic and social disparities, achieving carbon neutrality, fighting climate change and biodiversity loss through a strong institutional framework that guarantees human security, rights and justice.

The accelerated Covid-19 Vaccination Programme, the Decade of Skills Development, updated NDC commitments submitted to UNFCCC, the Colombo Declaration on Sustainable Nitrogen Management and the extensive Judicial and Legal Reform Programme are notable initiatives to achieve these objectives.

The Second Voluntary National Review (VNR) of SDG Implementation is an opportunity to take stock of our progress on SDGs amidst the challenges faced by the country and the people, for self-reflection and for corrective and collaborative action by all stakeholders to address the gaps and challenges.

The renewed ownership of the 2030 Agenda by all stakeholders within and outside government will enable a faster recovery process and help transform the country towards a resilient, inclusive and sustainable nation. I invite all Sri Lankans and our partners and friends outside Sri Lanka to join hands in this noble endeavour.

Gotabaya Rajapaksa
President
MESSAGE FROM THE PRIME MINISTER

Sri Lanka’s commitment to achieving the Sustainable Development Goals (SDGs) is an integral part of our pursuit of national policies and development plans. The programmes which have been designed and conducted have been done so in line with SDGs for a number of years. The establishment of the Sustainable Development Council, under the Sri Lanka Sustainable Development Act, No. 19 of 2017, is a significant milestone in the country’s journey to achieve the SDGs. The Council plays a vital role in coordinating, facilitating, monitoring, evaluating, and reporting on the implementation of the 2030 Agenda for Sustainable Development in Sri Lanka.

As a country, Sri Lanka has consistently outperformed our regional peers in social and human development due to embedded social welfare policies in free healthcare, universal free education up to tertiary level and social safety nets. The solution we intend to achieve is to ensure that the progress made is not reversed and that the country remains focused on achieving the SDGs by 2030.

In the process of recovering and rebuilding as a nation, we will ensure that the SDG Framework provides strategic direction that ensures Sri Lanka formulates the right strategies. These will help drive our country towards economic prosperity. These strategies must be underlined by strong environmental safeguards and strengthened with the concepts of peace and inclusiveness.

The Second Voluntary National Review (VNR) is conducted at a critical juncture as the country undergoes a nation-wide stock-taking. It provides the opportunity to examine the innovative and transformative approaches which are essential to our pursuit of achieving sustainable development.

I have no doubt that the 2022 VNR and the High-Level Political Forum in New York will provide the opportunity to develop important partnerships that are essential in accelerating progress towards sustainable development.

Ranil Wickremesinghe
Prime Minister
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<td>Asian Development Bank</td>
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<td>Asia-Pacific Trade Agreement</td>
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<td>Bar Association of Sri Lanka</td>
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<td>BCCS</td>
<td>Best Corporate Citizen Sustainability</td>
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<td>Biodiversity Financing Initiative</td>
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<td>BOI</td>
<td>Board of Investment of Sri Lanka</td>
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<td>Canadian Dollar</td>
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<td>Community Based Organizations</td>
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<td>CBSL</td>
<td>Central Bank of Sri Lanka</td>
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<td>CCC</td>
<td>Ceylon Chamber of Commerce</td>
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<td>Central Environmental Authority</td>
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<td>CHE</td>
<td>Current Health Expenditure</td>
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<td>Chief Information Officer</td>
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<td>CKD</td>
<td>Chronic Kidney Disease</td>
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<td>CLCs</td>
<td>Community Learning Centres</td>
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<td>26th UN Climate Change Conference of the Parties</td>
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<td>COSTI</td>
<td>Coordinating Secretariat for Science, Technology and Innovation</td>
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<td>Department of Foreign Aid and Trade</td>
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<td>Digital Infrastructure Protection Agency</td>
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<td>Disaster Management Centre</td>
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<td>Directorate of Mental Health</td>
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<td>Department of Project Management and Monitoring</td>
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<td>Divisional Secretariat</td>
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<td>Early Childhood Development</td>
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<td>Export Development Board of Sri Lanka</td>
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<td>Euro-European Monetary Unit</td>
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<td>Free Trade Agreement</td>
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<td>Global Cybersecurity Index</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>Global Innovation Index</td>
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<td>GINI</td>
<td>Gini coefficient developed by the Italian statistician Corrado Gini in 1912</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>GoSL</td>
<td>Government of Sri Lanka</td>
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<td>GSP</td>
<td>Generalised System of Preferences</td>
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<td>GSP+</td>
<td>Generalized Scheme of Preferences Plus</td>
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<td>HCI</td>
<td>Human Capital Index</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HDII</td>
<td>Human Development Inequality Index</td>
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<td>HE</td>
<td>His Excellency</td>
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<td>HIS</td>
<td>Health Information System</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>HS</td>
<td>Harmonized System</td>
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<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>ICTA</td>
<td>Information and Communication Technology Agency</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IHDI</td>
<td>Inequality-adjusted Human Development Index</td>
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<td>International Health Regulations</td>
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<td>International Labour Organization</td>
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<td>International Monetary Fund</td>
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<td>Infant Mortality Rate</td>
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<td>INNF</td>
<td>Integrated National Financing Framework</td>
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<td>International Organizations</td>
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<td>IPPs</td>
<td>Independent Power Producers</td>
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<td>IPS</td>
<td>Institute of Policy Studies of Sri Lanka</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>ITC</td>
<td>International Trade Centre</td>
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<td>Joint Programme for Peace</td>
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<td>Justice Reform</td>
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<td>LANKAQR</td>
<td>QR standard for local currency payments</td>
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<td>LGBTQI</td>
<td>Lesbian, Gay, Bisexual, Transgender, Queer, Intersex</td>
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<td>LGC</td>
<td>Lanka Government Cloud</td>
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<td>LKR</td>
<td>Sri Lankan Rupee</td>
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<td>Market Development Facility</td>
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<td>Marine Environment Protection Authority</td>
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<td>Maternal Mortality Ratio</td>
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<td>Ministry of Justice</td>
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<td>MPI</td>
<td>Multidimensional Poverty Index</td>
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<td>Multi-Partner Trust Fund</td>
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<td>Micro, Small and Medium Enterprise</td>
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<td>Medical Statistics Unit</td>
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<td>Ministry of Wildlife and Forest Conservation</td>
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<td>National Aquaculture Development Authority</td>
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<td>National Consumer Price Index</td>
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<td>NDCs</td>
<td>Nationally Determined Contributions</td>
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<td>Notre Dame Global Adaptation Initiative</td>
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<td>NEP</td>
<td>National Evaluation Policy</td>
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<td>NEPIF</td>
<td>National Evaluation Policy Implementation Framework</td>
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<td>National Financial Inclusion Strategy of Sri Lanka</td>
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<td>National Innovation Agency</td>
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<td>National Identity Card</td>
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<td>National Policy and Strategy on Sustainable Development</td>
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<td>National School of Business Management</td>
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<td>National Social Protection Strategy</td>
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<td>National Sustainable Tourism Certification Scheme</td>
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<td>National Vocational Qualification</td>
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<td>National Water Supply and Drainage Board</td>
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<td>O/L</td>
<td>Ordinary Level</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OHCHR</td>
<td>The Office of the High Commissioner for Human Rights</td>
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<td>OMP</td>
<td>Office on Missing Persons</td>
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<td>ONUR</td>
<td>Office of National Unity and Reconciliation</td>
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<td>OOPE</td>
<td>Out-Of-Pocket Expenditure</td>
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<td>OOSC</td>
<td>Out-of-School Children</td>
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<td>PER</td>
<td>Public Expenditure Review</td>
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<td>Public Investment Programme</td>
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<td>Prime Minister’s Office</td>
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<td>Personal Protective Equipment</td>
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<td>Research and Development</td>
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<td>Rubber Development Department</td>
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<td>Rapid Integrated Assessment</td>
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<td>Rubber Research Institute of Sri Lanka</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>SAAS</td>
<td>Software-as-a-Service</td>
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<td>South Asian Free Trade Area</td>
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<td>Sustainable Banking and Finance Network</td>
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<td>SCAN-tool</td>
<td>SDG Climate Action Nexus tool</td>
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<td>SDCSL</td>
<td>Sustainable Development Council of Sri Lanka</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SE</td>
<td>Special Education</td>
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<tr>
<td>SEA</td>
<td>Strategic Environmental Assessment</td>
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<td>SEP</td>
<td>Stakeholder Engagement Plan</td>
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<tr>
<td>SGBV</td>
<td>Sexual and Gender-Based Violence</td>
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<tr>
<td>SLTDA</td>
<td>Sri Lanka Tourism Development Authority</td>
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<tr>
<td>SMART</td>
<td>Self-Monitoring, Analysis, and Reporting Technology</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-Sized Enterprise</td>
</tr>
<tr>
<td>SSDP</td>
<td>Skill Sector Development Programme</td>
</tr>
<tr>
<td>STD/AIDS</td>
<td>Sexually Transmitted Disease/ Acquired Immuno Deficiency Syndrome</td>
</tr>
<tr>
<td>STEM</td>
<td>Science, Technology, Engineering and Mathematics</td>
</tr>
<tr>
<td>STRIDE</td>
<td>Strengthening Transformation, Reconciliation and Inclusive Democratic Engagement</td>
</tr>
<tr>
<td>TRCSL</td>
<td>Telecommunications Regulatory Commission of Sri Lanka</td>
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<tr>
<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
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<tr>
<td>UGC</td>
<td>University Grants Commission</td>
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<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNCT</td>
<td>United Nations Country Team</td>
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<tr>
<td>UNDESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNEA</td>
<td>United Nations Environment Assembly</td>
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<tr>
<td>UNESCAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>UNICEF</td>
<td>United Nations International Children’s Emergency Fund</td>
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<tr>
<td>UNRCO</td>
<td>United Nations Resident Coordinator’s Office</td>
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<td>UNSDCF</td>
<td>United Nations Sustainable Development Cooperation Framework</td>
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<td>UNSDF</td>
<td>United Nations Sustainable Development Framework</td>
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<td>UNV</td>
<td>United Nations Volunteers</td>
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<td>US</td>
<td>United States</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<td>US$</td>
<td>United States Dollar</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>USD</td>
<td>United States Dollar</td>
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<tr>
<td>VMS</td>
<td>Vessel Monitoring System</td>
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<tr>
<td>VNR</td>
<td>Voluntary National Review</td>
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<tr>
<td>WASH</td>
<td>Water, Sanitation, and Hygiene</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<td>WFP</td>
<td>World Food Programme</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WIDER</td>
<td>World Institute for Development Economics Research</td>
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<td>WIFI</td>
<td>Wireless Fidelity</td>
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<tr>
<td>WIPO</td>
<td>World Intellectual Property Organization</td>
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<tr>
<td>Y-o-Y</td>
<td>Year-over-Year</td>
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</tbody>
</table>
Sri Lanka has made steady progress towards achieving the Sustainable Development Goals (SDGs) since the first Voluntary National Review (VNR) of 2018, despite the setbacks caused by the COVID-19 pandemic. This is evident from the country’s improved score and global rankings in the 2022 Sustainable Development Report which places the country score at 70.0 well above the regional average of 65.9.

The country has also achieved a greater integration of SDGs in national policies. The current National Policy framework (NPF) - ‘Vistas of Prosperity and Splendour’, the Public Investment Programme 2021-2024 and the updated Nationally Determined Contributions (NDCs) submitted to United Nations Framework Convention on Climate Change (UNFCCC), all of which set the country’s strategic development framework, have seen an increasing alignment with SDGs.

A strengthened institutional framework and capacities for SDG governance, coordination and monitoring has been enabled with the establishment of the Sustainable Development Council of Sri Lanka (SDCSL) in terms of the Sri Lanka Sustainable Development Act No. 19 of 2017 as a dedicated government agency and increased ownership of the 2030 Agenda by all other stakeholders.

Since 2018, the country was faced with the 2019 Easter Sunday terror attacks and the COVID-19 pandemic which has had grappling effects, especially on its economy. The second VNR was conducted at a time of unprecedented challenges associated with the economic downturn stemming from the above. The inclusive and participatory process adopted for the second VNR with the direct engagement of a large number of stakeholders at both national and sub-national level including government, private sector, international development partners, civil society and the academia enabled deeper analysis and critical reflection of the current status and trends, gaps and challenges and opportunities for achieving the SDGs in line with Sri Lanka’s commitment to the 2030 Agenda.

Sri Lanka has performed exceptionally well with regards to the COVID-19 pandemic vaccination drive, exceeding the World Health Organization (WHO) targets, achieving a coverage of 97% for the first dose, 82% for the second and 55% for the third dose respectively for those above the age of 12 years. In addition, the government’s cash transfer programs, in response to COVID-19 impacts on social welfare, attained significant expansion, horizontally and vertically, with prompt increases in the coverage of social protection nets. The government successfully collaborated in resource mobilisation across various sectors, such as education (reprogramming the funded projects to facilitate online learning) and healthcare (harnessing the support of civil societies to address the urgent food security, hygiene, and medical needs of identified vulnerable groups at grass root levels). The existing welfare policies implemented by successive governments in ensuring universal free access to healthcare, education and social protection for the poor and vulnerable enabled the government to swiftly scale up these efforts amidst the outbreak.

These successes highlight the government’s capability to respond to emerging challenges and its potential for translating the lessons learnt from these collaborative efforts towards effective medium and long-
term policy implementations. However, Sri Lanka, similar to other developing countries in the region, was faced with challenges in the economy resulting from the pandemic related movement restrictions which significantly impacted economic activity, especially tourism.

Whilst emerging from the far-reaching impacts caused by the pandemic, Sri Lanka envisions an Inclusive Transformation towards a Sustainably Developed Nation for All with specific policy commitments made towards, economic diversification, building on a blue-green economy, achieving knowledge based and technology-driven transformation and social inclusivity. The government aims to support this transformation through public sector reforms combined with innovation and strengthened law enforcement, protecting the human rights of all citizens, while protecting biodiversity and addressing climate change.

However, the country realizes the existing challenges, systemic and structural barriers to achieving this vision. The frequent changes in the policy landscape along with the disconnect between law-making and policy-making, the fragmented nature of the country’s data landscape and the absence of a clear monitoring and evaluation framework to assess the impact of past policy interventions are eminent challenges faced by the government in making informed policy decisions.

Looking ahead, it is likely that the current economic crisis will have an adverse impact on mobilising resources for the implementation of policies and programmes to achieve the SDGs, a common challenge faced by most developing nations. This underscores the importance of tapping into new and alternate sources of financing beyond Sri Lanka’s traditional approach of loans, grants and national spending measures, increasing technology transfers, trade and investments and public sector capacity building for results based service delivery. Sri Lanka has the potential to significantly draw from strengthening the existing partnerships with multiple stakeholders and creating new ones, such as with the private sector, civil society organizations (CSOs), community based organisations (CBOs), the academia, international development partners and other international organisations whereby the strengths of each of them could be brought to bear in delivering on the SDGs.

While directing policy initiatives towards rebuilding the country from the current economic difficulties, recognizing the multi-dimensional aspects of poverty and the impact of the policy responses on vulnerable groups - women and children, low-income communities including the estate communities, the ageing population, persons with disabilities and others - requires specific focus, in order to ensure that no one is left behind when advancing towards the full implementation of the 2030 Agenda.

In this regard, the establishment of clear mechanisms to identify, engage and target marginalised and vulnerable groups through its policy interventions, addressing the persistent inequalities facilitated through the development of constructive multi-stakeholder participation in the policy planning and implementation processes would be vital.
INTRODUCTION
Sri Lanka is currently at a crucial juncture in its transformation journey towards a sustainably developed nation for all.

The country has embarked on the process of conducting a periodic VNR reporting on the progress since its first VNR in 2018, in achieving the 17 SDGs. The 2018 VNR initiated several policy alignment mechanisms through the initial mapping and analysis of the government’s existing policy framework, national policies, strategies and development plans to identify its status in relation to reaching the SDG targets by 2030. This report is a continuation of this exercise, where the country undertakes a national review, with multi-level stakeholder engagement, on the progress made by Sri Lanka towards achieving the SDGs by 2030.

Since 2018, as Sri Lanka continued its transformation journey, accelerating towards achieving the SDGs, the country was faced with the April 2019 Easter Sunday terror attacks and the COVID-19 pandemic which has had grappling effects, especially on its economy. Although the country’s swift preventive measures, including an effective vaccination programme, enabled the government to control the spread of the COVID-19 virus, severe socio-economic impacts have since arisen.

The limitations of the country’s economic structure where public debt accounted for 89% of the GDP in 2019 in addition to the 6.8% fiscal deficit positioned the country as vulnerable to the global economic shocks. The loss of tourism income and the slowdown of economic activities due to the pandemic have contributed significantly to this downturn. This has significantly reversed the progress made by the country over the past decade, especially since the end of the civil war, and Sri Lanka’s status as an upper-middle income country was downgraded to that of lower-middle-income country in 2020.

Despite the economic constraints, Sri Lanka has made notable progress in terms of SDG achievements. This report aims to understand the progress made by the country since the first VNR in addition to understanding the enabling environment, key challenges, gaps and opportunities available for achieving the SDGs by 2030. The report appraises the current policy framework of the government and its alignment to the SDGs, the progress of the development programs initiated and their impact on the SDG targets and proposes recommendations that could be adopted by the country to accelerate its efforts towards achieving the SDGs. The report also highlights areas for improvements and caveats that are weighing down on the country’s progress, with the aim of rectification.

The VNR process was undertaken in-line with the UN Secretary-General’s Guidelines for the Preparation of VNRs following a multi-stakeholder approach throughout the process. Chapter 2 details the methodology while Chapter 3 examines how the national and regional levels have evolved to undertake ownership of SDG implementation. Chapter 4 analyses how the SDG targets have been integrated into national policies and strategies and Chapter 5 highlights Sri Lanka’s progress in achieving its SDG targets under 7 key thematic areas. Chapter 6 outlines strategies for resource mobilization towards the implementation of the 2030 Agenda. Chapter 7 elaborates on how the country could build back better as a sustainable and inclusive nation; leaving no one behind, while summarising the key findings of the report and presenting strategies for moving forward.
METHODOLOGY
The SDGs present an overarching and comprehensive framework that aims to provide a shared narrative of sustainable development. As such, the Sri Lanka VNR process was designed as a collaborative and inclusive exercise that provides a comprehensive and detailed understanding of Sri Lanka’s status and progress with respect to the SDGs, and successes and challenges therein, and one that identifies gaps and challenges and outlines steps needed to enhance the implementation of the 2030 Agenda.

2.1 The VNR Steering Committee

The VNR process was guided by a national level steering committee consisting of representatives from the Sustainable Development Council of Sri Lanka (SDCSL), the Department of National Planning (NPD), Department of Project Management and Monitoring (DPMM), Department of Census and Statistics (DCS), Prime Minister’s Office (PMO), Ministry of Foreign Affairs (MFA), Finance Commission of Sri Lanka, Ministry of Environment and the Institute of Policy Studies (IPS). The United Nations Resident Coordinator’s Office (UNRCO), the World Bank (WB) and the Asian Development Bank (ADB) were observers.

2.2 The VNR Focus and Approach

The VNR is structured within the country’s vision for an “Inclusive Transformation towards a Sustainably Developed Nation for All”, where economic transformation is underpinned by green growth and social inclusivity and is focused on seven key messages under four thematic areas.

A thorough and systematic process was undertaken to map the alignment between the SDG targets and the four thematic areas as the first step. The thematic areas were identified based on the prevailing development trends in the country through an assessment of the national policy context emerging from key policy documents such as the National Policy Framework (NPF), the Budget Speeches and other important policies, strategic plans and programmes. Thereafter, the SDG targets were clustered under the four thematic areas. The harmonisation of the three pillars of sustainable development was considered to ensure a balanced approach throughout the process.

The VNR utilised a mixed methods approach, tracking quantitative progress towards indicator targets complemented by a qualitative assessment of various processes, their successes and gaps. The mixed methods approach allowed for triangulation of data from a variety of sources. Triangulation of the key findings is of special importance in view of the fact that quantitative data comes from secondary sources, which are of variable quality and reliability. Primary data collection was done through focus group discussions and multi-stakeholder consultations conducted by the VNR Steering Committee in partnership with other national and provincial level agencies and platforms. Secondary data was collected through a review of key documents in the possession of the VNR Steering Committee.
Table 2.1: Thematic areas and corresponding key messages

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Key Messages</th>
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<tbody>
<tr>
<td><strong>Economic Development</strong></td>
<td>Diversified Economy</td>
<td></td>
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<tr>
<td></td>
<td><img src="image1.png" alt="Thematic Area Image" /></td>
<td></td>
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<tr>
<td><strong>Environmental Conservation</strong></td>
<td>Blue-Green Economy</td>
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<td></td>
<td><img src="image2.png" alt="Thematic Area Image" /></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Protecting Biodiversity and Addressing Climate Change</td>
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<td></td>
<td><img src="image3.png" alt="Thematic Area Image" /></td>
<td></td>
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<tr>
<td><strong>Social Development &amp; Basic Services</strong></td>
<td>Knowledge-Based and Technology-Driven Transformation</td>
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<td></td>
<td><img src="image4.png" alt="Thematic Area Image" /></td>
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<tr>
<td><strong>Social Inclusivity</strong></td>
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<td></td>
<td><img src="image5.png" alt="Thematic Area Image" /></td>
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<tr>
<td><strong>Public Sector Reforms and Innovation</strong></td>
<td>Strengthened Law Enforcement and Rights Protection</td>
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<td></td>
<td><img src="image6.png" alt="Thematic Area Image" /></td>
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</tr>
</tbody>
</table>

Source: Sustainable Development Council of Sri Lanka (SDCSL)
Figure 2.1: Key Focus Areas covered during the Multi-stakeholders consultations

**Economic Development (Goal 1, 2, 4, 5, 8, 9, 10)**

1. **Macro-Economic Sector**
   - Budget Deficit & Trade Deficit
   - Debt-Sustainability
   - Inflation rate
   - Exchange rate Fluctuations
   - Interest rates
   - Unemployment rate
   - Gini-co-efficient rate

2. **Agriculture, Industry and Services**
   - Product Diversification
   - Productivity
   - Skills Development & Entrepreneurship
   - Employability
   - Infrastructure
   - Research, Technology & Innovation
   - Sustainability aspects
   - Circular economy
   - Resource Efficiency
   - Alternative energy usage/energy efficiency
   - Green Agriculture
   - Conservation of Eco system

**Environmental Conservation (Goal 6, 7, 12, 13, 14, 15)**

1. **Safeguarding Biodiversity and Environment**
   - Biodiversity Conservation - Fauna, Flora, and Ecosystem
   - Stop degradation of natural habitats
   - Sustainable forest management
   - Wildlife conservation

2. **Transition towards Blue Economy**
   - Conservation of marine & coastal biodiversity
   - Sustainable use of ocean-based resources - end overfishing, restore fish stock, minimize illegal fishing techniques, etc.
   - Responsible tourism
   - Minimize ocean acidification – reduce marine pollution

3. **Transition towards Green Economy**
   - Clean & efficient energy usage - smart transport, renewable energy for industries, etc.
   - Land management - land use planning, preventing land fragmentation, restoring degraded land and Soil.
   - Protect & restore water-related ecosystems - wetlands, mountains, rivers, lakes, forests, watershed/catchment area management, etc.
   - Integrated water resources management
   - Smart, clean and green cities/ human settlements/ green buildings
   - Sustainable green agriculture and livestock
   - Clean/green industries and sustainable business models
   - Waste management - Sustainable Consumption & Production

4. **Climate Change risk reduction & mitigation/ Disaster Management**
   - Mitigation measures of climate changes
   - Strengthen resilience & adaptive capacity to climate-related hazards and natural disasters. - Flood, droughts, landslides, coastal erosion, earthquake, forest fire, etc.
   - Climate-resilient built environment

**Evaluation criteria for SDG implementation**
- Policy Context & Planning
- Legal & Institutional Framework

Criteria could be explained by answering,

1. What worked well?
2. What challenges exist?
03. Social Development and Basic Service (Goal 1, 2, 3, 4, 5, 8, 9, 10, 11, 16)

1. Universal Health Care Services (Western & Ayurveda)
   - Resilient Health System
   - Prevention & Control of NCDs
   - Mental Health

2. Nutrition & Food Security
   - Well-balanced nutrition for all
   - Sustainable food production & consumption systems

3. Quality Education for all
   - Early Childhood Care & Development – Home-based & center-based care
   - Primary and Secondary Education
   - Tertiary Education
   - Vocational Training & Skills Development.
   - Educational Reforms (ICT, Curriculum Reforms, Researchbased learning)

4. Social Protection Flows
   - Samurdhi Programme
   - Social welfare assistance for all vulnerable groups
   - Pension Schemes

5. Utilities & infrastructure
   - Water & Sanitation
   - Modernized Public Transportation systems
   - Integrated, environmentally friendly Road Networks
   - Other modes of transportation (smart transport)
   - Smart Public Infrastructure

04. Peace, Justice & Strong Institutions (Goal 5, 10, 16)

1. Safe & Secure country for Women & Children
   - Elimination of Discrimination based on Gender and Age
   - Elimination of Sexual and Gender Based Violence (prevention, investigation and prosecution)
   - Ending Abuse, Exploitation, Trafficking and Violence (including Harassment) against Children (prevention, investigation and prosecution).

2. Law & order
   - Crime Control (prevention, detection, investigation and prosecution)
   - Procedural Fairness

3. Access to Justice
   - Availability, Affordability and Quality of Legal Services (including legal representation and legal aid)
   - Availability of Alternate Dispute Resolution Mechanisms
   - Judicial Institutions (accessibility, quality and fairness/independence)

4. Social Protection Flows
   - Efficiency and Effectiveness
   - Inclusivity and Citizen-centeredness
   - Transparency and Accountability (including openness)
   - Responsive, participatory and representative decision making

3. What are the opportunities and way forward?
2.3 Review of Secondary Information

The reviewed secondary information included national and sectoral policy documents, statistical data and global literature on the SDGs. The Full list of Documents is in Annex A.

2.4 Multi-Stakeholder Consultations and Focus Group Discussions

A stringent stakeholder mapping process was undertaken, and steps taken to ensure inclusivity of a cross cutting sample of various groups, including vulnerable groups. The Stakeholder Engagement Plan (SEP) was prepared with the help of the first VNR as a point of reference, in addition to recommendations from the United Nations Department of Economic and Social Affairs (UNDESA) VNR 2022 guide and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) guidelines for developing SEPs.

Stakeholders from various groups, including government (at different levels), private sector, CSOs, international development partners (multilateral and bilateral), volunteers and volunteer groups, youth, academia etc. were engaged for primary data collection via various thematic, national, and provincial level consultations.

The consultations for primary data collection included four thematic consultations, five provincial level consultations, youth consultations and two focus group discussions with the bi-lateral and multilateral development partners. Although mostly physical, a hybrid model was adopted where necessary to ensure that there were no barriers to participation for stakeholders especially considering the health & safety restrictions arising out of the COVID-19 pandemic.

The provinces were selected for consultations on the basis of demographic and geographical factors. The representation of ethnic and religious diversity as well as post-conflict dynamics, economic and social disparities and vulnerabilities were guiding factors in this determination.

Further, inputs from the consultations on “Volunteers as Key Contributors in Accelerating the 2030 Agenda” conducted by the United Nations Volunteers (UNV) were integrated into the VNR. The consultations included the state sector, corporate/private sector, Non-Government Organization (NGO)/CSO Sector, youth and tertiary education sector and selected agencies from the United Nations. The final inputs were also supported by the National Situation Analysis (NSA) on Volunteerism, and the Online Survey on Volunteerism conducted during the month of March 2022.

The inclusive process enabled the contribution of over 700 stakeholders from across the country towards the VNR process through their direct participation in the stakeholder consultations, focus group discussions etc. The Full List of Participants is in Annex B.
Figure 2.2: VNR 2022 Stakeholder Engagement Plan

Source: Sustainable Development Council of Sri Lanka (SDCSL)
2.5 Validation of Key Findings

The Key VNR Findings were validated during four thematic validation sessions with the participation of over 400 stakeholders from all sectors.

2.6 VNR Twinning Program

The VNR twining program was introduced by ESCAP to Sri Lanka & Pakistan (twinned partners conducting the 2nd VNR in 2022, representing the Asia Pacific region) as one of the South-South cooperation mechanisms to provide peer support for the preparation of VNRs and the SDGs implementation process.

The main tools in this exercise were the dedicated online platform for knowledge sharing/peer learning purposes, and the study tour between the twinned countries for key members of the VNR Steering Committees and other important stakeholders in the SDG process at the country level. The Sri Lankan delegation to Pakistan comprised of selected members of the VNR Steering Committee, sub national level government institutions, representative from private sector and civil society.

Due to the prevailing situation in Sri Lanka, with political uncertainties, Pakistan delegation conducted a virtual study tour to Sri Lanka where the challenges faced, lessons learned and key achievements were broadly discussed among the twining teams. VNR zero drafts were peer-reviewed between the two countries and constructive feedback and suggestions were shared to enhance the quality of the draft reports of the two countries.
OWNERSHIP AND COOPERATION MECHANISMS FOR SUSTAINABLE DEVELOPMENT
3.1 Ownership at National and Sub-National Level

The legal framework for implementation of the SDGs and the 2030 Agenda across the various levels of Government, at national and sub-national level, was established through the Sustainable Development Act No.19 of 2017, enacted by the Parliament of Sri Lanka. Accordingly, the SDCSL was established as the national focal point for coordination, facilitation, monitoring, and reporting on the SDG implementation in Sri Lanka.

Figure 3.1: SDCSL main areas of work

Source: Sustainable Development Council of Sri Lanka (SDCSSL)
Accordingly, the subject area on "Sustainable Development" has transitioned from being under a dedicated ministry, Ministry of Sustainable Development & Wildlife in 2015 to the SDCSL (which had previously been under the purview of the Ministry of Environment and been brought under the purview of the Ministry of Finance (MoF) at present (2022). Although the shift under the MoF has increased the prominence of the subject area, the constant change in the ownership of the subject among institutions has resulted in drawbacks in policy measures and actions to adopt the SDG Agenda.

The commitment to achieving the SDGs has been reiterated in the ‘Vistas of Prosperity and Splendour’, the Election Manifesto of His Excellency the President which was endorsed by the Government as forming the NPF 2020 - 2025. The NPF expressly states that many of the objectives to be achieved are among the 17 Goals of the Sustainable Development Agenda.

As an initial step in promoting state sector ownership of the 2030 Agenda and SDG based planning, all government ministries, departments, provincial councils and local authorities were tasked with preparing SDG mainstreamed public service delivery strategies through a Presidential Circular in October 2019. The circular detailed the instructions in relation to the formulation of public service delivery strategies in order to mainstream the SDGs in every state institution and the appointment and assigning of a dedicated officer for this purpose, who will receive guidance and training on the preparation of public service delivery strategies by the SDCSL. State institutions were provided guidance for the preparation of their Public Service Delivery Strategy which includes a vision, mission, thrust areas, goals and strategies where programmes and projects are to be identified under each strategy, with a common vision of "Sustainably Developed Sri Lanka". Accordingly, in addition to government ministries and institutions at the central level, Provincial Councils, as the main sub-national level planning bodies have also made increasing efforts to align their Annual Plans and Budgets with SDGs.
<table>
<thead>
<tr>
<th>Domain</th>
<th>Sector</th>
<th>Purpose</th>
<th>Expected Outcome</th>
<th>SDG Domain</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Social Infrastructure</td>
<td>1.1 Education</td>
<td>Quality of Life</td>
<td>Developed human capital</td>
<td>PEOPLE</td>
<td>GOAL 04, GOAL 05, GOAL 11</td>
</tr>
<tr>
<td></td>
<td>1.2 Health</td>
<td>Quality of Life</td>
<td>Quality healthcare delivered</td>
<td>PEOPLE</td>
<td>GOAL 01, GOAL 02, GOAL 03, GOAL 04, GOAL 05, GOAL 10</td>
</tr>
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<td></td>
<td>1.3 Probation, Childcare and Social Services</td>
<td>Quality of Life</td>
<td>Social security assured through collective responsibility</td>
<td>PEOPLE</td>
<td>GOAL 03, GOAL 05, GOAL 10, GOAL 11, GOAL 16</td>
</tr>
<tr>
<td>2. Economic Infrastructure</td>
<td>2.1 Paddy, Highland and Fruit Crops</td>
<td>Food Security Economic Growth</td>
<td>Quality, production and productivity</td>
<td>PEOPLE</td>
<td>GOAL 02, GOAL 08, GOAL 09</td>
</tr>
<tr>
<td></td>
<td>2.2 Forestry, Plantations and Export Agricultural Crops</td>
<td>Economic Growth</td>
<td>Quality, production and productivity</td>
<td>PEOPLE</td>
<td>GOAL 02, GOAL 08, GOAL 09, GOAL 11, GOAL 15</td>
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<tr>
<td></td>
<td>2.3 Livestock and Inland Fisheries</td>
<td>Food Security Economic Growth</td>
<td>Quality, production and productivity</td>
<td>PLANET PEOPLE, PEOPLE, PROSPERITY</td>
<td>GOAL 02, GOAL 06, GOAL 08, GOAL 09, GOAL 11, GOAL 15</td>
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<td>2.4 Irrigation</td>
<td>Food Security Economic Growth</td>
<td>Managed irrigated water</td>
<td>PLANET PEOPLE, PEOPLE, PROSPERITY</td>
<td>GOAL 06, GOAL 08, GOAL 11, GOAL 15</td>
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<td>2.5 Provincial Roads</td>
<td>Economic Growth</td>
<td>Sustainable cities and improved lifestyles</td>
<td>PROSPERITY</td>
<td>GOAL 03, GOAL 09, GOAL 08, GOAL 11</td>
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<td></td>
<td>2.6 Tourism</td>
<td>Inclusive Development and Enhanced Recreational Opportunity</td>
<td>Province's assets and endowments, harnessed and expanded recreational opportunities</td>
<td>PLANET PEOPLE PROSPERITY</td>
<td>GOAL 08, GOAL 09, GOAL 13, GOAL 15</td>
</tr>
<tr>
<td></td>
<td>2.7 Mining and Quarrying</td>
<td>Food Security Economic Growth</td>
<td>Province's assets and endowments harnessed</td>
<td>PEOPLE PROSPERITY</td>
<td>GOAL 08, GOAL 09</td>
</tr>
<tr>
<td></td>
<td>2.8 MSMEs</td>
<td>Inclusive Development</td>
<td>Enhanced entrepreneurial capability and achieve shared economic growth</td>
<td>PROSPERITY</td>
<td>GOAL 08, GOAL 09</td>
</tr>
<tr>
<td>3. Local Government Services</td>
<td>3.1 Local Government</td>
<td>Sustainable Communities</td>
<td>Development competent, caring and facilitating local governance</td>
<td>PLANET PEOPLE PROSPERITY</td>
<td>GOAL 03, GOAL 06, GOAL 15</td>
</tr>
<tr>
<td>4. Environment</td>
<td>4.1 Disaster Management</td>
<td>Quality of Life</td>
<td>Community resilience and harmonise environmental integrity with economic development</td>
<td>PLANET PEOPLE PROSPERITY</td>
<td>GOAL 03, GOAL 06, GOAL 15</td>
</tr>
<tr>
<td>5. All domains</td>
<td>All the sectors concerned</td>
<td>Sustainable and integrated Development</td>
<td>Stakeholder commitment and collaboration</td>
<td>PLANET PEOPLE PROSPERITY</td>
<td>GOAL 17</td>
</tr>
</tbody>
</table>

Source: Five-Year Vision Oriented Integrated Development Plan 2019-2023 (Sabaragamuwa Province)
In addition some ministries have taken ownership and responsibilities for specific SDGs in line with their broad mandates.

### Case Box 01:

**SDG 3 Steering Committee**

A Steering Committee structure has been institutionalized by the Ministry of Health for SDG 3 on Good Health and Well-being.

The objectives of the said Steering Committee are:

- To deliberate on the required reforms and policy interventions in the health sector to achieve SDG 3 targets;
- Data compilation for relevant indicators and;
- To review progress of SDG 3 implementation and achievements.

The Committee is comprised of heads of all relevant institutions with the Ministry of Health taking the lead for convening and chairing the committee. The meetings of the committee take place quarterly.

Source: Ministry of Health

The same mechanism was replicated for SDG 16 with the establishment of a SDG 16 Steering Committee by the Ministry of Justice (MoJ) which is discussed in more detail in Section 5.5 of the Report. (Source: Ministry of Health)

SDCSL continues to provide guidance and capacity building support to ministries and institutions for SDG mainstreaming. Approximately, 103 state institutions (ministries, state ministries, departments and statutory authorities) have been provided with direct training by the SDCSL. The full list is attached as Annex C.

### 3.2 Government Efforts to Sustain and Mainstream the 2030 Agenda and SDG Targets since the First VNR

Following the first VNR in 2018, the Government has achieved considerable progress in policy alignment with the SDGs through the following:

**Figure 3.3: Timeline of achievements post 2018 VNR**

- The NPF - 'Vistas of Prosperity and Splendour' that encompasses 10 key policies aimed at fourfold outcomes of poverty reduction, a healthy population, education for all and a clean environment embracing the 17 SDGs.

- The Draft National Policy and Strategy on Sustainable Development (NPSSD) prepared in terms of Section 11 of the Sustainable Development Act No. 19 of 2017 that localises and contextualises the SDGs across all levels of governance (national, provincial and local authority levels) and relevant sectors through 115 overall strategies, and 7 enabling targets with 34 relevant strategic interventions which align with the SDGs. However, the NPSSD is yet to be approved by the Cabinet and the Parliament.

- The Agency Framework for SDG Indicators developed by the SDCSL that assigns institutional responsibilities for SDG data across the entire public sector.

- The Public Investment Programme (PIP) 2021-2024 that incorporates nine key principles in its commitment to achieving the SDGs. PIP 2017-2020 had prioritised job creation and economic development under its five goals.

Source: Sustainable Development Council of Sri Lanka (SDCSL)

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While policy inconsistency has been noted as a systemic issue over time, several stakeholders outlined that the ownership and authority of the SDGs at central, provincial and local government level has also been challenged by a series of legislative and administrative decisions, which have concentrated significant power over policy decisions and implementation with the executive presidency. Prominent examples highlighted are the 20th Amendment to the Constitution and several Presidential Task Forces (PTF), including the PTF on Economic Revival and Poverty Alleviation, PTF on Educational Affairs, PTF on Creating a Green Sri Lanka and Sustainable Solutions to Climate Change and PTF on Green Agriculture. The PTFs have attracted mixed reactions with concerns over curtailing the autonomy of government institutions at national and sub-national levels in owning and implementing initiatives related to the 2030 Agenda while other stakeholders pointed out that they provided useful coordination platforms facilitating stronger inter-agency collaboration for integrated planning to achieve development results. The latter further highlights lapses in effective coordination mechanisms amongst the relevant institutions.

Although progress has been made in the governments mainstreaming efforts since the VNR in 2018, the current structure and the composition of the SDCSL as the national SDG focal point is not conducive for integration and cross-sectoral action required across the three dimensions of sustainable development (economic, environmental, and social). This has resulted in limitations within the SDCSL to operate with authority on enhancing coordination across key ministries that can drive coherent development and implementation of SDG based plans and programmes.

In order to strengthen the institutional coordination for vertical and horizontal coherence in planning, implementation, and monitoring, an inter-ministerial steering committee under the leadership of the Prime Minister has been established to provide the political leadership and overall guidance to the SDG implementation process as well as to mobilise all stakeholders towards SDGs by building strong national ownership of the SDG Agenda.

It is noted that the Working group paper by the Ministry of Foreign Affairs, in 2020 also emphasised the need to formulating an SDG road map, strategy, and an operationalizable, time-bound action plan clearly delineating institutional responsibilities and a financing framework for the public institutions.

### 3.3 Ensuring Effective Institutional Mechanisms for SDG Implementation

The PIP 2021-2024 sets out the planned public investment programmes for the next three years in line with the NPF, which has been aligned with the SDGs. The nine key policies of the PIP are translated into sector specific development programs to address the identified challenges.

The SDCSL has assigned each SDG indicator to a responsible agency along with key definitions and methodologies to measure progress through their framework for SDG indicators.

The “Sri Lanka Sustainable Finance Roadmap” developed by the Central Bank of Sri Lanka (CBSL) in 2019 sets out plans to develop sustainable finance in Sri Lanka, through guidance and support for financial institutions in managing environmental, social and governance (ESG) risks associated with greener, climate-friendly and socially inclusive businesses. The CBSL has also launched the “Sri Lanka Green Finance Taxonomy” in 2022, which defines and categorises economic activities that

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2 Department of National Planning (2017) The Public Investment Programme (PIP) 2021-2024
3 CBSL (2019) Road Map for Sustainable Finance in Sri Lanka
4 CBSL (2022) Sri Lanka Green Finance Taxonomy
are environmentally sustainable, enabling financial institutions to identify green investment opportunities.

The SDCSL and UNDP Sri Lanka have initiated a process to introduce "SDG Budget Coding and Tagging System to the National Budgetary Process" in 2022. This is aimed at supporting the Department of National Budget (NBD) and the NPD to improve the rationale of budgetary allocation and transparency and accuracy in analysis, thereby strengthening budgeting and policy-making processes.

In addition, the first-ever "National Financial Inclusion Strategy (NFIS) of Sri Lanka" was launched in 2021, highlighting the gaps in achieving financial inclusion through a joint survey by the CBSL and International Finance Corporation (IFC). The strategy provides a comprehensive framework with medium and long term targets in four areas including, Digital Payments, Consumer Protection, MSME Finance and Financial Literacy and Capacity Building through the development of Data, Infrastructure, Gender Balance and Policy, Regulation & Supervision.

As a response to the lack of integrated policy measures to attract private financing towards achieving national development targets, the government introduced plans to rationalise the prevailing mechanism on engaging with investors, lending agencies and foreign agencies with aims to create a centralised system under the MoF and the CBSL, to improve the coordination of ministries in financing development projects. Under this initiative, private investment proposals were instructed to be directed to the Board of Investment (BOI) for evaluation and approval.

Although the centralised approach can lead to policy coherence, the flip side of this approach is the lack of coordination between line ministries and private sector stakeholders, which has been stated as one of the key reasons for delays in resource mobilisation and project implementation. The absence of a National SDG Road Map and Strategy that promotes policy coherence to leverage the interconnectedness between the SDGs with an integrated financing framework, has limited Sri Lanka’s ability to draw significant development financing towards the SDGs. Therefore, it is identified that a coordinated approach, clearer to the stakeholders and public organisations would be key to accelerate the achievement of the SDGs.

### 3.4 Multi-stakeholder Partnerships towards the 2030 Agenda

The report titled "Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming" released by the UNRCO in Sri Lanka indicates that, although the engagement rate between the SDCSL, government agencies, and the UN is high, the SDCSL's direct engagement with wider stakeholder groups is limited. As per the report, this has been attributed to the limitations in SDCSL's mandate, absence of mechanisms to deal with multi-level stakeholders, and limited resources for stakeholder engagement. However, the challenges are not limited to the government or the SDCSL, as effective engagement was also hindered due to stakeholders operating in silos with the lack of deeper understanding of SDG goals and their interconnectedness, as well as how they directly relate to them.

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5 SDCSL website, Available at: https://sdc.gov.lk/en/event/185
9 VNR 2022: Inputs from Multistakeholder Consultations
10 UNRCO (2020) Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming
11 UNRCO (2020) Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming
3.4.1 Civil Society

Though Sri Lanka has mechanisms to consult civil society in agenda setting on key issues such as migration, gender empowerment, environment and other, often this does not translate into joint action plans or programmes. Except for the operations of the SDCSL, existing policy frameworks and implementation mechanisms (such as public private sector partnerships) do not adequately reflect the role of civil society, private sector and other stakeholders in developing joint action plans and roll-out programmes to achieve the SDGs.

However, the COVID-19 lockdown saw the PTF and the Civil Society Collective for the COVID-19 Response (the CSO Collective) collaborate effectively to coordinate with civil society actors in all 25 districts to work with relevant government officials to address the urgent food security, hygiene, and medical needs of the identified vulnerable groups. But, without a comprehensive policy to engage civil society actors, this collaboration remained ad hoc and limited.

3.4.2 Private Sector

Despite the low levels of engagement in the past, the SDCSL has identified the private sector as a key player for increased engagement and is actively developing a strategy to strengthen engagement with the sector at present focusing on promoting private investments towards the SDGs, promoting inclusive and sustainable businesses through accreditation, standardizations and certification and promoting corporate sustainability reporting.

The SDCSL has conducted a mapping exercise of 150 companies across 10 sectors with the aim of understanding the extent of private sector involvement in SDG activities in addition to several interactions with companies that are interested to participate in the SDG process towards planning, monitoring and financing. For instance, facilitated by the SDCSL, the Ceylon Chambers of Commerce (CCC) has led the strategic research, analysis, synthesis and stakeholder interviews, to formulate the Sri Lanka SDG Investor Map commissioned by United Nations Development Programme (UNDP) under the guidance of a national level Reference Group.

The working group paper by the Ministry of Foreign Affairs recognizes the importance of public-private partnerships as effective mechanisms for data collection and monitoring which continues to be an untapped resource with the most potential to be used for public good.

3.4.3 Academic Institutions

The SDCSL has engaged with leading universities and libraries in Sri Lanka, both public and private, such as the University of Kelaniya, NSBM Green University and the Sri Lanka Library Association on partnership projects for knowledge sharing and collaboration in the areas of education, research, curriculum development and e-learning on sustainable development. However, the absence of a clear plan to promote ownership of the SDGs amongst academic institutions, engaging them in the planning and implementation of the SDGs has been identified as a limitation and a key area to be included in future plans.

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12 United Nations (2021) Catalysing a Decade of Action in Sri Lanka
13 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
14 The Ceylon Chamber of Commerce (2021) Activity Booklet 2021
15 SDCSL website, Available at: https://sdc.gov.lk/en/events/178
16 SDCSL website, Available at: https://sdc.gov.lk/en/events/174
3.4.4 Youth Groups

Youth groups are another key stakeholder segment where engagement with the Government has been lacking and therefore the ownership of the SDGs and 2030 Agenda by the youth remain undefined. Sri Lanka continues to have a strong volunteering background and is considered a key contributor to promoting social inclusion. A key development in this area is the approval of the National Policy on Volunteerism (NPV) in August 2019, which was initially developed in 2014 through a collaboration between the Ministry of Social Empowerment and Primary Industries of Sri Lanka and United Nations Volunteers (UNV). This lays the groundwork for unlocking the potential of volunteerism as a key contributor to achieving the SDG targets and 2030 Agenda.

3.5 Inclusion of Views and Inputs of Vulnerable Groups in the Implementation of the 2030 Agenda

Although recognised in the NPF and while Sri Lanka has long standing mechanisms for citizen inclusion in political representation and public engagement through village forums and district level community forums, there remains a significant gap in women and youth representation in these spaces and wider government administration structure.

Notably, the Budget 2022 has outlined rural development programmes and projects that were identified by community participation through rural committees. In this essence, Budget 2022 proposed increased allocation of resources to Grama Niladhari Divisions (GNDs) that are closest to the people, whereby the people in the village get the authority to decide on the type of development projects to be implemented. The Rural Development Programme to uplift the standard of living of the people through community-driven development programs is currently underway with a four pronged strategy which includes:

- Livelihood development
- Development of common infrastructure
- Environment and sustainable development
- Social welfare and social development

3.6 Leveraging Data for Implementation of the SDGs

Leading up to the 2018 VNR, a committee was appointed by the DCS to specifically map and study the availability of data on the SDGs for Sri Lanka. The committee found that the data for 46 SDG indicators are available through on-going censuses, surveys, and administrative data. The SDCSSL has taken efforts to increase the data availability for SDG indicators which has increased the number of indicators for which data is available from 46 to 106. In 2022, UNESCAP announced Sri Lanka within the top 10 countries in the Asia Pacific countries for data availability on SDG indicators.

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17 UNRCO (2020) Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming (p.19)
19 United Nations (2021) Catalysing a Decade of Action in Sri Lanka
Figure 3.4: Data map for SDG indicators as of 01st June 2022

| Goal | 1.1.1 | 1.2.1 | 1.3.1 | 1.4.1 | 1.5.1 | 1.5.2 | 1.5.3 | 1.5.4 | 1.5.6 | 1.5.7 | 1.5.8 | 1.5.9 | 1.5.10 | 1.5.11 | 1.5.12 | 1.5.13 | 1.5.14 | 1.5.15 |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|      | 2.1.1 | 2.2.1 | 3.2.1 | 4.2.1 | 5.2.1 | 6.2.1 | 7.2.1 | 8.2.1 | 9.2.1 | 10.2.1 | 11.2.1 | 12.2.1 | 13.2.1 | 14.2.1 | 15.2.1 | 16.2.1 | 17.2.1 |
|      | 2.1.2 | 2.2.2 | 3.2.2 | 4.2.2 | 5.3.1 | 6.3.2 | 7.2.2 | 8.4.1 | 9.2.2 | 10.4.1 | 11.3.2 | 12.3.1 | 13.2.1 | 14.4.1 | 15.3.1 | 16.1.4 | 17.3.1 |
|      | 2.1.3 | 2.2.3 | 3.3.2 | 4.4.1 | 5.4.1 | 6.4.2 | 7.4.1 | 8.5.1 | 9.3.2 | 10.5.1 | 11.5.1 | 12.4.2 | 13.3.1 | 14.6.1 | 15.4.2 | 16.2.2 | 17.4.1 |
|      | 2.1.4 | 2.2.4 | 3.3.3 | 4.5.1 | 5.5.1 | 6.5.1 | 7.a.1 | 8.5.2 | 9.4.1 | 10.6.1 | 11.5.2 | 12.5.1 | 13.1.4 | 14.7.1 | 15.5.1 | 16.2.3 | 17.5.1 |
|      | 2.1.5 | 2.2.5 | 3.3.4 | 4.6.1 | 5.5.2 | 6.5.2 | 7.b.1 | 8.6.1 | 9.5.1 | 10.7.1 | 11.6.1 | 12.6.1 | 13.b.1 | 14.a.1 | 15.6.1 | 16.3.1 | 17.6.1 |
|      | 2.1.6 | 2.2.6 | 3.3.5 | 4.7.1 | 5.6.1 | 6.6.1 | 8.7.1 | 9.5.2 | 10.7.2 | 11.6.2 | 12.7.1 | 14.b.1 | 15.7.1 | 16.3.2 | 17.7.1 |
|      | 2.1.7 | 2.2.7 | 3.3.6 | 4.8.1 | 5.6.2 | 6.a.1 | 8.8.1 | 9.a.1 | 10.7.3 | 11.7.1 | 12.8.1 | 14.c.1 | 15.8.1 | 16.3.3 | 17.8.1 |
|      | 2.1.8 | 2.2.8 | 3.3.7 | 4.b.1 | 5.a.1 | 6.b.1 | 8.b.2 | 9.b.1 | 10.7.4 | 11.7.2 | 12.a.1 | 15.9.1 | 16.4.1 | 17.9.1 |
|      | 2.1.9 | 2.2.9 | 3.3.8 | 4.c.1 | 5.a.2 | 6.b.1 | 8.c.1 | 9.c.1 | 10.8.1 | 11.8.1 | 12.b.1 | 15.a.1 | 16.4.2 | 17.b.1 |
|      | 2.1.10 | 2.2.10 | 3.3.9 | 4.d.1 | 5.b.1 | 6.b.1 | 8.d.1 | 9.d.1 | 10.9.1 | 11.9.1 | 12.c.1 | 15.b.1 | 16.5.1 | 17.11.1 |
|      | 2.1.11 | 2.2.11 | 3.3.10 | 5.c.1 | 6.c.1 | 8.e.1 | 9.e.1 | 10.10.1 | 11.10.1 | 12.d.1 | 15.c.1 | 16.5.2 | 17.12.1 |
|      |      |      |      |      | 3.7.1 | 8.a.1 | 10.1.1 | 11.1.1 | 12.e.1 | 13.e.1 | 14.e.1 | 15.e.1 | 16.6.1 | 17.13.1 |
|      |      |      |      |      | 3.7.2 | 8.b.1 | 10.2.1 | 11.2.1 | 12.f.1 | 13.f.1 | 14.f.1 | 15.f.1 | 16.6.2 | 17.14.1 |
|      |      |      |      |      | 3.8.1 |     | 10.3.1 | 11.3.1 | 12.g.1 | 13.g.1 | 14.g.1 | 15.g.1 | 16.7.1 | 17.15.1 |
|      |      |      |      |      | 3.8.2 |     | 10.4.1 | 11.4.1 | 12.h.1 | 13.h.1 | 14.h.1 | 15.h.1 | 16.7.2 | 17.16.1 |
|      |      |      |      |      | 3.9.1 |     | 10.5.1 | 11.5.1 | 12.i.1 | 13.i.1 | 14.i.1 | 15.i.1 | 16.8.1 | 17.17.1 |
|      |      |      |      |      | 3.9.2 |     | 10.6.1 | 11.6.1 | 12.j.1 | 13.j.1 | 14.j.1 | 15.j.1 | 16.9.1 | 17.18.1 |
|      |      |      |      |      | 3.9.3 |     | 10.7.1 | 11.7.1 | 12.k.1 | 13.k.1 | 14.k.1 | 15.k.1 | 16.10.1 | 17.19.1 |
|      |      |      |      |      | 3.a.1 |     | 10.8.1 | 11.8.1 | 12.l.1 | 13.l.1 | 14.l.1 | 15.l.1 | 16.11.1 | 17.19.2 |
|      |      |      |      |      | 3.b.1 |     | 10.9.1 | 11.9.1 | 12.m.1 | 13.m.1 | 14.m.1 | 15.m.1 | 16.12.1 | 17.20.1 |
|      |      |      |      |      | 3.b.2 |     | 10.10.1 | 11.10.1 | 12.n.1 | 13.n.1 | 14.n.1 | 15.n.1 | 16.13.1 | 17.20.2 |
|      |      |      |      |      | 3.b.3 |     | 10.11.1 | 11.11.1 | 12.o.1 | 13.o.1 | 14.o.1 | 15.o.1 | 16.14.1 | 17.21.1 |
|      |      |      |      |      | 3.d.1 |     | 10.13.1 | 11.13.1 | 12.q.1 | 13.q.1 | 14.q.1 | 15.q.1 | 16.16.1 | 17.23.1 |

<table>
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<tr>
<th>Indicators</th>
<th>3.7.1</th>
<th>3.7.2</th>
<th>3.8.1</th>
<th>3.8.2</th>
<th>3.9.1</th>
<th>3.9.2</th>
<th>3.9.3</th>
<th>3.a.1</th>
<th>3.b.1</th>
<th>3.b.2</th>
<th>3.b.3</th>
<th>3.c.1</th>
<th>3.d.1</th>
<th>3.d.2</th>
</tr>
</thead>
</table>

- **Current Data Availability**
- **Not relevant to Sri Lanka**

Source: Sustainable Development Council of Sri Lanka (SDCSL)
However, the government’s data ecosystem is classified as fragmented and, in some instances, outdated. Ad-hoc approaches towards implementation of digital solutions in the government sector in the absence of a whole-of-government framework have been identified as one of the key reasons for the prevalence of data silos. These issues are further perpetuated by an unwillingness to share information due to the absence of mechanisms, to enable secure sharing of information, restricting government officials from collaborating with private sector stakeholders.

In order to address this, the Information and Communication Technology Agency (ICTA), in 2020, was tasked with the overall management and supervision of ICT/digital solutions in government agencies in line with the National Digital Policy.

Further, a national SDG data platform that connects over 80 government institutions responsible for primary data production to a single window, promoting a whole-of-government approach to SDG data has been created and implemented by the SDCSL. The UN SDG Data Tracker has also been integrated into the Data Portal for a combined platform with enhanced visualisation and disaggregation capabilities. The SDG Data Portal provides a snapshot of progress made under the indicators of the 17 SDGs and is a major step in providing public access to the progress made in terms of the SDGs.

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22 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
The limitations in the collection, validation, and access to data pose a challenge to evidence based policy formulation and interventions\textsuperscript{24}. Particularly, the lack of gender disaggregated data, for example, affects the visibility of women’s role as income generators and direct taxpayers which then skews the policy approach to gender responsive interventions and budgeting.

However, the National Data Sharing Policy which is in the final stages of adoption\textsuperscript{25} and other donor funded projects on capacity development in public sector organisations are expected to improve information sharing between government organisations and the private sector.

3.7 Monitoring and Evaluation (M&E) of SDG Implementation

Inconsistencies and gaps within the government’s subnational data ecosystem have been noted and could impact assessments since their outputs provide the basis for M&E functions. For instance, each capital expenditure for the upcoming years is tagged with the applicable SDG codes, but there is a vast discrepancy between capital expenditure requested and capital grants approved and disbursed from the treasury\textsuperscript{26}.

The DPMM has prepared the National Evaluation Policy (NEP) of Sri Lanka (approved by the Cabinet of Ministers in 2018) and its implementation framework, National Evaluation Policy Implementation Framework (NEPIF) for monitoring and evaluation of development programmes. This initiative, when implemented could increase the availability of scientifically validated data and information and could contribute to measuring the achievement of SDGs.

However, an SDG M&E Framework with national targets remains a key priority that needs to be addressed for a more robust process to measure the SDG progress.
INTEGRATION OF THE SDGS IN THE NATIONAL POLICY FRAMEWORKS
In order to achieve the 2030 Agenda and the SDGs, Sri Lanka needs to ensure that the SDG targets are adequately integrated into national and sub-national policies. Therefore, studying the level of SDG integration in national and sub-national policies is important to identify the extent of convergence and gaps between the SDG targets and the country’s key policy documents.

The NPF provides the strategic direction for the annual government budgets and the PIP 2021-2024 and therefore, by extension, integrate the strategies for achieving the SDGs and 2030 Agenda in the same. In addition to reviewing the NPF and PIP, the second VNR also reviews the level of SDG integration in the updated NDCs which is developed in accordance with Sri Lanka’s commitment to achieving the COP25 targets. Due to the volume and complexities pertaining to sectoral and sub-national level policy documents, the second VNR limits the review of policy documents to the above key documents.

It has been noted that achieving a higher level of integration between national policies and the SDG targets will be an immediate priority for the government. Conducting a science-based assessment such as a Rapid Integrated Assessment (RIA) is important to ensure that the conclusions derived from an integration assessment are evidence based and methodical and can accurately inform the updates need to be made to national policies for increased integration and alignment with the SDGs.

4.1 SDG Integration with the National Policy Framework

The NPF outlines the key national targets and policies and is the base framework for other national and sub-national level policies and strategies. The NPF identifies the SDGs as setting the objectives for the 10 Key Policies which form the core of the NPF. The NPF was presented for the five-year cycle of the government from 2020-2025.

“The ultimate aim of all governments in the world is to achieve a series of desirable objectives such as the reduction of poverty, a healthy population, education for all, and a clean environment etc. which are among the 17 sustainable development goals of the United Nations.”

– Vistas of Prosperity and Splendour

The SDCSL has conducted a detailed mapping exercise to assess the level of SDG integration in the NPF. This involved mapping each policy component, its respective strategies and action points under each of the 10 Key Policies against the relevant SDG and the SDG target. Figure 4.1 below summarises the SDGs covered in each of the 10 Key Policies.
While there is a strong commitment towards the SDGs and the 2030 Agenda in the NPF, there is further scope to increase the integration of SDG targets into the NPF and its strategies. The gaps between the strategies in the NPF and the SDG targets also highlight persistent policy issues and deficiencies. For example, of the 7 targets in SDG 1 – No Poverty, targets 1.4 and 1.b are not aligned with the strategies under the 10 Key Policies. Both SDG targets are gender-sensitive and Sri Lanka has historically underperformed in its Human Development Inequality Index (HDII) score compared to its overall Human Development Index (HDI) score owing to the low female labour force participation, amongst other equality related factors.

![Figure 4.1: SDGs Integration across 10 Key Policies of the NPF](image-url)

Source: Sustainable Development Council of Sri Lanka (SDCSL)
4.2 SDG Integration with the Public Investment Programme 2021-2024

PIP 2021-2024 has been prepared with a medium-term perspective, prioritising the Government’s public investments that are crucial to stimulate the economy and to enhance economic growth. The PIP 2021-2024 unveils the government’s new strategy for achieving smart, sustainable, and inclusive growth in the medium-term presenting an overview of the national development programme of the country.

The NPD has conducted a mapping exercise similar to the one conducted during the first VNR in 2018, to analyse the alignment of national policies with SDGs using the PIP 2021-2024 as the base document. The key thematic areas of the PIP were mapped against the SDGs as the first step to identify the coverage of SDGs in broad perspective as shown in Table 4.1. It is observed that all the SDGs are addressed by at least one thematic area and some the SDGs are covered by several thematic areas reflecting due consideration given by PIP 2021-2024 to the 2030 Agenda.

Table 4.1: Alignment of SDG’s to Key Thematic Areas of Public Investment Programme 2021 -2024

<table>
<thead>
<tr>
<th>Goal</th>
<th>Sector/Theme in PIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 No Poverty</td>
<td>All economic and social sectors</td>
</tr>
<tr>
<td>2 Zero Hunger</td>
<td>Agriculture &amp; Health</td>
</tr>
<tr>
<td>3 Good Health and Well-being</td>
<td>Health</td>
</tr>
<tr>
<td>4 Quality Education</td>
<td>Education</td>
</tr>
<tr>
<td>5 Gender Equality</td>
<td>Social Protection</td>
</tr>
<tr>
<td>6 Clean Water and Sanitation</td>
<td>Water &amp; Sanitation, Irrigation</td>
</tr>
<tr>
<td>7 Affordable and Clean Energy</td>
<td>Power &amp; Energy</td>
</tr>
<tr>
<td>8 Decent Work and Economic Development</td>
<td>Labour and all economic and social sectors</td>
</tr>
<tr>
<td>9 Industry, Innovation, and Infrastructure</td>
<td>Industry, Labour, Technology &amp; Research and Infrastructure</td>
</tr>
<tr>
<td>10 Reduced Inequalities</td>
<td>Labour, Social Protection</td>
</tr>
<tr>
<td>11 Sustainable Cities and Communities</td>
<td>Urban Development, Housing, Culture, Religion &amp; National Integration, Transport, Road</td>
</tr>
<tr>
<td>12 Responsible Consumption and Production</td>
<td>Agriculture, Environment &amp; Disaster Management, Tourism</td>
</tr>
<tr>
<td>13 Climate Action</td>
<td>Environment &amp; Disaster Management</td>
</tr>
<tr>
<td>14 Life below Water</td>
<td>Environment &amp; Disaster Management, Fisheries</td>
</tr>
<tr>
<td>15 Life on Land</td>
<td>Environment &amp; Disaster Management, Irrigation</td>
</tr>
<tr>
<td>16 Peace, Justice, and Strong Institutions</td>
<td>Public Management/Governance, ICT</td>
</tr>
<tr>
<td>17 Partnerships for the Goals</td>
<td>All economic and social sectors</td>
</tr>
</tbody>
</table>

Source: National Planning Department (NPD)
As the second step, the same mapping exercise was extended to the SDG target level to identify the integration of the SDG targets in the PIP 2021-2024 in disaggregated level and the degree of alignment of targets under each SDG with the content of the key thematic areas of the PIP.

As shown below in table 4.2, 38% of the SDG targets are identified as fully aligned, 42% as moderately aligned and 9% as slightly aligned, while 11% of the targets are found to be not relevant to Sri Lanka. The analysis reflects an increased degree of alignment of PIP 2021-2024 with SDG targets with an increase of fully and moderately aligned categories from 36% and 38% respectively from the previous PIP 2017-2021 reviewed during the first VNR in 2018.

**Figure 4.2: Level of Integration of SDGs into National Development Agenda**

<table>
<thead>
<tr>
<th>SDGs</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 No Poverty</td>
<td><img src="image" alt="Integration of SDGs into PIP 2021-2024" /></td>
</tr>
<tr>
<td>2 Zero Hunger</td>
<td></td>
</tr>
<tr>
<td>3 Good Health and Well-being</td>
<td></td>
</tr>
<tr>
<td>4 Quality Education</td>
<td></td>
</tr>
<tr>
<td>5 Gender Equality</td>
<td></td>
</tr>
<tr>
<td>6 Clean Water and Sanitation</td>
<td></td>
</tr>
<tr>
<td>7 Affordable and Clean Energy</td>
<td></td>
</tr>
<tr>
<td>8 Decent Work and Economic Development</td>
<td></td>
</tr>
<tr>
<td>9 Industry, Innovation, and Infrastructure</td>
<td></td>
</tr>
<tr>
<td>10 Reduced Inequalities</td>
<td></td>
</tr>
<tr>
<td>11 Sustainable Cities and Communities</td>
<td></td>
</tr>
<tr>
<td>12 Responsible Consumption and Production</td>
<td></td>
</tr>
<tr>
<td>13 Climate Action</td>
<td></td>
</tr>
<tr>
<td>14 Life below Water</td>
<td></td>
</tr>
<tr>
<td>15 Life on Land</td>
<td></td>
</tr>
<tr>
<td>16 Peace, Justice, and Strong Institutions</td>
<td></td>
</tr>
<tr>
<td>17 Partnerships for the Goals</td>
<td></td>
</tr>
</tbody>
</table>

Alignment | Fully aligned (38%) | Moderately aligned (42%) | Slightly aligned (9%) | Not relevant (11%)

Source: National Planning Department (NPD)
4.3 SDG Integration with Nationally Determined Contributions

Sri Lanka, in line with its commitment as a signatory to the Paris Agreement (COP21), presented at COP26 in 2021 an updated NDCs\(^{27}\) outlining a set of progressive and ambitious targets on climate action. The NDCs embody efforts by the country to reduce national emissions and adapt to the impacts of climate change and are due for implementation between 2021 and 2030. These NDCs are primarily divided into mitigation and adaptation.

There are 41 mitigation NDCs across six sectors of electricity, transport, industry, waste, forestry, and agriculture. Another 47 NDCs relate to adaptation actions covering nine sectors which are at high risk due to climate change. These sectors are agriculture, fisheries, livestock, water, biodiversity, coastal and marine, health, urban planning and human settlements, and tourism and recreation.

The analysis found over 270 interlinkages with the majority being positive interactions complementing the SDG targets. Strong positive interlinkages were observed with SDGs 7, 8, 9, and 11. However, some trade-offs or mixed interactions were observed on SDGs 1 and SDG 15.

Agriculture Sector NDC actions have numerous synergies and interlinkages to most of the SDGs except for SDG 1 and SDG 15. Transport sector actions indicated a few trade-offs for SDG 6, 14, and 15. Nevertheless, the sector has many complementary activities to SGDs. Even though a significant contribution of the power and energy sector’s NDC actions can be expected towards many the SDGs, some trade-offs on SDGs 1, 2, 3, 6, and 14 are observed, indicating that renewable energy proliferation may have impacts on agriculture and water whereas industry, forestry, and waste NDC actions are mostly synergistic with the SDGs.

Figure 4.3: SDGs aligned with Nationally Determined Contributions

<table>
<thead>
<tr>
<th>NDC</th>
<th>Aligned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation</td>
<td><img src="image1.png" alt="Image" /></td>
</tr>
<tr>
<td>Adaptation</td>
<td><img src="image2.png" alt="Image" /></td>
</tr>
</tbody>
</table>

Source: Sustainable Development Council of Sri Lanka (SDCSL)

During the NDC revision process in 2020, alignment of the proposed climate actions with the SDG framework of 17 goals and 169 targets was reviewed. A detailed review using the SDG Climate Action Nexus tool (SCAN-tool) was undertaken for mitigation targets proposed in these NDCs to determine if these actions negatively impact SDG achievement\(^{28}\).

Figure 4.4 below aligns the SDGs which have interlinkages to the adaptation NDC sectors. In general, all adaptation NDCs respond to targets on understanding vulnerability and improving resilience under Goal 13 on climate action. Another SDG target that positively correlates to several NDC

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\(^{27}\) Ministry of Environment (2021) Updated Nationally Determined Contributions (NDCs)

\(^{28}\) Ministry of Environment (2021) Updated Nationally Determined Contributions (NDCs)
actions is Target 1.5 on reducing death and damages from extreme weather events and promoting the resilience of vulnerable people. Sectoral adaptation measures, generally, align with targets under sector-specific SDGs. This is strongly observed in NDCs for Agriculture, Health, Biodiversity, Coastal, Fisheries, Urban Settlements and Water.

**Figure 4.4: SDGs Linked with Adaptation NDCs**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>corresponding SDG (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All adaptation NDCs</td>
<td>13.1/ 13.2/</td>
</tr>
<tr>
<td></td>
<td>13.3 &amp; 13b</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>2.4/ 2.5</td>
</tr>
<tr>
<td></td>
<td>6.4/ 6.5</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>14.2/ 14.5</td>
</tr>
<tr>
<td></td>
<td>15.1/ 15.2/</td>
</tr>
<tr>
<td></td>
<td>15.3/ 15.4/</td>
</tr>
<tr>
<td></td>
<td>15.5 &amp; 15.8</td>
</tr>
<tr>
<td>Coastal</td>
<td>14.2/ 14b</td>
</tr>
<tr>
<td></td>
<td>11.9</td>
</tr>
<tr>
<td>Fisheries</td>
<td>14.2/ 14.4/</td>
</tr>
<tr>
<td></td>
<td>14.5</td>
</tr>
<tr>
<td>Health</td>
<td>3.3/ 3.4/ 3.9/</td>
</tr>
<tr>
<td></td>
<td>3d</td>
</tr>
<tr>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>Livestock</td>
<td>2.4 &amp; 2a</td>
</tr>
<tr>
<td>Water &amp; Irrigation</td>
<td>6.1/ 6.3/ 6.4/</td>
</tr>
<tr>
<td></td>
<td>6.5/ 6.6/ 6a/</td>
</tr>
<tr>
<td></td>
<td>6b</td>
</tr>
<tr>
<td>Urban</td>
<td>11.3/ 11.5/</td>
</tr>
<tr>
<td></td>
<td>11.6/ 11.9/</td>
</tr>
<tr>
<td></td>
<td>11.10</td>
</tr>
<tr>
<td>Tourism</td>
<td>8.9</td>
</tr>
<tr>
<td></td>
<td>9.4</td>
</tr>
</tbody>
</table>

Source: Ministry of Environment
Assessing SDG integration in the NFP, PIP 2021-2024, and NDCs in this VNR builds on the integration assessment done on the PIP 2017-2020 in the first VNR 2018, providing a broader snapshot to help understand the level of SDG integration across national policy frameworks. While the interlinkage assessment between the NPF, NDCs and the SDGs doesn’t provide quantified percentage scores in terms of SDG integration, the interlinkage assessment between NDCs and SDGs provides an important snapshot of the integration of the SDGs in national policies from a different perspective than the PIP 2021-2024.

### 4.4 Enhancing SDG Integration in National Policy Frameworks

In addition to the above key national level policies and frameworks, Sri Lanka has developed many incoherent policies that are outdated and are not helpful in supporting the implementation of the SDGs. The fragmented nature of the policy planning processes in Sri Lanka yet remains a key obstacle to achieving the SDGs, including their integration in national level policies given the multi-sectoral nature of the SDG framework. This often causes economic growth and job creation to be prioritised over social policy and environment planning, indicating the lack of a holistic approach to policy making and planning. Challenges in achieving vertical and horizontal policy coherence are impediments to achieving inter-sectoral convergence in policy planning. Reducing policy inconsistencies and promoting policy coherence are recognised as important for Sri Lanka’s SDG achievement (SDG Target 17.4).

For Sri Lanka to achieve the SDGs, there needs to be a clear, consistent, and coherent alignment between national level policies with SDG targets both in the short and long-term. SDGs provide a unifying set of national level objectives that can help provide consistency across inter-sectoral policies that are often plagued with conflicting and inconsistent agendas. Furthermore, the SDGs can act as a connection between national and sub-national level policies ensuring that the strategies implemented at sub-national level are consistent with the national level policies and objectives.

However, to achieve this, there needs to be a robust assessment of the level of SDG integration in national and sub-national level policies at the policy development stage. Scientific and data-based studies such as the RIA can be vital tools to ensure that the development of policies is done consistently across sectors and cascade to the sub-national level in a coherent and consistent manner thereby strengthening policy development processes, providing the necessary data to inform decision making.

Use of data remains weak in national and sub-national policy generation. The use of tools such as RIA would enhance data driven policy generation processes. It is also important to set a national level roadmap for the full integration of the SDGs in national and sub-national policies. Such a road map would be useful in rationalising a multitude of national and sub-national level policies across various sectors to ensure intersectoral convergence.

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REVIEWING SRI LANKA’S TRANSFORMATION JOURNEY
Chapter 05

Sri Lanka Voluntary National Review on the Status of Implementing the Sustainable Development Goals
Central to the government’s plan for inclusive transformation is to achieve higher levels of economic productivity through diversifying the growth engines of the economy, consistent with SDG 8: Decent Work and Economic Growth, and in particular SDG Target 8.2. Here, the government seeks to integrate sectors which were not previously prioritised and reduce reliance of the economy on a handful of export industries, especially considering the economic setbacks, including the balance of payment crisis, experienced due to the COVID-19 pandemic.

The NPF committed to supporting plans for economic diversification through a range of People Centric policy commitments, which focus on:

- Avoiding risk of a debt-trap; promoting domestic investments, reducing import expenditure, and raising export incomes.
- Reducing budget deficit; eliminating unnecessary government expenditure while financing for essential expenditure and prioritising state investments.
- Reducing the trade deficit; promoting domestic resource-based exports, import substitution and expanding the export economy via increasing value-added industries.
- Reducing import taxes on raw materials and intermediate goods to promote domestic production.
- Making free of import tariff on machinery and technical equipment to develop internationally competitive industries.
- Stabilising the high-risk financial institutions using the liquidity fund with the CBSL.
- Ensuring the nation’s food security.

Achieving these targets has been put under severe stress by the impact of the pandemic and the current macroeconomic instability, which has impacted all sectors including agriculture, industry, and services sectors.

5.1.1 Macroeconomic Conditions

As the impact of the peace dividend and government funded infrastructure projects started to reduce, and together with macroeconomic shocks, Sri Lanka recorded an annual GDP growth rate of 3.3% in 2018, the lowest since Sri Lanka ended the 30-year war in 2009. In 2018, the per capita GDP fell to US$ 4,057 from reaching a high of US$ 4,077 in the previous year. The year 2019 did not provide any respite for the country as the April Easter Attacks took a further toll on the economy, reducing

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31 World Bank website, Available at: https://www.worldbank.org/en/country/srilanka/overview#4
32 At the time of drafting this report, real GDP data at constant (2010) price had been used. Official ratios of fiscal and economic indicators to real GDP used throughout this report are based on GDP at constant (2010) prices. Subsequent to finalizing the report, the Department of Census and Statistics had rebased real national output data at constant (2015) prices. However, official ratios of fiscal and economic indicators to GDP haven’t been updated. Therefore, the report uses GDP data based on constant (2010) price only for consistency. For a comparison of GDP data between constant (2010) prices and constant (2015) prices, please refer to the following link: http://www.statistics.gov.lk/NationalAccounts/StaticalInformation/2015/Reports/Key_findings
33 World Bank website, Available at: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=LK
annual GDP growth to 2.3% and causing per capita GDP to decline to US$ 3,848 in 2019 34.

Macroeconomic conditions took a severe hit in 2020 as the COVID-19 pandemic brought the global economy to a standstill, causing Sri Lanka to experience a GDP contraction of 3.6% in 2020, the first economic contraction since 200135.

However, underpinned by a robust public health response to the pandemic and a resilient private sector supported by a series of monetary and fiscal interventions by the government, the country recorded a 3.7% annual GDP growth in 202136. Consequently, per capita GDP rebounded to US$ 3,815 in 2021 from US$ 3,695 in 2020, thereby delivering commendable SDG Target 8.1, to sustain per capita economic growth in accordance with national circumstances.

With strict fiscal discipline, the overall fiscal budget deficit in 2018 was limited to 5.3% of GDP, which was the lowest for more than 25 years37. However, in 2019 with the macroeconomic shocks due to the April Easter Attacks and the subsequent impact of the pandemic in 2020 and 2021, the fiscal deficit increased to (provisional) 12.2% of GDP in 202138. While the government managed to maintain a low budget deficit in 2018, central government debt as a percentage of GDP increased to 83.6% in 2018 from 77.6% in 2017. This trend continued, further amplified by the Easter Attacks in 2019 and the impact of the pandemic in 2020 and 2021. Central government debt as a percentage of GDP reached (provisional) 104.6% in 202139.

34 World Bank website, Available at: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=LK
35 World Bank website, Available at: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=LK
36 ADB website, Available at: https://www.adb.org/countries/sri-lanka/economy
37 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/sheets/table3_01_20200601.xlsx
38 CBSL (2021) Annual Report (Volume I)
The 2019 Easter Attacks, COVID-19 pandemic, the external debt crisis, and macroeconomic situation in Sri Lanka have created strong headwinds against economic growth and stability required for diversifying the economy.

Sri Lanka is currently faced with multiple macroeconomic issues, including low foreign reserves (US$ 1.6 billion as at 30 April 2022\(^\text{40}\)), high government debt (108.2% of GDP projected in 2022), a substantial fiscal budget deficit (10.2% of GDP projected in 2022\(^\text{41}\)), and high inflation (headline inflation, as measured by the National Consumer Price Index (NCPI), reached 33.8% Y-o-Y in April 2022\(^\text{42}\)).

The government recognises these macroeconomic challenges along with global supply chain issues, the war in Ukraine, rising international commodity prices, and shortages of commodities, power, and energy in the domestic market will cause economic activity to reduce and slow down growth\(^\text{43}\). The CBSL in its latest projection has revised annual GDP growth in 2022 down to 1%, including

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\(^{40}\) This included the swap facility from the People’s Bank of China equivalent to around US dollars 1.5 billion, which is subject to conditionalities on the usability (source: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220515_external_sector_performance_march_2022_e.pdf)

\(^{41}\) CBSL (2021) Annual Report (Volume I)

\(^{42}\) CBSL (2022) Weekly Economic Indicators 27 May 2022

a projected per capita GDP of US$ 3,041 in 2022 compared to US$ 3,815 in 2021\textsuperscript{44}. These projections highlight the immediate impact of the current macroeconomic and external conditions on SDG 8, Decent Work and Economic Growth, and in particular SDG Target 8.1, to sustain per capita income growth.

In order to reduce the stress on the country’s external sector and shortages of imported essentials, including fuel, the government decided to release the hard peg on the US Dollar in March 2022\textsuperscript{45}. Furthermore, the CBSL announced commencement of technical level discussions with the International Monetary Fund (IMF) as it seeks a programme to address macroeconomic challenges and arrangements to restructure government debt\textsuperscript{46}. At the same time, the government has initiated negotiations with bilateral and multilateral partners for bridging finances to support the importation of essential goods and securing social safety nets\textsuperscript{47}. Both efforts will be an opportunity for Sri Lanka and its international partners to uphold SDG 17, Partnerships for the Goals, and in particular deliver on SDG Target 17.4 by assisting Sri Lanka to achieve long-term debt sustainability.

**Figure 5.5: Headline inflation Y-o-Y**

![Graph of Headline Inflation Y-o-Y](image)

Inflation target band of between 4% to 6% highlighted in blue.

Source: Department of Census and Statistics (DCS)

\textsuperscript{44} CBSL (2021) Annual Report (Volume I)

\textsuperscript{45} CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220307_policy_package_to_support_greater_macroeconomic_stability_e.pdf

\textsuperscript{46} CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220519_Monetary_Policy_Review_No_4_2022_e.pdf

\textsuperscript{47} CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220519_Monetary_Policy_Review_No_4_2022_e.pdf
Goods export earnings reached US$ 12.5 billion in 2021 exceeding pre-pandemic earnings of US$ 11.9 billion in 2018 and the government expects a sustained growth of goods exports.\(^{48}\) Also, the government expects a recovery in inward remittances from Sri Lankans overseas, and policy actions, including monetary policies tightening, to help reduce the pressure on the foreign currency exchange rate.\(^{49}\) However, concerns remain over earnings from the tourism sector which showed growth in the first three months of 2022 before facing a setback in tourist arrivals in April 2022 driven by both global and domestic factors.\(^{50}\) As the third highest foreign exchange earner after inward remittances and apparel exports, the sector will be vital for generating the foreign exchange income required to support wider economic growth and stabilising the external sector.

In order to reduce pressure on already low foreign exchange reserves caused by the pandemic, the government undertook several measures throughout 2020\(^{51}\), 2021\(^{52}\), and 2022\(^{53}\) to reduce imports by way of various restrictions on selected imports, including but not limited to outright bans of certain items, increases in cash margin requirements, and import licences.

Intermediary and investment goods accounted for over three-quarters of the country’s exports between 2018-2021.\(^{54}\) Therefore, such restrictions had a negative impact on the manufacturing capabilities in the manufacturing sector, including MSMEs, which the government immediately recognised and addressed by relaxing import controls on intermediary goods in June 2020\(^{57}\) and July 2020\(^{58}\), reconnecting small-scale industrial and other enterprises into global supply chains (SGD Target 9.3).

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Key Finding 5.1.1.2:
A focus on import substitution and import bans during the pandemic owing to US dollar shortages caused supply chain challenges for manufacturing sectors, especially MSMEs who were unable to source inputs in a timely and economical manner.

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\(^{48}\) CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/sheets/table2.09_20220331_e.xlsx
\(^{49}\) CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220519_Monetary_Policy_Review_No_4_2022_e.pdf
\(^{50}\) SLTDA website, Available at: https://www.sltda.gov.lk/en/monthly-tourist-arrivals-reports-2022
\(^{51}\) USDA website, Available at: https://www.fas.usda.gov/data/sri-lanka-sri-lanka-revises-import-control-regulations-further-july-16-due-covid-19
\(^{52}\) Newsfirst website, Available at: https://www.newsfirst.lk/2021/09/09/sri-lanka-imposes-drastic-import-restrictions/
\(^{54}\) CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/sheets/table2.04_20220520_e.xlsx
\(^{55}\) IPS Talking Economics website, Available at: https://www.ips.lk/talkingeconomics/2021/03/17/beyond-turmeric-how-import-controls-are-impacting-sri-lankas-economy/#:~:text=Import%20controls%20disrupt%20the%20input,which%20used%20imported%20raw%20materials.
\(^{56}\) UNDESA (2020) The Impact of COVID 19 to SME Sector in Sri Lanka
\(^{57}\) CCC website, Available at: https://www.chamber.lk/images/COVID19/pdf/AGAZETTE---NO-----2182-10_E--DATED--30.06.2020.pdf
\(^{58}\) Sri Lanka Customs website, Available at: https://www.customs.gov.lk/wp-content/uploads/2021/06/Cazette-2184.21_E.pdf
While the same has been previously identified, the pandemic further exposed the country’s industrial sectors’ overreliance on imported intermediary goods as global supply chains came to a standstill in early 2020. Imports of intermediary goods dropped to its lowest value in May 2020 but recovered steadily from June 2020 onwards as Sri Lanka managed the first COVID-19 wave successfully, removed import restrictions on intermediary goods, and global supply chains came back online.

In order to reduce this reliance on intermediary imports and reduce the outflow of foreign exchange, the NPF outlines strategies for import substitution through backward integration of export supply chains to procure raw and intermediary materials locally and producing agriculture and other consumer goods locally. This includes the setting up of Export Production Villages where small-scale and traditional enterprises based in rural areas will relate to export supply chains locally and globally (SDG Target 9.3).

Import substitution policies extended to the agriculture sector as well, with 16 essential food crops being cultivated under the Accelerated Food Production Programme since the Yala season of 2020 in nearly 190,000 acres with the objective of achieving the domestic requirement and this programme was extended for the Maha season in 2020/2021 (SDG Target 2.3).

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61 There are two cultivation seasons namely; Maha and Yala which are synonymous with two monsoons. Maha Season falls during North-east monsoon from September to March in the following year. Yala Season is effective during the period from May to end of August. (source: http://www.statistics.gov.lk/Agriculture/StaticalInformation/rubpaddy)

62 Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024. (page 63)
Sri Lanka has experienced a persistent fiscal deficit for decades and since the end of the war in 2009 has maintained a fiscal deficit averaging 7.7% of GDP annually. This has been mainly driven by low tax revenue, high government expenditure on infrastructure and recurring expenditure. The impact of COVID-19 on the economy and the continuation of the low tax regime implemented in 2019 saw tax revenue as percentage of GDP fall to a historical low in 2021. This low revenue mobilisation, in particular domestic taxes to fund government expenditure, impacts SDG Target 17.1 to strengthen domestic resource mobilisation.

Together, the country’s fiscal deficit and external current account deficit, known as the twin deficit, remains the major structural impediment and the key source of economic vulnerability in Sri Lanka. Both deficits have been the source of Sri Lanka’s increasing external debt stock as the country graduated to a middle-income country and thereby lost access to concessional funding and had to rely on international capital markets. Compared to its regional peers, Sri Lanka’s external debt stock is considered high.

Key Finding 5.1.1.3: Structural reforms to Sri Lanka’s economy, including narrowing the fiscal deficit, reforming State-Owned Enterprises, and managing external debt sustainability, will play a central role on the extent of government support available for non-traditional economic sectors, including their ability to raise investment for the capital outlays required to expand sector output.

As per the Fiscal Monitor Database of Fiscal Policy Responses to COVID-19 Pandemic – October 2021, the cumulative value of additional spending and foregone revenue by the Sri Lankan Government in relation to the pandemic was around 1.1 per cent of the GDP (Source: CBSL (2021) Annual Report (Volume I))

Figure 5.7: Government tax revenue collection as a percentage of GDP

Source: Central Bank of Sri Lanka (CBSL)

63 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/sheets/table3.01_20200601.xlsx
64 CBSL (2021) Annual Report (Volume I)
65 CBSL (2021) Annual Report (Volume I)
66 As per the Fiscal Monitor Database of Fiscal Policy Responses to COVID-19 Pandemic – October 2021, the cumulative value of additional spending and foregone revenue by the Sri Lankan Government in relation to the pandemic was around 1.1 per cent of the GDP (Source: CBSL (2021) Annual Report (Volume I))
68 CBSL (2021) Annual Report (Volume I)
Figure 5.8: Sri Lanka’s external debt stock as percentage of GDP

Source: Central Bank of Sri Lanka (CBSL)

Figure 5.9: Outstanding external debt - Sri Lanka and selected regional peers, 2020

Source: World Bank (WB) & Central Bank of Sri Lanka (CBSL)
The fiscal sector outlook remains constrained with the lack of sufficient inflow of revenue, sustainability concerns related to government debt, and deficit financing through domestic banking sources amidst steady accumulation of debt, accelerated inflation, and vulnerabilities in the domestic financial sector. In order to address the fiscal deficit through increased tax revenue, the government approved an increase on direct and consumption taxes in June 2022. In 2021, total external debt service payments accounted for 30% of Sri Lanka’s income from goods and services exports, compared to 13.2% in 2011 (SDG 17.4). Achieving long-term debt sustainability through a comprehensive macroeconomic restructuring will help the country remain on track to achieve SDG Target 17.4 of long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring. The government and the CBSL are already engaging the IMF for this purpose and have appointed consultants for debt negotiations as a first step towards restructuring government debt and move towards debt sustainability.

Figure 5.10: Total external debt service payments

Source: Central Bank of Sri Lanka (CBSL)

Key Finding 5.1.1.4:
High inflation, a shortage of foreign reserves, downgraded sovereign credit rating, and policy inconsistencies are factors that will cause a slowdown of Foreign Direct Investment (FDI) which are essential for capital and technical transfers required for diversifying the economy. Therefore, policy consistency including actions to increase investor confidence will be critical to diversify the economy.

70 CBSL (2021) Annual Report (Volume I)
71 Ministry of Finance website, Available at: https://www.treasury.gov.lk/api/file/e12f4e0d-4ca3-43ba-ab9d-e96445d32c02
Headline inflation accelerated in 2021 driven mainly by global and domestic supply side disturbances, the surge in global commodity prices and upward revisions to administered prices. Core inflation, which measures underlying demand pressures, also accelerated sharply from mid 2021, reflecting demand driven inflationary pressures triggered by the impact of the lagged effects of pandemic related significant monetary policy accommodation. The strong pro-active policy measures taken by the CBSL are expected to arrest further build-up of demand driven inflationary pressures and adverse inflation expectations, supporting to revert inflation rates towards the target range in the period ahead. Such measures included several rounds of policy rate increases, recent of which was in April 2022. However, annual average inflation is expected to remain at 22% in 2022 as supply side issues are expected to persist72.

International sovereign credit rating agencies downgraded the sovereign credit ratings of Sri Lanka during 2021, in view of declining foreign exchange reserves (see figure 5.11 below) amidst high external debt repayments and inadequate financing inflows. Such rating decisions were primarily driven by the assessments on fiscal imbalances, challenges faced by the country in meeting external financing requirements, uncertain policy outlook, and the risk of a slowdown in fiscal consolidation. While Sri Lanka met all of its debt repayment obligations in 2021 and early 2022, further debt repayments amounting on average US$ 5 billion will need to be made over the next several years and credit rating downgrades have effectively locked out the country from international capital markets73.

**Figure 5.11:** Gross official reserves in US$ Mn and reserve adequacy in months of imports

Source: Central Bank of Sri Lanka (CBSL)

72 CBSL (2021) Annual Report (Volume I)
73 CBSL (2021) Annual Report (Volume I)
The sharp rise in central government debt (see figure 5.4 above) driven by weakened fiscal sector performance over the past several decades continues to remain a key issue on the fiscal front, raising concerns for investors, creditors, and rating agencies. The corrective measures taken by the Government and the CBSL including initiating negotiations with the IMF for an economic adjustment programme, commencement of an external debt restructuring process, commitment towards fiscal consolidation, alongside significant monetary policy tightening and more market based exchange rate determination, are expected to help restore confidence of stakeholders in the economy in the period ahead74.

5.1.2 Agriculture Sector

The agriculture sector maintained positive annual GDP growth throughout 2018 to 2021, except in 2020 as the economy experienced the negative impacts of COVID-19. The performance of the agriculture, forestry and fisheries sector was buoyed by the notable growth recorded in the subcategories of growing of cereals (except rice), oleaginous fruits, and tea, while the contraction in the growing of rice and other beverage crops weighed negatively on the sectoral performance.

Figure 5.12: Agriculture, forestry and fisheries sector growth and GDP contribution

Source: Department of Census and Statistics (DCS)

Key Finding 5.1.2.1:
The recently reversed government policy banning chemical fertilisers (which was originally intended to drive the country’s transition towards sustainable agriculture) has negatively impacted agricultural output increasing fears of food insecurity. Considering the COVID-19 disruptions, the government took notable actions to increase food security by promoting local production of substitute agricultural crops.

The government imposed an import ban on chemical fertilisers and agrochemicals including insecticides and herbicides in May 2021 in order to drive the transition towards sustainable agriculture and in line with the NPF which aims to promote organic agriculture, organic fertilisers, organic food consumption, and the export of organic food and agricultural products75.

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74 CBSL (2021) Annual Report (Volume I)
This measure contributes to the country’s progress towards SDG Target 2.4 to ensure sustainable food production systems.

However, the lack of country’s preparedness to implement the policy in a phased-out manner caused considerable concerns due to limited availability of inorganic and organic fertilisers, creating concerns of sizable yield losses in paddy cultivation and causing escalations in the price of paddy. The short supply of required nutrients and agrochemicals for farming led to a lower yield in agricultural crops towards the latter part of the year, despite the favourable weather that prevailed. These supply-side shocks (and COVID-19 impact) may threaten the outcomes achieved thus far, while posing hindrances to long term progress towards SDGs, including Targets 2.1 and 2.2 regarding ending hunger, nutrition, access to safe sources of food, and ending malnutrition.

Recognising the negative impact of the swift policy measures taken regarding fertilisers and agrochemicals, measures were taken to import natural organic fertiliser, chelated minerals, and micronutrients for paddy cultivation. The Government also planned to import Muriate of Potash for paddy cultivation during the 2022 Yala season.

Another key initiative to encourage organic agricultural practices was the provision of an incentive of Rs.12,500 per hectare, capped at a maximum of one hectare, to farmers who produce organic fertiliser for their own paddy cultivation in the 2021/2022 Maha season. Further, organic and bio fertilisers were provided as subsidies for the 2021/2022 Maha season in order to address soil nutrient deficiencies in the paddy fields, while also assisting farmers to produce their own compost fertiliser for their usage.

Figure 5.13: Selected agriculture crop growth rates at 2010 constant prices

![Crop Growth Rates](source: Central Bank of Sri Lanka (CBSL))

Source: Central Bank of Sri Lanka (CBSL)

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76 CBSL (2021) Annual Report (Volume I)
77 CBSL (2021) Annual Report (Volume I)
Cabinet approval was granted in 2020 to provide guaranteed price for 16 crops and to provide seeds with the intervention of the Government with a view to encouraging local farmers. Farmers were provided with government assistance to procure seeds to meet the annual consumption requirement of Maize, Chillie, Big Onion, Red Onion, Potato and Black Gram locally. Accordingly, the Cabinet granted approval to provide a 50% subsidy for the cost incurred in obtaining seeds up to one acre of Maize and up to half an acre of Chilli, Big Onion, Red Onion, Potato and Black Gram for the Maha season 2020/2021.

These initiatives will assist to cushion the negative impacts from the fertiliser ban and keep the country on track with SDG Targets 2.1, 2.2, and 2.4 which relate to nutrition and sustainable production systems.

Key Finding 5.1.2.2:
The level of value add in Sri Lankan agricultural exports remains low requiring capital and technological investment to increase the contribution of agricultural exports to the economy.

Over the period 2017-2021, agricultural exports from Sri Lanka on average accounted for roughly 22.5% of total exports each year. In 2021, export earnings from agriculture accounted for USD 2,730 million, which is equivalent to just 21.8% of total export earnings. Sri Lanka’s agricultural exports are limited to a few products where three crops, tea, rubber, and spices, accounted on average for 82% of total agriculture exports between 2017 and 2018. In 2021, tea accounted for 48% of total agricultural exports followed by spices (17%) and coconut (16%).

Figure 5.14: Sri Lanka’s agricultural exports value in LKR millions

![Graph showing agricultural exports value in LKR millions](source: Central Bank of Sri Lanka (CBSL))
As per figure 5.15 below, agriculture products with the greatest export potential from Sri Lanka are tea and spices with a total untapped potential of USD 1.2 billion\textsuperscript{78}.

The factors holding back the growth of agricultural exports can be found at the production level; at the supply chain level and at the export level. Production-related challenges in the tea industry primarily include low productivity, high production costs, labour shortages and climate change. Similar issues are observed in the spice sector along with substandard cultivation methods. At an export level, archaic marketing methods, lack of traceability, lack of quality in the final output, and lack of technology and digital marketing methods are prominent in the spices industry. For tea, lack of product diversification or value addition, relying on traditional buyers and lack of digital marketing platforms are long-standing challenges\textsuperscript{79}.

**Figure 5.15**: Agricultural crop export value as a percentage of total agricultural exports

![Agricultural crop export value as a percentage of total agricultural exports](source)

Source: Central Bank of Sri Lanka (CBSL)

\textsuperscript{78} IPS Talking Economics website, Available at: https://www.ips.lk/talkingeconomics/2021/04/05/bridging-the-gap-unlocking-untapped-potential-in-sri-lankas-agricultural-exports/#:~:text=In%202019%2C%20export%20earnings%20from%2C%20rubber%20spices%20(12.4%25).

\textsuperscript{79} IPS Talking Economics website, Available at: https://www.ips.lk/talkingeconomics/2021/04/05/bridging-the-gap-unlocking-untapped-potential-in-sri-lankas-agricultural-exports/#:~:text=In%202019%2C%20export%20earnings%20from%2C%20rubber%20spices%20(12.4%25).
The Sri Lanka Agriculture Sector Modernisation Project funded by the World Bank is a key project designed and implemented to support increasing agriculture productivity, improving market access, and enhancing value addition of smallholder farmers and agribusinesses in the project areas. Launched in 2016, the project runs until June 2023 and invests US$ 169.84 million in the project’s three main components of 1) Agriculture Value Chain Development; 2) Productivity Enhancement and Diversification Demonstrations; and 3) Project Management, Monitoring and Evaluation.

While global prices for rubber continued to increase in 2021, continuing a trend seen throughout the last 5 years, Sri Lanka’s rubber production was unable to capitalise on this price increase as production decreased in 2021, primarily owing to adverse weather conditions. While rubber continues to be regarded as a major export plantation crop, planted across 139,000 hectares in 2021, its contribution to export revenue is the lowest amongst major plantation crops (see figure 5.15 and 5.16 above). Its value add to GDP also remains the lowest at 0.2% of GDP in 2021 (0.2% in 2020) when compared to the other two traditional plantation crops of tea and coconut which contributed 0.7% of GDP in 2021 (0.6% in 2020).

To address these issues, a series of strategies were implemented throughout 2021 by the Rubber Development Department (RDD) and the Rubber Research Institute (RRI) for the development of the rubber sector, aiming at improving sectoral productivity as well as raising the value addition in the

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80 World Bank website, Available at: https://projects.worldbank.org/en/projects-operations/project-detail/P156019
81 CBSL (2021) Annual Report (Volume I)
rubber industry. In line with the National Agricultural Policy, Budget 2021 made provisions for subsidies for local small and medium scale entrepreneurs to engage in natural rubber related production and to transform small rubber lands into profitable commercial units by encouraging diversification of income streams.\(^{82}\)

Increasing the contribution of agriculture towards the country’s export basket also stands to improve the conditions that will lead to achievement of SDG Targets 1.1, 1.2, 10.1, and 10.2 amongst others as the agriculture sector accounts for a large proportion of Sri Lanka’s economically marginalised communities (as pointed out in previous section).

Key Finding 5.1.2.3: In line with the governments’ vision to diversify the economy, fisheries and aquaculture, including inland fisheries and aquaculture, and livestock have received government attention, and this can be seen as contributing to the significant growth of the sector to Sri Lanka’s exports.

As an island with a territorial sea of 21,500 km² and a coastline of 1340 km, Sri Lanka has a rich supply of fish and seafood.\(^{83}\) Also, the country has 260,000 ha of freshwater bodies, 158,000 ha of lagoons & estuaries, 71,000 ha of mangrove zones, mudflats & salt marshes, and a growing aquaculture industry.\(^{84}\)

The sector contributes about 1% to the country’s GDP.\(^{85}\) The lifting of the ban on Sri Lankan fish exports to the European Union in 2016 and restoration of GSP+ concession in 2017 gave a significant boost to the fish and seafood exports industry in subsequent years. Amidst the COVID-19 pandemic in 2020, exports from the sector declined significantly but rebounded in 2021 with its highest export earning since 2012.\(^{86}\)

**Figure 5.17:** Export Performance - Total Fish and Fisheries Products 2012 to 2021

Source: Export Development Board (EDB)

There are 26,600 boats operated around the island’s waters of which 1,550 are day boats and 1,700 are large multi-day boats.\(^{87}\) This fleet supplies approximately 75 medium and large scale export companies, 32 of which utilise the EU-approved processing plants. The sector has generated close to 2.4 million direct and indirect jobs.\(^{88}\)

Under the Fisheries Sector Development Strategy, a modern and technically improved Vessel Monitoring System (VMS) is being established; this will be able to prevent national fishing vessels from drifting to other countries’ territorial waters. Cold chain facilities as well as impressive harbour and road and highway infrastructure ensure a quick and safe supply chain. E-business has been deployed, taking the industry to the next level in reducing waste and time consumption and increasing cost-effectiveness.\(^{89}\) Currently two fishery harbours are under development in Gandara

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82 CBSSL (2021) Annual Report (Volume I)
83 EDB website, Available at: https://www.srilankabusiness.com/fisheries/
84 EDB website, Available at: https://www.srilankabusiness.com/buyers/industry-capability-profile/seafood-products.html
85 CBSSL (2021) Annual Report (Volume I)
86 EDB website, Available at: https://www.srilankabusiness.com/fisheries/
88 EDB website, Available at: https://www.srilankabusiness.com/sea-food/overview.html
89 EDB website, Available at: https://www.srilankabusiness.com/sea-food/overview.html
and Wellamankara while another is being constructed in Balapitiya. All projects are currently under different stages of completion.

Considering the inland fisheries and aquaculture sector performed well during the height of the COVID-19 pandemic, programmes are being undertaken at Divisional Secretariat (DS) level in selected areas to promote livelihood programmes that integrate inland fisheries and aquaculture. This sector is promoted by way of increasing the production and strengthening the value chain while considering the demand for traditional and non-traditional aquaculture industry (sea cucumber, sea bass, seaweed, Bivalves) and ornamental fish and plant species90.

The MoF, in collaboration with the National Aquaculture Development Authority (NAQDA), undertook initiatives to establish community-based fish breeding units, improve small scale fish seed production units for post larvae rearing, and to rehabilitate and improve aquaculture development centres in order to increase fish fingerling production. NAQDA also engaged in the promotion of commercial aquaculture through the development of seaweed, sea bass, crab, sea cucumber, and milk fish farming. Seaweed farming activities in the Jaffna, Kilinochchi, Mannar, and Puttalam sea areas and the construction of a milk fish hatchery in Puttalam were underway during the year. A sea cucumber hatchery in Mannar commenced operations in March 2021 and a sea cucumber village was established in Kilinochchi, while steps were taken to expand sea cucumber farming in Jaffna with a view to increasing sea cucumber exports91.

Figure 5.18: Average monthly livestock production

![Graph showing average monthly livestock production]

Source: Department of Census and Statistics (DCS)

90 Department of National Planning (2021) The Public Investment Programme 2021-2024
91 CBSL (2021) Annual Report (Volume I)
The performance of the livestock sector showed signs of improvement during 2021. The growth in milk production was mainly driven by an increase in the average producer price of cow milk, increased milk collection, and the addition of new dairy farms. As per the Department of Animal Production and Health (DAPH), the contribution of local milk production to meeting the country’s total requirement stood at around 38 per cent in 2021. In the poultry sector, egg production witnessed a growth of 4.5 per cent in 2021 compared to the previous year. However, the lack of feed ingredients and rising feed costs translated into reductions in the size and the number of eggs produced per bird.

Under the Livestock Breeding Project of the DAPH, around 196,364 artificial inseminations were carried out on cattle and buffalos during 2021 through divisional veterinary offices. Provision of cattle feed to improve the nutrition of female calves born through artificial insemination and vaccination against various animal diseases were also in progress during the period under review.

Despite several initiatives to improve the dairy industry, the local dairy industry largely comprises of small scale dairy producers, with average production levels ranging from 2-3 litres per day. Poor feeding practices along with the reduction in locally produced feed ingredients, higher calving intervals and breeding issues, inadequate infrastructure for milk storage, cooling, transportation and processing, and poor health status of cows continued to contribute to low productivity.

The PIP 2021-2024 recognises infrastructure and research investment in a variety of fields, including agriculture in order to explore the potential of expansion of those sectors to acquire a considerable share in the global market. The PIP specifically notes that public investment generates 2-8 jobs for every US$ 1 million spent on traditional infrastructure and between 4-14 jobs for every US$ 1 million spent on research and development, green electricity, and efficient buildings in these sectors.

In this regard, laboratory facilities have been made available to ensure the quality of compost fertiliser. Rice variety screening for organic cultivation was also carried out encompassing 10 popular varieties and 4 traditional varieties to select the best performing varieties. Creating new crosses and evaluating breeding lines were also carried out under the Crop Improvement Programme, while the Production and Productivity Enhancement of Paddy Project was continued with the aim of implementing a suite of agriculture technologies spanning the entire cultivation process starting from land preparation to harvest.

The Government has already initiated infrastructure and livelihood development programmes such as “Vari Saubhagya” to ensure food safety through the improvement of food production, while attempting to promote the production of agricultural and industrial goods that can be identified as import substitutes.

These initiatives will contribute positively to achieving SDG Targets 2.3, 2.5 and 2.a relating to productivity improvements in agriculture, including small scale farmers, seeds, and plant diversity, and enhancing rural infrastructure and agriculture research and development.
However, challenges remain with regard to research and innovation in the agriculture sector, namely, human resource deficiency in the public sector organisations responsible for research; inadequate public funding for R&D; lack of involvement of private sector in research for agriculture innovation; inefficient mechanisms for conversion/ transformation of the agriculture innovation into commercial application; and inadequate use of modern technology in agriculture farming.

The innovation agenda of the government extends to the secondary school level, promoting a research and innovation culture through extra-curricular activities. Elevating research and innovation capacity at state universities through additional grants have already been undertaken by the University Grants Commission. Attention is currently being paid to upgrade agricultural R&D and agriculture extensions from other areas of R&D to infuse precision agriculture into the existing practices. Sector specific R&D investments are also being looked at, including paddy, tea, coconut, rubber, and livestock.

5.1.3 Industrial Sector

The industrial sector maintained positive, but marginal annual GDP growth throughout 2018 to 2021, except in 2020 as the economy experienced the negative impacts of COVID-19. In 2020, mining and quarrying, and construction were the hardest hit due to COVID-19 recording contractions of 12.5% and 13.2% respectively. In 2021, the performance of the industry sector was buoyed by the notable growth recorded in the sub-categories of manufacturing and electricity, gas, steam and air conditioning supply.

Figure 5.19: Industrial sector GDP growth and contribution to national level GDP

Source: Department of Census and Statistics (DCS)

93 Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024
Non-agriculture Micro Small and Medium Enterprises (MSMEs) are the backbone of the industrial economy, as it accounts for more than 98% of the total number of enterprises and contributes to 52% of GDP. Non-agriculture MSMEs also account for 45% of total employment in the economy and for 75% of employment in the non-agriculture sector. Contribution of the MSME sector to the economic output is generally found to be higher in high income countries than in medium and low-income countries, highlighting the potential of their contribution to growth, particularly in developing nations.

**Figure 5.20:** Distribution of non-agriculture establishments by enterprise size

SMEs promote broad based equitable development and provide more opportunity for Women and Youth participation in the economic development of the country. Given the nature of this sector and the challenges faced, government led interventions and support mechanisms to upgrade and strengthen this sector are being enhanced and expanded. The government’s Small and Medium Enterprises (SME) Policy Framework aims to promote high potential SMEs and improve the business environment to allow them to realise their fullest potential. The Policy Framework will foster small enterprises to grow into medium sized enterprises and medium sized enterprises to grow into large enterprises and large enterprises to grow into globally competitive enterprises.

**Key Finding 5.1.3.1:**
MSMEs play a critical role in economic diversification and contribute to the recovery efforts of the country post COVID-19. However, issues around definitions and data are deemed critical issues for understanding the ground realities in the MSME sector and to address the same through policies and interventions. Avoiding overlapping interventions and streamlining government efforts to support the MSME sector is critical.

97 CBSL (2021) Annual Report (Volume I)
However, different arms of the government have used different definitions to identify the sector leading to confusions in policy development and implementation. Therefore, the SME Policy Framework pays specific attention to outlining a systematic definition for the sector.

SMEs also position themselves well to contribute to the economic recovery efforts in the country. These entities require less capital than larger firms. Therefore, the growth of the SME sector provides more employment opportunities to the youth and supports the battle against poverty. They also can increase tax bases much quickly when compared to big organisations.

To help weather the impact of COVID-19, the CBSL introduced a set of fiscal and financial concessions for SMEs. These included debt moratoriums, low interest loans, and low interest working capital arrangements under the Saubagya COVID-19 Renaissance.

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80  Second Voluntary National Review Sri Lanka
As many MSMEs find it difficult to access finances from formal channels, strategies to minimise this limitation can often contribute to the growth of MSMEs. Moreover, many other challenges faced by small businesses are also linked to low capacity, often as a result of funding difficulties. Reasons highlighted during stakeholder consultations for difficulties of MSMEs in obtaining services of formal financial institutions include, among others, information asymmetry, limited availability and low quality of collateral, low financial literacy of MSMEs, high delinquency rates, and limited expertise of lenders themselves in assessing MSME ventures.

Multiple government initiatives have been launched in the past and continue to operate to help MSMEs access financing, including subsidised loan schemes and credit guarantees. During the height of COVID-19, new lending programmes and working capital facilities were launched by licensed commercial banks with international donor funding. A dedicated trading board, ‘Empower’, was set up at the Colombo Stock Exchange enabling qualifying SMEs to access investor capital. Under the National Financial Inclusion Strategy promoting financial literacy, CBSL’s regional offices conducted over 330 financial literacy, entrepreneurship, and skill development programmes in 2021 through various mediums, including online sessions during the height of the pandemic to support the SME sector to navigate the crisis.

Enabling the growth of the SME sector through market access, including internationalisation of SMEs as outlined in the SME Policy Framework, the Export Development Board of Sri Lanka (EDB) launched and conducted a series of exporter development and SME training programs that seek to develop capacities of SMEs to enter export markets. These also include programmes targeted specifically at women led MSMEs, such as the Women Entrepreneur Development Program inspired by the Women and Trade program by the International Trade Centre (ITC).

These measures in the SME sector will help Sri Lanka to accelerate its achievement of multiple SDG targets. Given the SME sectors presence in rural areas and close affiliation with local communities, SMEs have the capability of helping achieve Targets across the 17 SDGs as further reiterated in the report by the UNDESA titled “Micro, Small and Medium Sized Enterprises (MSMEs) and their role in achieving the Sustainable Development Goals”.

SDGs of particular interest for Sri Lanka will be 1, 2, 5, 8, 10, and 12.

**Key Finding 5.1.3.2:**
Vocational training is recognized as critical to enable a diversified economy and actions are being taken to align the training with industry requirements through “Industrial Sector Councils”. The government is also taking steps to educate youth on the economic opportunities linked to vocational training and thereby bridge the gap between the supply of trained labour with the industry demand for the same.

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101 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/rdd_operating_instructions_no_rdd_pr_covid19_2020_02_e.pdf
102 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/rdd_operating_instructions_no_rdd_pr_2010_03_a_05_e.pdf
103 WHO Regional Office for South-East Asia (2021) Sri Lanka Health System Review
104 CSE website, Available at: https://www.cse.lk/pages/empower-board/empower-board.component.html
105 CBSL (2021) Annual Report (Volume I)
107 EDB website, Available at: https://www.srilankabusiness.com/exporters/assisting-women-in-business.html
Guided by the National Policy on Technical and Vocational Education, the government is placing a considerable emphasis on developing vocational training programmes in Sri Lanka as a critical enabler for industrialisation and a diversified economy. The PIP 2021-2024 allocates LKR 43,177 million between the period of 2021-2024 for on-going and new investments and recurring expenditures in the sector. 2021-2030 was declared as the “Decade of Skills Development” by HE the President in 2020 and outlined the objective to reduce unskilled labour to 10% of the population109.

Sri Lanka has close to 400 government operated Technical and Vocational Education and Training (TVET) institutions offering qualifications ranging from certificate level to degree level. Additionally, there are 400 vocational training centres operated by the private sector and non-government organisations offering certificate and diploma level qualifications110.

TVET sector especially focuses on the youth in the age cohort of 15 – 29 years who are expected to engage in education and training for acquisition of skills. Providing access to TVET for vulnerable and disadvantaged people is considered as of paramount importance. The National Policy on Technical and Vocational Education has specific strategies concerning disadvantaged youth, disadvantaged/vulnerable women (socially disadvantaged), people with disabilities (which includes students leaving from special education schools), and economically marginalised/poor groups111.

Figure 5.22: Labour force participation

Source: Department of Census and Statistics (DCS) and Central Bank of Sri Lanka (CBSL)

108 UNDESA (2020) Micro-Small and Medium-sized Enterprises (MSMEs) and their role in achieving the Sustainable Development Goals  
109 President media website, Available at: https://www.pmdnews.lk/?s=Decade+of+Skills+Development+&submit=  
111 PTF on Sri Lanka’s Education Affairs (2020) RE-IMAGING EDUCATION IN SRI LANKA
**Figure 5.23:** Overall unemployment and youth unemployment

![Graph showing overall unemployment and youth unemployment from 2018 to 2021.](image)

Source: Department of Census and Statistics (DCS) and Central Bank of Sri Lanka (CBSL)

**Figure 5.24:** Levels of employment rate by sector (in thousands)

![Bar chart showing employment rate by sector from 2018 to 2021.](image)

Source: Department of Census and Statistics (DCS) and Central Bank of Sri Lanka (CBSL)
Sri Lanka recorded 26.5% total youth (between ages 15-24 years) unemployment rate in 2021. Female youth unemployment rate stood at 35.1% in 2020 compared to male youth unemployment rate of 22.1%. Therefore, vocational training is critical for skill, re-skilling, and up-skilling youth who are out of employment, increasing their employability, and connecting them with industry. The National Policy on Technical and Vocational Education, investments allocated via the PIP 2021-2024, donor assistance and private-sector involvement are all expected to assist in reaching the SDG targets 4.4 and 8.6 related to skills for employment and youth employability respectively.

Public investment towards R&D is likely to be curtailed owing to the prevailing fiscal and macroeconomic conditions, as explained before. Therefore, leveraging private sector involvement and investment, capacity and technical support from international development partners and North-South and South-South cooperation will be vital for ensuring progress is made to ensure product and process innovations that are vital for diversifying the Sri Lankan economy.

**Key Finding 5.1.3.3:**
Product and process innovation is important to diversify the economy and to this extent, setting up an overarching national institution to cover the subject area of research and innovation has been recognized as valuable. Limited budgetary allocations, a shortage of qualified human capital, and low private sector involvement due to absence of policy for Public-Private-Partnerships for research and development have resulted in slow progress.

While the NPF and PIP 2021-2024 both recognise the importance of R&D towards accelerating industrial sector development, constraints remain due to the shortage of qualified human capital, historically low levels of R&D investment and grant allocations in the state university system, and low private sector involvement. The lack of a national R&D agenda, including mechanisms for public-private sector partnerships for innovation, is recognised as a vital gap curtailing the research and innovation progress in the country.

**Key Finding 5.1.3.4:**
Cooperatives were successfully used during the pandemic lockdowns as distribution chains for provisions and are regarded as having the potential to assist in diversifying the economy through the integration of rural communities into the industrial economy. To this extent, the government has created producer networks through cooperative networks. However, funding constraints are expected to limit the reach and impact of these efforts.

The government recognises the long history and critical role played by cooperatives in Sri Lanka’s social fabric. Cooperatives were central to mobilising relief distribution during the COVID-19 Pandemic lockdowns. Realising the true potential of cooperatives as platforms for economic empowerment, the government with the technical assistance of the International Labour Organisation (ILO), funding from the Australian Department of Foreign Aid and Trade (DFAT), and close involvement of cooperative networks from throughout the country developed Sri Lanka’s first National Policy on Cooperatives in 2019.

According to the National Cooperative Council of Sri Lanka, as of 2019 Sri Lanka had 16,000 cooperatives which employed

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112 CBSL (2021) Annual Report (Volume I)
114 ILO website, Available at: https://www.ilo.org/colombo/info/pub/pr/WCMS_719238/lang--en/index.html
65,000 persons. These 16,000 cooperatives accounted for a membership of 8.1 million members, which is 38.15% of the total population at the time.

“The National Cooperative Policy aims to provide a more conducive and supportive policy and legal framework for the development and strengthening of cooperatives with member participation and with a sense of ownership in Sri Lanka as guided by the internationally recognized cooperative values and principles so as to enable them to freely and actively respond to the needs of members as well as of the society free of political intervention, while contributing towards socio-economic development of Sri Lanka.”

- Objective, National Policy on Cooperatives

The National Policy reaffirms the government’s recognition of cooperatives as distinct business enterprises with special characteristics and as a part of the private sector, functioning along with state enterprises and making significant contributions to the national economy and socio-economic development of Sri Lanka. The policy aims to encourage cooperatives to increase their contribution to the development of the national economy through diversified and increased production and strengthened participation in value chain systems, taking active part in export marketing and distribution of major consumer goods, and providing credit facilities in rural and urban areas without losing their autonomy.

Recognising the National Policy on Cooperatives, the PIP 2021-2024 incorporates cooperatives as mechanisms for livelihood development in agriculture with allocations made across farming, livestock, and dairy sectors. SDGs concerning but not limited to poverty, hunger, health, gender equality, education, decent work, reducing inequality, sustainable communities, responsible production and consumption, and climate action will all benefit positively from a robust and vibrant cooperative network in the country.

5.1.4 Services Sector

The services sector maintained positive annual GDP growth throughout 2018 to 2021, except in 2020 as the economy experienced the negative impacts of COVID-19. In 2020, at the height of the pandemic, the information and communication sub-sector maintained robust growth of 13.7%, driven by new demand for services as employees started to work from home and new ICT requirements emerged due to the pandemic. The momentum continued into 2021 delivering 17% growth for the information and communication sub-sector. Wholesale and retail trade, transportation and storage, and accommodation and food service activities, and professional services and other personal service activities, the two largest sub-sectors by contribution to GDP were the only two sub-sectors to record negative growth in 2020 but rebounded in 2021 recording modest growth.

115 International Corporative Alliance Asia & Pacific (2021) MAPPING: KEY FIGURES NATIONAL REPORT: SRI LANKA ICA-EU PARTNERSHIP.
Key Finding 5.1.4.1:
Tourism sector is Sri Lanka’s largest export earning service industry and was decimated by the COVID-19 pandemic. The sector has a large ripple effect on other sectors, especially SMEs who provide support services and goods to the sector thereby amplifying the impact of the pandemic across the economy. Adaptation of the sector to provide quarantine facilities and immediate measures taken by the government to extend financial facilities, including debt moratoriums, have been commended.

Key Finding 5.1.4.2:
Adapting to changing consumer preferences post COVID-19 are amongst the key areas of concern for both industry and relevant government authorities. In this light, public-private collaboration is seen as vital to overcome the challenges to rebuild the tourism sector, including branding and positioning the tourism sector in Sri Lanka, addressing the high level of informal establishments in the sector, sharing knowledge, and resourcing.

Following on from the impact of the Easter Sunday Attack in 2019, Sri Lanka’s tourism sector has been unable to sustain its recovery due to COVID-19. While the sector attempted to slowly recover from the Pandemic, showing slow but steady rise in tourist arrivals during the first three months of 2022, due to the economic crisis in the country, which led to lengthy disruptions to electricity supplies, shortage of fuel, and protests, tourism arrivals have receded during April 2022.
In response to COVID-19, the government rolled out, via the CBSL, the Saubagya COVID-19 Renaissance Facility and amended the Saubagya Loan Scheme providing financial relief for a range of sectors, including the MSME and tourism sectors. These facilities were extended twice for the businesses and individuals engaged in the tourism sector up to 30 June 2022. Also, the Sri Lanka Tourism Development Authority (SLTDA) mobilised funding with the partnership of USAID to set up a COVID-19 Emergency Economic Relief Program for the tourism sector.

Industry stakeholders have made calls to bring the many unregistered micro and small enterprises engaged in the tourism industry under a formal registration as this was a barrier towards many enterprises and individuals engaging in the tourism industry accessing financial relief introduced during the pandemic. The SLTDA in partnership with the Australian Market Development Facility (MDF) programme have introduced an online facility for current information enterprises in the tourism sector to officially register.

Sri Lanka’s tourism sector still relies a great deal on its traditional appeal as an island nation with natural beauty and ancient monuments. The sector so far has been unable to reposition itself, leveraging on emerging consumer preferences post COVID-19. With a view to the future and leveraging emerging consumer trends, the SLTDA had already commenced multiple efforts to promote Sustainable Tourism in Sri Lanka.

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116 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/rdd_operating_instructions_no_rdd_pr_covid19_2020_02_e.pdf
117 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/rdd_operating_instructions_no_rdd_pr_2010_03_a_05_e.pdf
119 SLTDA website, Available at: https://sltda.gov.lk/en/sltda-covid-19-emergency-economic-relief-program
120 SLTDA website, Available at: https://www.sltda.gov.lk/en/tourism-news/Sri-Lanka-Tourism-launches-membership-drive-for-informal-sector-supported-by-Australia%E2%80%99s-MDF
including partnering with UNDP and BIOFIN\textsuperscript{121} in 2019 to establish the National Sustainable Tourism Certification Scheme (NSTCS) for Sri Lanka Tourism. As the current socio-economic unrest settles, tourism arrivals and income in the country are expected to increase\textsuperscript{122} thereby setting the stage for the sector to contribute towards Decent Work and Economic Growth, in particular SDG Target \textbf{8.9}, to promote sustainable tourism that creates jobs and promotes local culture and products.

Tourism has a direct impact on SDG Targets concerning sustainable tourism and its impact on job creation and cultural preservation highlighting the critical role the sector can play in helping the country achieve the 2030 Agenda. Indirectly, as an industry that covers all corners of the country, including the ease of entry and exit from the sector for service providers, the sector provides considerable opportunities to enhance the country’s achievement of other SDG Targets on poverty alleviation, inclusive economic growth, and reducing inequalities. At the same time, specific tourism products/services such as eco-tourism can directly support the three climate and environment related SDGs, Climate Action, Life below Water, and Life on Land (SDG \textbf{13,14,15}).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{tourism-sector-income-generation.png}
\caption{Tourism sector income generation in US$ millions}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{tourism-sector-direct-employment.png}
\caption{Tourism sector direct employment}
\end{figure}

\textsuperscript{121} BIOFIN is a UNDP managed global collaboration to develop and implement an evidence-based methodology that improves biodiversity outcomes using finance and economics [source: https://www.lk.undp.org/content/srilanka/en/home/presscenter/pressreleases/2019/02/22022019.html].

\textsuperscript{122} CBSL (2021) Annual Report (Volume I)
The Digital Economy Strategy looks to utilise existing programmes and all relevant partners in the ecosystem to develop and implement an integrated Digital Economy transformation in Sri Lanka that will pave the way for a thriving and effective digital economy, with higher operational efficiency, low costs and better services and outcomes for its citizens. The Strategy is outlined under four main pillars; Technology Industry Development; Technology Diffusion, Capacity Building and Regional Cluster Development.

Currently, the largest threats to the ICT sector in Sri Lanka are the lack of basic infrastructure and out migration of skilled personnel. While the governments' initiative to set up Techno Parks with private sector investment is important for the medium- and long-term growth of the sector and its contribution to the national economy, addressing the immediate gaps and challenges is recognised as a priority. Sri Lanka’s ICT sector broke the USD 1 billion export revenue target in 2021 for the first time, according to statistics from the CBSL. However, widespread concerns over the prevailing conditions, as expressed by over 160 signatories representing the ICT industry in Sri Lanka, requires the government’s immediate action to maintain confidence of international markets on Sri Lanka’s ICT sector as productivity has been badly hit.

The ICT sector was already dealing with a shortage of personnel prior to the COVID-19 Pandemic and economic crisis which ensued after. Previously, ideas such as allowing ICT professionals from other regional countries to enter the local sector were touted as a solution to the shortage. This shortage is now amplified as skilled personnel are expressing interest to migrate out of Sri Lanka. These sentiments are further reflected in a recent survey where 48% of youth surveyed between the ages of 18-29 responded positively to migrate out of Sri Lanka. Addressing the qualitative and quantitative deficiencies of skilled professionals in the ICT sector is seen as vital to reach the ambitious target of generating US$ 5 billion from the ICT sector by 2025.

Key Finding 5.1.4.3:
Establishing Techno Parks is amongst governments’ key policy initiatives to increase the contribution of the IT sector to the national economy, and in particular to generate higher export earnings. Given the shrinking fiscal space, robust public-private collaboration would be key to their success. It is important to ensure basic services, utilities, and policy consistency to attract investors required to realise the full potential of Techno Parks.

123 ICTA website, Available at: https://www.icta.lk/news/implementing-a-national-digitalisation-strategy/
124 VNR 2022: Inputs from Multistakeholder Consultations
125 IPS Talking Economics website, Available at: https://www.ips.lk/talkingeconomics/2022/02/07/youth-migration-challenges-and-opportunities-for-sri-lanka/
Considering the ambitious growth targets of the ICT sector and its current role in the overall economy, including potential for increasing Sri Lanka’s export revenue, the sector is an enabler to reduce poverty, generate inclusive economic growth, and reduce inequalities (including SDG Targets (1.4, 2.a, 4.b, 5.b, 9.b, and 9.c). Also, as a generator of employment the ICT industry has a direct impact on the proportion of youth and adults with information and communications technology (ICT) skills (SDG Target 4.1).

127 Includes IT Programming Consultancy and Related Activities, and Telecommunication.
5.2

A Blue Green Economy

To power the kind of economic diversification presented in section 5.1 above, policies that transform Sri Lanka into a Blue-Green Economy have been formulated and implementation is already underway. These include leveraging marine resources in a sustainable and regenerative manner, transitioning to renewable energy, agriculture development underpinned by biodiversity and sustainability, and waste management.

Key Finding 5.2.1:
In 2021 the total Fish and Fisheries Products exports reached its highest value of USD 295 million showing signs of the Blue Economy’s growth and contribution to Sri Lanka’s exports and economy. However, marine pollution and conservation of coastal ecosystems and habitats remain a key area of concern, including exploitation of mangroves and marshlands.

As explained in detail in section 5.1.2 above, the fisheries and fisheries products exports have shown growth reinforcing the potential of the Blue Economy to contribute to national economic growth. The country has territorial waters spanning 21,500 square kilometres and an exclusive economic zone of 517,000 km², almost eight times its land area and the coastal stretch is blessed with bountiful ecosystems that include mangrove forests, tidal marshes, seagrass beds, and coral reefs\(^\text{128}\). At present, the country has 22 operating fishery harbours and majority of them are in the southern quadrant of the country. There are 58 anchorages and 890 landing sites throughout the coastal belt\(^\text{129}\).

Figure 5.31: Sri Lanka’s exclusive economic zone

Source: National Biodiversity Strategic Action Plan 2016-2022

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\(^{129}\) Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024

Second Voluntary National Review Sri Lanka 91
While appreciating the country has failed in the past to tap the rich aquatic resources that surrounds the island, concerns remain of over exploitation of the natural oceanic resources. The abundance of fish in Sri Lankan waters also attracts fishermen from other regional nations, including those from afar on multi day trawlers often leading to conflicts between local and foreign fishermen and diplomatic wrangling. Urbanisation along the coastline and climate change induced changes as changes in water temperature, coastal erosion, sea level rising and ocean acidification all pose challenges to the long-term contribution of the fisheries sector to the nations’ Blue-Green Economy.

The Marine Pollution Prevention Act of 2008 provides the current legal framework for safeguarding Sri Lanka’s territorial waters, including the establishment of the Marine Environment Protection Authority (MEPA) to administer the provisions of the Act. Furthermore, an extensive set of national regulations have been formulated and enacted under the Fisheries and Aquatic Resources Act No. 2 of 1996 and the National Aquaculture Development Authority Act No. 53 of 1998. However, these regulations are considered to require updates in order to remain relevant with current economic and ecological demands. Accordingly, a process has been initiated to revise and update the Marine Pollution Prevention Act of 2008 empowering MEPA to take immediate action for law enforcement against acts causing destruction to marine resources (SDG Target 14.1, 14.2).

The X-PRESS Pearl maritime disaster in 2021 off the western coast highlighted the threats to Sri Lanka’s marine resources and ecosystems. The ship, which was anchored off the coast, caught fire due to a chemical reaction in the hazardous cargo being carried, ultimately sinking, and depositing the chemical materials in the vessel across the sea. This disaster caused considerable damage across the marine ecosystem and severe disruptions to the livelihoods of fishing communities.

An allocation of LKR 24,291 million in the PIP 2021-2024 for the fisheries sector signifies the governments’ commitment to develop the facilities, technical capacities, and technologies which will enable further growth of the sector.

The fisheries sector has a direct impact on SDG 14, Life Below Water, while will be a key contributor to achieving SDG Targets aligned with reducing poverty, increasing nutrition, and reducing inequalities through inclusive economic growth.

Key Finding 5.2.2: Policies vital for establishing a Blue-Green Economy have been adopted across multiple sectors such as agriculture and fishery, manufacturing, waste management, and energy.

A set of clear and concrete policies at national level are vital for directing the activities of the Blue-Green Economy, especially owing to its theme of increasing the utilisation and productivity of previously underutilised natural resources. The National Action Plan on Plastic Waste Management 2021-2030, National Agriculture Policy 2021, National Energy Policy and Strategies 2019 and National Policy for Conservation and Sustainable Utilization of Mangrove Ecosystems in Sri Lanka 2020, will play a vital role in defining the economic and environment boundaries for achieving the fullest potential of a Blue-Green Economy. Reinforcing
the governments’ commitment to align outdated national policies and legislation, the National Environment Act is being updated, aligning the provisions within the emerging conservation and development demands. Other notable policies and plans include the National Adaptation Plan, National Policy on Sustainable Consumption and Production and the proposed National Policy on Green Procurement which is in the draft stage (SDG Target 12.2, 12.5, 14.1, 14.2, 15.1).

These national policies also provide for clearly defined mechanisms for public-private partnerships, which will be vital for achieving the 2030 Agenda and should address drawbacks experienced in the past with effective public-private sector collaborations.

The Ministry of Environment together with UNDP Sri Lanka, and other co-convening partners from the private sector, development sector and civil society, introduced the Colombo Development Dialogues on Green Development, culminating in a Draft Policy Brief for a National Green Development Agenda contextualizing green development in supporting transformational changes in development agendas that could boost economic recovery, while ensuring social and environmental safeguards.

These legislations and policies will directly impact the economy by creating new industries to maximise the underutilised blue-green resources while ensuring such efforts create inclusive economic opportunities to alleviate poverty (SDGs 1, 8, 9 and 10); ensure basic services such as energy and water are secure and available at affordable prices to communities while protecting the environment (SDGs 6 and 7); and protect the environment, including adapting economic sectors to the needs of the environment (SDGs 13, 14, and 15).

Key Finding 5.2.3: Ambitious commitments are made by the government to deliver 70% and 100% of the electricity demand through renewable sources by 2030 and 2050 respectively to reach carbon neutral status as a nation by 2060. To this extent, the government is engaging private sector and development partners for investments, funding, and capacity development.

Sri Lanka’s current energy crisis reaffirms the need for immediate investment in renewable energy sources. Due to the shortage in foreign reserves which have caused delays importing fuel for power generation and low levels of water in reservoirs used for electricity generation, the country has had constant power shortages since the beginning of 2022. Increasing global prices of fossil fuels, both crude oil and coal, will further increase the burden on the country’s foreign reserves as well as the consumer. In 2020, renewable sources accounted for only 36% of power generated. Hydro power is the largest contributor to renewable energy in Sri Lanka, accounting for 86% of energy generated from renewable sources in 2020.

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135 CEB (2020) Annual Report 2020
The current shortage in electricity generation due to the shortfall of fuel imports for thermal electricity generation has highlighted the country’s dependency on imported fuels for electricity generation and the large amount of foreign exchange leaving the country. Coupled with the government’s commitment to achieve its ambitious carbon emission targets, the renewable energy sector has emerged as a key stakeholder in the Blue-Green Economy. Owing to the fiscal position of the government, public investment in the sector however will be limited and continued private sector participation will be vital for achieving the targets. Cooperation with bilateral and multilateral development partners therefore will be vital for securing...
funding and technical capacities required to fully implement the National Energy Policy and Strategies 2019\(^\text{136}\).

Excluding hydro power, Independent Power Producers (IPPs) accounted for a little over 99% of power generated from other renewable sources\(^\text{137}\). This shows a high level of engagement and interest by the private sector to supply renewable energy to the national grid and the government is seeking continued private sector participation in implementing policies and strategies outlined in the National Energy Policy and Strategies 2019. To enable this, the government is setting up clearly defined guidelines that will promote a high level of public-private partnership to develop renewable energy infrastructure (SDG Target 7.2).

The government plans to increase the capacity of solar rooftop panels to 410 MW and has already connected to the grid what is now regarded as Sri Lanka’s first large scale wind farm situated in Mannar island off the North-western coast of the island. Construction of a 300 MW liquified natural gas power plant has already commenced while land has been acquired for a 15 MW hydro power plant that is due to complete construction by 2024\(^\text{138}\).

However, the implementation of the renewable energy transition needs to be fast tracked to meet our commitments by the deadlines in this area. Regulatory issues, absence of integrated policies, and lack of an environment that fosters partnerships are challenges that need addressing to achieve the ambitious commitments mentioned above.

All activities undertaken by the government and private sector partners in furthering the achievement of the national targets for renewable energy generation will ensure access to affordable, reliable, sustainable, and modern energy for all (SDG Target 7.1).

Key Finding 5.2.4:
While government regulations covering areas of toxic waste, e-waste, and other hazardous materials disposal are in effect, concerns over the application of such regulations emerge owing to the lack of technical capacity, infrastructure, and awareness.

At the Fifth United Nations Environment Assembly (UNEA) in 2021, Sri Lanka proposed the Colombo Declaration on Sustainable Nitrogen Management to accelerate the efforts to tackle the global nitrogen challenge by 2030 and beyond reinforcing its commitment to waste management.

At present, under the provisions of the National Environment Act, the government regulates Hazardous Waste Management (Scheduled Waste Management) and Chemical Management through the Central Environmental Authority (CEA). While the provisions of the regulations are deemed comprehensive, implementation of the same remains a concern due to the lack of infrastructure, technical capacities, and awareness of the regulations, their application, and policing.

There is a myriad of institutions concerned with waste management at different stages, including the several national level ministries, the CEA, the Urban Development Authority, the National Solid Waste Management Support Centre, the Western Province Waste Management Authority, and Local Authorities\(^\text{139}\). This further complicates the management of waste and any private sector involvement in the waste management industry.

\(^{137}\) CEB (2020) Annual Report 2020
\(^{138}\) President Media Division (2021) Progress of two Years of Prosperity and Splendour
\(^{139}\) EFL website, Available at: https://efl.lk/status-waste-management-sri-lanka/
While policies and regulations are in place, major challenges in E-waste management in Sri Lanka are identified as insufficient formal mechanisms for E-waste collection, inadequate awareness on health hazards and environmental impacts, inadequate trained manpower for E-waste handling, insufficient regulations to address entire lifecycle management of e-products, and lack of data and control over informal sector involved in E-waste collection and recycling140.

Streamlining waste management, both regulatory and institutional structures, in addition to providing adequate infrastructure, capacity building training for personnel, and awareness generation are vital for promoting the waste management industry as a viable economic sector under the Blue-Green Economy concept. Addressing these challenges and positioning waste management as a sector with economic value through consistent and comprehensive policies will contribute towards achieving SDG Targets 6.3, 6.a, 11.6, 12.4, and 12.5.

Key Finding 5.2.6:
Increasing trends in business transition towards sustainability could be observed even though on ad hoc basis. Business engagement on sustainability needs to be promoted through its integration into business models and strategies aided by greater standardization, certification, incentives, technical support, education and capacity building for industry-wide adoption.

There has been a greater interest among the businesses to accelerate the corporate sustainability transition in Sri Lanka. Several initiatives were taken by the regulatory authorities and international organizations to support this momentum, such as, Sustainability Recommendations published by the Colombo Stock Exchange (CSE)141 for listed companies, the “Contributor to Sustainable Development in Exports” award presented by the EDB, the “Best Corporate Citizen Sustainability Award” presented by the Ceylon Chamber of Commerce, accreditation services provided by the Sri Lanka Accreditation Board, such as conformity assessment activities (e.g. ISO certifications on environmental, food safety, occupational health and safety and energy) and GHG Validation/Verification.

140 ResearchGate website, Available at: https://www.researchgate.net/publication/342514889_Challenges_in_E-waste_management_in_Sri_Lanka
141 CSE website, Available at: https://cdn.cse.lk/pdf/sustainability-document.pdf
The local network of the United Nations Global Compact with 57 participants promotes private sector action on the SDGs and alignment of companies' strategies and operations with universal principles on human rights, labor, environment, and anti-corruption.

Enhanced sustainable practices within significant sections of export-oriented industries such as tourism, apparel manufacture, agriculture and IT/BPM services, could create much greater social, environmental and economic impact, with wider adoption.

Despite the various corporate sustainability initiatives and efforts of several individual companies, lack of awareness and application of industry standards and ecological footprint indicators, lack of a mechanism to holistically capture corporate sector data, along with the economic disruptions caused by the pandemic and the current macroeconomic instability have slowed down the sectoral sustainability transition in Sri Lanka.

In terms of sustainability reporting, the voluntary Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka in 2017 requires disclosures on Sustainability. Even though the number of companies publishing sustainability reports and the quality of their disclosures have increased over time, there is still a considerable gap to cover.

There is room for greater adoption of sustainability reporting based on international standards and independent assurance of such disclosures. In addition to international reporting standards such as the Global Reporting Initiative (GRI), SASB standards, ISO 14001 environmental certification, the Ministry of Environment has also developed the National Green Reporting System to which 25 National Green Reports have been submitted by the registered companies from 2016 to 2020. (SDG Target 12.6)

Universities have also incorporated Sustainable Development Education in to the syllabus and introduced Corporate Sustainability Modules, Sustainability Leadership Training Programs, Certificate courses for employees etc. with the aim of promoting corporate sustainability transition in Sri Lanka. Greater coordinated engagement of the higher education sector may unlock greater potential to contribute towards research, operations and external leadership that advance sustainable development.

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142 T.M.Sooriyarchchi (2018) An analysis of the state of sustainability reporting in selected sri lankan companies
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 the robust NDCs, Sri Lanka has rolled out policies that address specific areas of ecological concern. While climate change disproportionately affects vulnerable communities, government led climate mitigation efforts are likely to be impacted with fiscal consolidation and the country will have to rely heavily on partnerships to undertake such projects.

Sri Lanka is among the 36 biodiversity hotspots identified in the world and has the highest biodiversity per unit area of land amongst Asian countries. Benefits derived from biodiversity contribute considerably to the economy of Sri Lanka. Sectors such as fisheries, agriculture and tourism depend highly on the preservation of a high level of biodiversity and the critical sources of revenue derived from it.

The rapidly increasing demand for land for human habitation due to the high human population density and related developmental activities, poor land-use planning, over utilization of biological resources, weak enforcement of legislation, the absence of an integrated resources management approach, loss of traditional crop and livestock varieties and breeds, pollution, human-wildlife conflicts, an increasing spread of unknown invasive species, landfills in wetlands and deforestation etc., adversely impact the biodiversity of Sri Lanka. Further, in marine and coastal ecosystems, coral mining, conversion of coastal habitats, destructive fishing practices, pollution from ships and adverse impacts from land-based activities inauspiciously impact the biodiversity.

**Key Finding 5.3.1:**
Sustainable utilization of biological resources to maintain proper biodiversity is vital for Social and Economic Development. As a country enriched with high biodiversity, well-planned and integrated conservation mechanisms are necessary for the restoration of destroyed biodiversity and important initiatives have been taken aimed at harnessing the value of biodiversity, through policies and Action plans.
National Policy on Access to Biological Material and Fair and Equitable Benefit Sharing has been prepared and will support the development of the country’s capacity for modern biotechnology that uses biological resources, with due consideration for relevant Intellectual Property Rights (IPR) issues. The Policy renews the commitment of the Government to conserve biological diversity for the benefit of present and future generations, while assuring the sustainable use of biological material for research, education, and commercial purposes in a transparent manner. This ensures the fair and equitable sharing of benefits arising from biological material, while securing ownership of such material and associated traditional knowledge among the people with appropriate public participation in order to support the conservation and sustainable use of biological material in the country (SDG Target 15.6, 15.9).

The National Policy on Traditional Knowledge and Practices related to Biodiversity has been introduced by the Biodiversity Secretariat, Ministry of Environment with the intention of using traditional knowledge related to biodiversity in several sectors in Sri Lanka.

The Green Sri Lanka National Program has been launched in 2022 according to the commitments in the NPF by the Ministry of Wildlife and Forest Conservation. This program called “One Person - One Plant” and has taken specific measures to increase the forest cover up to 30% by 2025, while preserving existing forests in Sri Lanka and increasing the forestation through beneficial plants having removed invasive plants while protecting water catchment areas (SDG Target 13.2, 15.1, 15.2, 15.3).

A new curriculum embedded with an environmental education component has been introduced in the government schools. Further, the government teachers were trained by the Ministry of Environment for better delivery of the environmental education component in the new curriculum. The main objective of this initiative is to popularize environmental education amongst school children and create an eco-friendly future generation for Sri Lanka (SDG Target 13.3, 15.9).

While the above initiatives have been taken, accelerating their implementation is required to address the causes of biodiversity degradation.

Key Finding 5.3.2:
Sri Lanka ranked high in the 2018 and 2019 Global Climate Index for climate change related disasters and is outlined as a vulnerable nation to future climate change impacts requiring a multi-stakeholder approach for Disaster Responsive Planning, public education on the impacts of climate change and vulnerabilities associated with the same, and climate risk mitigation projects.

With the collaboration of bilateral and multilateral development partners, the government has undertaken a variety of climate adaptation, mitigation, and preparedness projects. These projects were undertaken with a holistic approach including a livelihood development approach to ensure the impacts of the projects are sustainable in the long-term. Vulnerable communities, particularly those in the agriculture sector and living in areas prone to natural disasters such as flooding, droughts, and landslides were amongst the primary beneficiaries. Farming communities were targeted to improve food security in conjunction with the climate change impact mitigation and adaptation efforts.

Structural, regulatory, and policy improvements remain a priority, in particular relating to drawbacks with human capital and confusion over responsibilities, accountability, and legal authority. Conflicting objectives and goals between different government institutions stemming from divergent mandates, i.e. economic versus environmental, generate conflicting messages complicating attempts to raise
public awareness regarding mitigation and adaptation plans and projects against climate change risks. Accurate and timely data remains a critical requirement for policy planning, project development, implementation, and monitoring and evaluation. Without up to date and accurate data on the economic and human damage caused by natural disasters, political and public sector leadership are unable to draw a clear picture of the extent and urgency with which climate change risks need to be addressed.

National Strategy on Disaster Risk Reduction has been formulated by the Disaster Management Centre (DMC) in 2021. These efforts to mitigate and adapt against climate change induced disasters will help to ensure that the communities, economy, and essential social support systems such as health, education, nutrition, and housing adapt and mitigate potential climate induced risks (SDG Target 13.1, 13.2, 13.3).

Therefore, achieving the NDCs will accelerate Sri Lanka’s achievement of relevant SDG targets as well.

While the government commits public finances to support certain climate actions which are aligned with national development priorities, to meet its conditional contribution, Sri Lanka needs to mobilise substantial climate finance from mechanisms set up by the UNFCCC, the Paris Agreement and leverage bi-lateral agreements for low-carbon development. The right mix of accessible, affordable, and scalable technologies through technology transfers; and capacity development for institutions, human resources, and networks and partnerships will all enable the government to accelerate achievement of the NDCs.

Expanding knowledge on what funding is available from bilateral and multilateral funds and agencies, such as the Green Climate Fund, methods of accessing them and preparing documentation will be vital to enable government led climate adaptation and mitigation efforts to access much needed financial and non-financial resources. Operation Manual & Stakeholder Engagement Strategy for Green Climate Fund (GCF) related activities in Sri Lanka has been developed to provide simplified guidelines to all stakeholders seeking to learn about the GCF, its modalities and procedures in Sri Lankan context (SDG Target 13.2, 13.a).

The successful financing, technology transfers, and capacity-building will enable Sri Lanka to deliver its NDCs and the specific areas mentioned above thereby directly impacting and accelerating achievement of SDG Targets, specifically targets relating to mitigating and adapting against climate risks and those relating to vulnerable and marginalised groups, food security, and safe and resilient human settlements and cities that are affected by climate change risks. Therefore, it is evident that bilateral and multilateral support for achieving the NDCs is not only crucial towards meeting the country’s obligations under the Paris Agreement, but also enable achieving the 2030 Agenda.

Key Finding 5.3.3:
Fiscal and macroeconomic crisis will adversely affect the country’s ability to fully implement its NDCs, which are due for implementation starting 2022. Therefore, multilateral, and bilateral funding, technology transfers, and expertise will play a crucial role in achieving the NDCs and immediate mitigation and adaptation projects to reduce losses from climate induced disasters.

To fully implement the climate actions contained in the NDCs, Sri Lanka will require financial assistance, technology transfers and capacity development in line with Article 4 of the UNFCCC and Articles 9, 10, and 11 of the Paris Agreement. Owing to the current fiscal and macroeconomic conditions prevailing in the country, this support will be critical for realizing the country’s ambitions to deliver on its NDCs. As pointed out in Section 4.3 above, both adaptation and mitigation NDCs have interlinkages with a considerable number of SDG Targets.
Conflicting and ad-hoc regulations and policies create confusion on the areas of responsibility between the various national and sub-national government bodies established to safeguard forests, reserves, and other biodiversity hotspots. For example, while the Department of Forest Conservation coming under the purview of the Ministry for Wildlife and Forest Conservation (MWFC) is responsible for sustainable forest management, combating desertification etc., a circular issued in November 2020 transferred the authority over Other State Forests from the Department to the district and divisional secretariats. This has created confusion on responsibilities and legal authority relating to protecting the forest cover in line with the relevant SDG and NDC commitments.

The on-going legal cases regarding the Muthurajawela Sanctuary landfill project and the elevated expressway project over the Thalangama Environment Protection Area (EPA) are examples of incohesive policies that are in direct conflict with environment regulations. Instituting legal action against infringements and violations of environmental laws are further complicated as government departments/agencies who are responsible for the enforcement of specific regulations often do not have legal ownership over the lands/areas coming under the purview of the respective regulation. This poses a serious challenge when enforcing land use policies and regulations. The lack of legal authority to apply provisions under the National Land Use Policy, for example, has seen persons setting up structures in areas prone to landslides, flooding, or impacting areas which are ecologically sensitive.

The outdated remedial procedures and fines make it hard for authorities to deter infringement of regulations, from minor offences to major offences such as encroaching into protected areas or deforestation. The government recognises these limitations and the need for provisions in the National Environment Act, (which was last amended in 2000) to be updated. Therefore, 42 new clauses are being proposed, adding new definitions, such as recognising wetlands, and reinforcing the legal authority of the Act and its related regulations.

Consistent, cohesive, and complementary policies and regulations, and accurate and timely data will be essential for the country to achieve all SDG Targets relating to the environment, including life on land and life underwater. While ensuring the environment is protected and its utilisation is managed sustainably, policies and regulations which are reflective of current socio-economic demands and up to date with the latest climate change data will ensure a minimisation of damage to communities and the economy caused by climate change induced disasters.
5.4 Knowledge Based and Technology Driven Transformation

Sri Lanka has shown high educational outcomes and according to the 2022 Global Sustainable Development Report, Sri Lanka is maintaining steady progress in achieving SDG 4 on Quality Education.

The free education system in Sri Lanka is one of the key contributors to the country’s high Human Development Index (HDI), positioning Sri Lanka at 72 out of 189 countries in 2020 with a 90% primary education completion rate in 2020. Efforts have been made to distribute books with a focus on a “Generation of Children Empowered with Knowledge” to improve the library facilities available for the children in rural areas and launching initiatives such as “Ratak Vatina Pothak” book writing programme to encourage children to write.

Furthermore, Sri Lanka has achieved gender parity in education. According to the latest official statistics, the female school education completion rate is higher than that of male students at all levels. In 2020, primary education completion rate of male and female students is 89% and 92% respectively, in lower secondary education, completion rate of male and female are 87% and 91% respectively and in upper secondary education, completion rate of male and female are 78% and 84.8% respectively. (SDG Target 4.5)

Since 2020, the government has increased the number of national schools to 1,000, and implemented a programme to provide equal facilities to all schools while filling teacher vacancies persisting in schools especially in Science, Technology, Engineering and Mathematics (STEM) subjects and the English language. Efforts have been made to distribute books with a focus on a “Generation of Children Empowered with Knowledge” to improve the library facilities available for the children in rural areas and launching initiatives such as “Ratak Vatina Pothak” book writing programme to encourage children to write.

According to the latest statistics, the completion rates of primary, lower secondary and upper secondary education are 90%, 87% and 81.3% respectively in 2020. The completion rate of upper secondary education has increased overtime from 75.89% in 2015 to 81.3% in 2020. (SDG Target 4.1)

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Furthermore, Sri Lanka has achieved gender parity in education. According to the latest official statistics, the female school education completion rate is higher than that of male students at all levels. In 2020, primary education completion rate of male and female students is 89% and 92% respectively, in lower secondary education, completion rate of male and female are 87% and 91% respectively and in upper secondary education, completion rate of male and female are 78% and 84.8% respectively. (SDG Target 4.5)

Table 5.1: Completion rate (primary education, lower secondary education, upper secondary education)

<table>
<thead>
<tr>
<th>Year</th>
<th>Completion rate of Primary Education (%)</th>
<th>Completion rate of Lower Secondary Education (%)</th>
<th>Completion rate of Upper Secondary Education (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>92.00</td>
<td>88.00</td>
<td>75.89</td>
</tr>
<tr>
<td>2016</td>
<td>91.00</td>
<td>86.00</td>
<td>78.00</td>
</tr>
<tr>
<td>2017</td>
<td>91.00</td>
<td>87.00</td>
<td>79.88</td>
</tr>
<tr>
<td>2018</td>
<td>90.00</td>
<td>88.40</td>
<td>80.60</td>
</tr>
<tr>
<td>2019</td>
<td>93.00</td>
<td>87.00</td>
<td>81.40</td>
</tr>
<tr>
<td>2020</td>
<td>90.00</td>
<td>87.00</td>
<td>81.30</td>
</tr>
</tbody>
</table>

Source: Ministry of Education

148 SDC Dashboard website, Available at: https://dashboards.sdgindex.org/profiles/sri-lanka
149 UNDP website, Available at: https://hdr.undp.org/sites/default/files/Country-Profiles/LKA.pdf
150 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
151 Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024
Table 5.2: Completion Rates by Sex

<table>
<thead>
<tr>
<th>Year</th>
<th>Completion rate of Primary Education (%)</th>
<th>Completion rate of Lower Secondary Education (%)</th>
<th>Completion rate of Upper Secondary Education (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>2018</td>
<td>90.0</td>
<td>89.0</td>
<td>92.0</td>
</tr>
<tr>
<td>2019</td>
<td>93.0</td>
<td>91.0</td>
<td>94.0</td>
</tr>
<tr>
<td>2020</td>
<td>90.0</td>
<td>89.0</td>
<td>92.0</td>
</tr>
</tbody>
</table>

Source: Ministry of Education

Key Finding 5.4.1:
Whilst significant efforts have been made towards mitigating the immediate consequences of the COVID-19 pandemic on education including early childhood development, determining the extent of the impact will be critical for supporting the achievement of SDG targets through knowledge-based transformation.

During the pandemic, the government took swift actions to ensure the safety of students by closing all government schools two days after the first confirmed death due to the pandemic and enabled the controlling of the spread of the virus amongst the school population of around 4.2 million students and 235,000 teachers. It was estimated that a single day of school closure had resulted in the loss of around 25 million learning hours and 1.4 million teaching hours which indicates significant loss of learning for the children. This impact was reflected in the completion rate of primary education which has slightly dropped from 93% in 2019 to 90% in 2020. (SDG Target 4.1)

Despite the school closures and in order to minimise the digital divide arising out of the pandemic, the government took measures to ensure continuous education. Recognising the gaps in the education budget for emergency response, the Ministry of Education (MoE) facilitated the re-programming of development-partner assistance which released the much-needed funding for COVID-19 response. This included the reprogramming of the existing World Bank funded projects already in operation. The MoE also provided 175 schools in the South and North with WASH stations with the support of Save the Children, World Vision, Oxfam and ACTED, and collaborated with the Ministry of Health (MoH) and United Nations International Children’s Emergency Fund (UNICEF) to develop infection prevention and control guidelines for safe school reopening, operations and mobilise funding and resources for washing stations and sanitisation. Further, The MoE, with the support of World Food Programme (WFP) and the Government of Australia, provided take-home food rations as an alternative method of providing food security to children until the recommencement of the National School Meal Programme. The WFP and Global Affairs Canada along with the MoE, also supported the National School Meal Programme by providing funding worth CAD 1 million (LKR 151 million) to help smallholder farmers cultivate nutritious crops.

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154 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
155 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
156 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
157 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
This was in addition to mobilising private sector support, where the MoE and the Provincial Departments of Education partnered with private internet service providers to activate web-based learning platforms, such as “E-Thaksalawa”, “Nenasa” and “Guru Gedera” which enabled the dedication of state-owned and some privately owned television channels towards airing of educational programmes. These free-of-charge services eliminated the need for excessive telephone data and/or increased levels of internet usage which restricted access to e-learning for children from poor households. Under this program, students from Grade 1 to Grade 13 were able to refer to learning resources such as textbooks, syllabuses, learning contents, video lessons, question papers and multiple choice questions relevant to the syllabuses from E-Thaksalawa platform, which was recognized as the “Official Online Learning Contents Management System” for the public schools.

The government also identified that children in quarantine centres, institutions, estates (tea, rubber, etc.), and at home due to the closure of schools, particularly in poor urban settings, were all at risk of COVID-19 and were also facing increased risks including violence, abuse, and child labour. Therefore, the government approved all child protection services as an essential service, allowing to operate during movement restrictions in order to combat the increased risks including violence, and abuse of children and child labour.

The government, in addressing the mental wellbeing of the children has provided guidance on identifying mental stress in children and facilitating psychosocial needs in its Instructional Manual of Preparedness of schools and other educational institutions on COVID-19 protocols. An education task force was set up to implement educational reform proposals in a planned and transparent way.

The MoE adopted a phased approach to school reopening, which was in line with the recommendations by the Global Framework for Reopening Schools (UNICEF, UNESCO, WB, WFP and UNHCR). Identifying the need to address behaviour change, the MoE, guided by the MoH, developed reopening manuals and checklists on how to limit exposure to the virus and on how to engage parents, and other stakeholders in spreading awareness of the health and well-being needs over the longer term.

Early Childhood Education

The pandemic impacted the early childhood development (ECD) centres where over 85% of the ECDs are privately owned158. This left many young children at home with no opportunity to receive early learning support they need for healthy development.

The National Secretariat for Early Childhood Development formulated the 2021 National Strategies for Home-based Early Childhood Development for the children of 0-5 years of age with an aim to provide guidance for ECD at home159. Several other projects were also implemented including the printing of a home-based parental awareness activity book on early childhood development, programmes related to providing quality development opportunities to children in early childhood (staff training and setting up a place for children to engage in activities) in selected child care and child receiving centres and a series of television programmes for preschool in addition to the formation of external resource pool on early childhood development160.

Recognising the need to update the education system, reflecting the impacts of the pandemic and the evolving requirements of the job markets, the PTF on Sri Lanka’s Educational Affairs was appointed in March 2020 to conduct an extensive review of the existing education system, to understand

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159 VNR 2022: Inputs from Multistakeholder Consultations
160 VNR 2022: Inputs from Multistakeholder Consultations
its shortcomings and identify potential entry points to drive transformation. Consequently, the MoE is currently undertaking a large-scale education reform process with the aim of adopting a student-centric education system instead of the existing exam-centric education model\textsuperscript{161}. The PTF envisions that these reforms would directly contribute to the goal of reducing the population of unskilled labour to 10% by 2025 (SDG Target \textbf{4.4}) and better match the skill requirements of the job market with the updated curriculum\textsuperscript{162}. In addition, the government has taken steps to create a digital platform “Towards a Complete Education that enriches the Mind” to see public opinion in order to draft a Sustainable Education Policy Framework.

However, the government’s spending on education as a percentage of GDP has declined from 1.99% in 2016 to 1.85% in 2021\textsuperscript{163}. Therefore, a key priority for the government would be to secure the necessary budget for learning recovery, helping children to catch up and reduce the learning inequity that has increased during school closures.

This would require formulating a strategy for sustainable, equity-based sector financing for the education sector which calls for a Public Expenditure Review (PER) of the sector to review service delivery, its effects, and the demand for and perceptions of the quality of services. Therefore, updated information in the education sector reflecting COVID-19 impact would be critical for supporting the achievement of SDG targets through knowledge-based transformation.

Accurate information on the education sector and targeted strategic interventions to address challenges identified based on updated and accurate information can effectively contribute to achieving SDG targets \textbf{4.1}, \textbf{4.2} and \textbf{5.4}.

\textbf{Key Finding 5.4.2:} Infrastructure development, including technology infusion, is taking place throughout the school’s network and vocational training centres but further emphasis on quality improvement and capacity building for teachers and trainers, understanding the relevance to the job market, and addressing student grievances, including scholarships and bursaries, will be critical.

\textbf{Figure 5.35:} Government expenditure on education

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{government_expenditure_on_education.png}
\caption{Government expenditure on education}
\end{figure}

\begin{itemize}
  \item 2016: 1.99%
  \item 2017: 1.93%
  \item 2018: 1.86%
  \item 2019: 1.93%
  \item 2020: 1.85%
  \item 2021: n/a*
\end{itemize}

\begin{itemize}
  \item *2020 figures not available
\end{itemize}

Source: Central Bank of Sri Lanka (CBSL)

\begin{itemize}
  \item 161 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
  \item 163 CBSL (2021) Annual Report (Volume I)
\end{itemize}
The Sri Lankan government has declared the period from 2021-2030 as the ‘Decade of Skills Development’ with the aim of transforming the General Education, Higher Education, Professional Education and Vocational Education sectors to reduce the population of the unskilled labour to 10%. An expeditious programme - “Skills Sri Lanka” - has been launched for a generation equipped with skills including to transform and equip the youth who do not qualify for higher education with the knowledge of information technology and vocational training as well as English.

This decision comes at a crucial period where Sri Lanka’s youth unemployment has increased from 21.4% in 2018 to 26.5% by 2021 and is expected to worsen with the projected overall unemployment increase in 2022. \(^{164}\) (SDG Target 8.5)

The skills gap between the industry and the students, regional disparities in general education and limited fiscal space in the national budget are key constraints in the education sector. This was based on the analysis by the University Grants Commission (UGC), where only 75% students from Ordinary Level (O/L) examinations have qualified to sit for Advanced Level (A/L) in 2018, and only of the 64% students have passed A/Ls in 2017/2018 out of which only 19% have been admitted to university. Furthermore, it is notable that the highest number of graduate outputs were from Arts stream whereas the most demanded subject areas such as management, IT & computer science, data science and engineering were comparatively lower, which highlights the skills gap among the graduates.

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\(^{164}\) CBSL (2021) Annual Report (Volume I)
Policies have been adopted prioritising the skills development of the youth with the view of increasing their employability. The success of the government’s Skill Sector Development Programme (SSDP) is reflected through Sri Lanka’s high ranking (55th out of 141 countries) in relation to the quality of vocational training with a score of 4.3 out of 7.165. The student intake under this program has been increased every year in the government as well as Private TVET institutes. (SDG Target 4.4)

It is expected to improve the quality of the TVET curriculum, where the revised National Vocational Qualifications Framework published in 2021 introduced the “One TVET” concept. This concept incorporates the international good practices, in line with the proposed plans to unify the public and private sector TVET institutes, operating under various agencies such as National Youth Services Council, the Construction Industry Development Authority and the Ministry of Agriculture into a single umbrella.

In addition, programs are underway to improve the relevance and quality of TVET programmes to meet the demands of domestic and overseas labour markets. For example, the International Labor Organization (ILO) in collaboration with the Employers Federation of Ceylon has planned to implement a pilot project to introduce a ‘Skills Passport’ to the skilled NVQ holders and the migrant workers. This is aimed at extending the existing recognition of the qualification awarding system in rapidly growing industries such as construction, hospitality, and domestic/care services. Accordingly, the cabinet has approved the proposal to issue a ‘Skills Passport’ as a SMART card by the Tertiary and Vocational Educational Commission for the skilled NVQ Holders with a minimum of one year experience.

“Tech Aruna” programme - the development of six technical colleges, was initiated according to a unique architectural plan to attract youth. In addition, City Universities are planned to provide higher education opportunities based on entrepreneurship and skills development to the students who are eligible for university admission but do not get the opportunity to enter universities; awarding degrees that provide employment opportunities for the production sectors in the relevant Districts.

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165  Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024
These initiatives are aimed at increasing the employability of the youth through skills development in order to reduce the growing youth unemployment rate and to increase the number of youths who have relevant technical and vocational skills for employment. (SDG 4.4, 8.5, 8.6)

Although most of the public schools have access to drinking water and sanitation, access to electricity is comparatively less which can become a constraint in establishing computer and science labs in these schools.

Inadequacy of resources for STEM education at public schools is a pressing issue as only 10% of the public schools (of the total 10,175166) have resources for STEM education. This highlights the need for increased spending on education for infrastructure development within the school network167.

One of the key initiatives proposed in the PIP 2021-2024 is the upgrading of 1000+ National Schools currently being implemented under MoE. Further, the cabinet decided in 2018 to develop 354 estate schools in 07 districts in non-productive plantation land managed by the plantation companies. The proposed infrastructure development is a key to increasing the proportion of the schools with STEM education facilities.

Capacity development through teacher training is a major requirement of the sector as there are only around 247,000 teachers who serve the 4.2 million student population. In response, an online training programme to develop subject related teacher capacity has been initiated. Under the General Education Innovation Project, provision has been made to facilitate education, mathematics education, teacher training, school management and sanitation.

In this respect, addressing the challenges in infrastructure development of the school networks in addition to capacity building for teachers and trainers will contribute towards achieving SDG targets 4.4, 4.5, 4.8, 4.c and 8.6.

5.5 Social Inclusivity

Sri Lanka’s coverage of social security schemes have improved over the years where ILO data reveals considerable development in social security where 36.4% of Sri Lanka’s population was covered under at least one social protection scheme in 2020 compared to 30.4% in 2016168. (SDG 1.3)

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167 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
168 ILO website, Available at: https://www.iло.org/ilostat-files/Documents/Excel/INDICATOR/SDG_0131_SEX_SOC_RT_A＼EN.xlsx.
The National Social Protection Strategy was formulated to further this progress with the aim of ensuring an inclusive and productive social protection system for all citizens, contributing to the achievement of SDG Target 10.4.

Sri Lanka’s existing social protection schemes including the Samurdhi program and the pension scheme mainly cover families who are below the poverty line, retired government servants in addition to few of the people employed in the agriculture and fisheries sector. Further, the government has been providing student assistance to deserving children through scholarship schemes up to the advance level education in addition to the provision of Mahapola scholarship and bursaries for university students. These measures have contributed to reducing income disparities and ensuring education for all.

The National Social Protection Strategy addresses the key issue in relation to gender inequality in areas such as the youth female unemployment rate (28.7%), which is higher than that of youth males (17.6%) as per the country’s labour force survey in 2019. The under-representation of women in the labour force at 33% means that females are not adequately covered through social protection schemes such as the EPF and ETF available for the formal sector. One of the main reasons for high female unemployment is due to the time spent on domestic care work. It is notable that the proportion of time spent in a day on unpaid domestic and care work, as a percentage of 24-hour day in Sri Lanka were reported to be 25.4% for females and 6.8% for males. The National Social Protection Strategy has addressed this issue with proposed programs such as flexible working hours, unpaid family workers’ benefits, Job-seeking Benefit Scheme for Youth: National Youth Unemployment Fund and the establishment of affordable and quality childcare facilities.

In addition, the National Social Protection Strategy also identifies the need to establish a conducive environment for child caring, which can then increase female labour force participation. This includes initiatives such as introducing an incentive scheme to encourage the private sector, expanding the existing childcare facilities in government and semi-government organisations and expanding the existing maternity benefit system to the informal sector. (SDG Targets 5.4, 8.5).

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Table 5.3: Proportion of Population Covered by Social Security Schemes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population covered by at least one social protection benefit (%)</td>
<td>30.4</td>
<td>n/a</td>
<td>n/a</td>
<td>31.0</td>
<td>36.4</td>
</tr>
<tr>
<td>Persons above retirement age receiving a pension (%)</td>
<td>25.2</td>
<td>21.5</td>
<td>n/a</td>
<td>35.7</td>
<td>35.7</td>
</tr>
<tr>
<td>Persons with severe disabilities collecting disability social protection benefits (%)</td>
<td>20.8</td>
<td>n/a</td>
<td>20.7</td>
<td>18.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Mothers with new-borns receiving maternity benefits (%)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>29.4</td>
<td>n/a</td>
</tr>
<tr>
<td>Employed covered in the event of work injury (%)</td>
<td>n/a</td>
<td>80.0</td>
<td>n/a</td>
<td>58.0</td>
<td>58.0</td>
</tr>
<tr>
<td>Children/households receiving child/family cash benefits (%)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>32.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Vulnerable persons covered by social assistance (%)</td>
<td>4.4</td>
<td>n/a</td>
<td>n/a</td>
<td>16.0</td>
<td>16.0</td>
</tr>
</tbody>
</table>

Source: International Labour Organization (ILO)

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169 DCS (2017) Time Use Survey
The government implemented two cash transfer programmes, as part of its COVID-19 relief measures, where pandemic-affected households were provided with an emergency cash allowance of Rs. 5,000 in April and May 2020 respectively. The government was commended for its immediate response in announcing the cash transfer program just 10 days after the imposition of lockdowns and the cost of the scheme was estimated to be around Rs. 55 billion (0.33% of GDP)\(^{170}\). The program showed a horizontal expansion where it covered additional beneficiaries who were not under the social protection systems prior to COVID-19, selected as eligible on appeal. The program covered families receiving Samurdhi assistance, low-income families, families with senior citizens allowance recipients, families with a person receiving disability allowance, families with a person suffering from chronic kidney diseases (CKD) and therefore receiving an allowance.

### Table 5.4: Emergency cash transfer measures introduced by the GoSL in response to the impacts of COVID-19

<table>
<thead>
<tr>
<th>Name of scheme</th>
<th>Number of recipients (April 2020)</th>
<th>Number of recipients (May 2020)</th>
<th>Total expenditure (million LKR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing social protection schemes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samurdhi</td>
<td>2,602,168</td>
<td>2,525,528</td>
<td>25,638</td>
</tr>
<tr>
<td>Senior Citizens Allowance</td>
<td>559,059</td>
<td>559,059</td>
<td>3,924</td>
</tr>
<tr>
<td>Disability Allowance</td>
<td>38,791</td>
<td>38,791</td>
<td>388</td>
</tr>
<tr>
<td>Farmers’ Pension</td>
<td>160,675</td>
<td>160,675</td>
<td>1,607</td>
</tr>
<tr>
<td>Fishermen’s Pension</td>
<td>4,600</td>
<td>4,600</td>
<td>46</td>
</tr>
<tr>
<td>Chronic illness allowances (kidney disease)</td>
<td>13,850</td>
<td>13,850</td>
<td>139</td>
</tr>
<tr>
<td><strong>New measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed Graduates</td>
<td>40,000</td>
<td>40,000</td>
<td>1,600</td>
</tr>
<tr>
<td>Self-employed Workers</td>
<td>1,924,967</td>
<td>2,357,077</td>
<td>21,410</td>
</tr>
<tr>
<td>Pre-School Teachers</td>
<td>39,784</td>
<td>39,784</td>
<td>398</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,383,894</td>
<td>5,739,364</td>
<td>55,149</td>
</tr>
</tbody>
</table>

Source: UNICEF

Cash transfers were continued during the second and third waves as well but was limited to just one LKR 5,000/LKR 2,000 payment per family in addition to an in-kind assistance measure which included a dry ration pack worth LKR 10,000. This prevented the poor and the vulnerable population from being pushed into extreme poverty (SDG Targets 1.2, 1.3)

**Beyond COVID-19**

Despite these initiatives, the challenges in the disbursement of allowances, mainly due to inefficient delivery mechanisms, lack of integrated beneficiary databases, and lack of preparedness to cover many new beneficiaries could have an impact on the equitable distribution of funding.\(^{171}\)

In this backdrop, and also having understood the need to liberate Samurdhi recipients from the subsidy mentality and to make them micro-entrepreneurs, the Budget 2022 proposed the modernization of the Samurdhi movement into a rural development movement that ensures economic revival and food security, whileintegrating with modern trends, where the selection of beneficiaries for social welfare and assistance programmes follow a rational and scientific mechanism. The program also includes restructuring the Samurdhi banking movement that fulfils the financial needs of the rural communities and converting Samurdhi banks as one-stop shops that provide all services and facilities including financial facilities and financial advice for the development of micro and small enterprises. These measures are aimed at ensuring inclusion and equal access to government relief, in addition reducing the rate of unemployment.

A cash transfer programme to provide living assistance of Rs.5,000/- is currently being implemented by the government across 82 divisional secretariat divisions in 11 districts with high risk of spreading (CKD).

These cash transfer programmes illustrate the vertical expansion of the government’s social protection schemes, where larger benefits compared to the pre-COVID-19 levels were provided for those already receiving benefits, in addition to horizontal expansion, increasing the number of beneficiaries.

These expansions of social protection nets are expected to contribute to the achievement of SDG 1.1, 1.2, 1.3 and 1.5 relating to poverty alleviation, social protection, access to basic services and resilience to disasters.

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\(^{172}\) UNDP (2021) Human Development Report 2020

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While Sri Lanka is a high human development country in the UNDP’s Human Development Index (HDI), Sri Lanka’s score falls when adjusted for inequalities. This is highlighted by the increasing GINI index score for Sri Lanka, highlighting the widening income inequality and this will be further compounded by the impact of COVID-19 that has seen those living below the US$ 3.20 per day poverty line increase from 9.2% pre-pandemic to over 11.7% in 2020.

Although Sri Lanka’s HDI for 2019 is 0.782, the index falls to 0.673 when the value is discounted for inequality, indicating a loss of 13.9% due to the inequality in the distribution of the HDI dimension indices.\(^{172}\) This indicates the rising need to address inequalities prevailing in the country.
Table 5.5: Sri Lanka’s HDI and component indicators for 2019 relative to selected countries and Groups

<table>
<thead>
<tr>
<th></th>
<th>HDI value</th>
<th>HDI rank</th>
<th>Life expectancy at birth</th>
<th>Expected years of schooling</th>
<th>Mean years of schooling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>0.782</td>
<td>72</td>
<td>77.0</td>
<td>14.1</td>
<td>10.6</td>
</tr>
<tr>
<td>India</td>
<td>0.645</td>
<td>131</td>
<td>69.7</td>
<td>12.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.557</td>
<td>154</td>
<td>67.3</td>
<td>8.3</td>
<td>5.2</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.641</td>
<td>-</td>
<td>69.9</td>
<td>11.7</td>
<td>6.5</td>
</tr>
<tr>
<td>High HDI</td>
<td>0.753</td>
<td>-</td>
<td>75.3</td>
<td>14.0</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Source: United Nations Development Program (UNDP)

Table 5.6: Sri Lanka’s IHDI for 2019 relative to selected countries and groups

<table>
<thead>
<tr>
<th></th>
<th>IHDI value</th>
<th>Overall loss (%)</th>
<th>Human inequality coefficient (%)</th>
<th>Inequality in life expectancy at birth (%)</th>
<th>Inequality in education (%)</th>
<th>Inequality in income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>0.673</td>
<td>13.9</td>
<td>13.8</td>
<td>7.0</td>
<td>12.0</td>
<td>22.4</td>
</tr>
<tr>
<td>India</td>
<td>0.475</td>
<td>26.4</td>
<td>25.7</td>
<td>19.7</td>
<td>38.7</td>
<td>18.8</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.384</td>
<td>31.1</td>
<td>30.2</td>
<td>29.9</td>
<td>43.5</td>
<td>17.2</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.475</td>
<td>25.9</td>
<td>25.4</td>
<td>20.2</td>
<td>37.5</td>
<td>18.5</td>
</tr>
<tr>
<td>High HDI</td>
<td>0.618</td>
<td>17.9</td>
<td>17.6</td>
<td>10.1</td>
<td>14.5</td>
<td>28.0</td>
</tr>
</tbody>
</table>

Source: United Nations Development Program (UNDP)

Although the government significantly expanded its social security cover during the pandemic, estimates reveal that the poorest experienced the largest proportionate earnings shock while the richest suffered from smaller proportionate income losses reflecting the inequalities in the labour market shock felt across the income distribution. It is notable that currently only 29% of Sri Lanka’s workforce have social protection coverage, which mainly includes all public sector employees, whereas the majority (58%) of workforce are employed in the private sector. With jobs and earnings lost, over 500,000 people are estimated to have fallen into poverty as a result of the crisis. As a result, the $3.20 poverty rate in Sri Lanka increased significantly, from 9.2% in 2019 to an estimated 11.7% in 2020, reversing the progress made since 2016. (SDG Target 1.1). Yet, there are no formal unemployment insurance schemes to protect workers during periods of unemployment.

In recognising this issue, the government has initiated insurance schemes such as

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the insurance coverage for Sri Lankan migrant workers, which is now being implemented by the Bureau of Foreign Employment, covering subject to a maximum of Rs.600,000/- and Rs.400,000/- respectively in the event of death or permanent disability of a migrant worker. This follows the cabinet approval to draft a bill for the establishment of a Social Security Fund for the Sri Lankan migrant workers through the creation of a contributory social security fund, providing social security for migrant workers and their dependents when they reach their retirement age. The government also launched the “Viru Abhiman” COVID-19 insurance scheme to cover the public sector frontline workers.

The ‘National Programme for Eradication of Poverty” was initiated in 2020, with the aim of providing a bag of essential food items to one million beneficiaries including the disabled persons, widows, adults without a permanent source of income and those suffering from chronic diseases through cooperatives and selected franchised sales outlets in the rural areas.

It has been identified in the multidimensional poverty analysis that people aged 65 and older are the poorest age group in Sri Lanka, with the highest headcount ratio (17.9%) as well as intensity of poverty and MPI, which has heightened the need for social safety nets for the aged people. Although the government has been providing pensions to the retired public servants, the majority of those in the informal industries, such as agriculture, fisheries and private sectors are not eligible for the government’s current pension scheme. The Budget 2022 proposed a contributory pension scheme for senior citizens for those who do not currently receive pensions (which constitutes the majority of older persons in the country). It is notable that the coverage of social protection schemes for the population over the retirement age has increased from 21.5 percent to 35.7% in 2020 (SDG Target 1.3).

In addition, the Suraksha’ Student Insurance Scheme covers all school children from the age group of 5 years to 19 years by formalising it further. This is expected to contribute to creating a healthy child population, ensuring the continuous schooling and the elimination of child poverty.

These initiatives are expected to contribute towards the achievement of SDG targets 1.1, 1.2, 1.3 and 1.5 relating to eliminating poverty, access to basic services and social protection.

**Informal Economy including Unregistered Micro Enterprises**

The government has taken certain measures that are targeted towards specific areas, for instance, the extension of the “Micro Financing Credit Facility Programme” uninterruptedly for indebted people living in the Northern and North Central Provinces and the Estate Housing Schemes to provide safer habitats targeting the entire plantation community. These are targeted interventions aimed at reducing income disparities in specific districts in addition to the increase of the daily wage of the plantation sector workers up to Rs.1,000/-. These measures contribute to the target achievement under SDG 10.4, fiscal, wage and social protection policies to achieve greater equality. However, there is a need for more policies targeting the specific needs of the districts with the highest level of poverty.

Recognising the important role of the informal sector including SMEs and MSMEs in contributing towards income generation, budget allocations for an additional LKR 5

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180 IPS (2020) Policy Insights, Harnessing Social Protection During Pandemic
billion to provide relief to micro, small and medium scale businessmen representing all sectors that were directly affected by the pandemic has been proposed in the 2022 Budget. These are aimed at empowering the MSMEs and SMEs which can lead to the protection of jobs in the informal sector in addition to new job creation, which would effectively contribute to achieving SDG target 5.5, related to reducing the rate of unemployment. Further, allocations have been made for the informal economic sectors and for those who lost income during the period when the country was locked down.

Despite these efforts, poverty levels in districts vary significantly from a low of 3.5% in Colombo to 44.2% in Nuwara Eliya. It is estimated that more than a third of the COVID-19-related job losses are expected to have occurred in the Western Province\textsuperscript{181} which reflects a rise in urban poverty. Further, shortages in access to health facilities, cooking fuel, drinking water, and basic facilities have the highest levels of disparities across different parts of the country. These indicate the prevailing income inequalities despite significant efforts by the government to improve social coverage.

This necessitates policy formulation cognizant of income disparity, in addition to the formulation of high-impact policies guided by the indicator composition of multidimensional poverty analysis, in order to ensure the most cost-effective response.

Further, addressing the constraints to accessing jobs in the non-agricultural and informal sectors is a key in reducing poverty and income disparities and would contribute to reducing youth unemployment which is at a higher risk of increasing.

Therefore, focusing on these issues in policy formulation towards reducing income inequalities will effectively contribute to target achievement of SDG 1.2, 1.3 and 1.5 relating to poverty alleviation, social protection and access to basic services.

**Key Finding 5.5.3:** Sri Lanka consistently outperforms its regional peers and exceeds its SDG targets related to healthcare, particularly in relation to maternity, birth, preventive care. However, concerns around curative care remain. While recognising the high standard of the free healthcare system, policy initiatives backed by resources are needed to face the emerging health challenges, such as Non Communicable Diseases (NCD)s.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Population Share (%)</th>
<th>MPI</th>
<th>Headcount Ratio (H, %)</th>
<th>Intensity (A, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Value</td>
<td>Confidence Interval (95%)</td>
<td>Value</td>
</tr>
<tr>
<td>0-4</td>
<td>6.6</td>
<td>0.057</td>
<td>0.052 0.064</td>
<td>14.0</td>
</tr>
<tr>
<td>5-17</td>
<td>21.2</td>
<td>0.071</td>
<td>0.066 0.076</td>
<td>16.9</td>
</tr>
<tr>
<td>18-35</td>
<td>22.9</td>
<td>0.061</td>
<td>0.056 0.067</td>
<td>14.8</td>
</tr>
<tr>
<td>36-64</td>
<td>37.2</td>
<td>0.066</td>
<td>0.062 0.071</td>
<td>16.0</td>
</tr>
<tr>
<td>65+</td>
<td>12.2</td>
<td>0.076</td>
<td>0.070 0.083</td>
<td>17.9</td>
</tr>
</tbody>
</table>

Source: Department of Census and Statistics (DCS)

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Sri Lanka’s universal free healthcare has ensured high performance in key healthcare indicators such as infant mortality rate (IMR), under-5 mortality rate (U5MR) and maternal mortality ratio (MMR), in addition to eradicating polio, neonatal tetanus, malaria, filariasis and leprosy, and has achieved near elimination of other diseases covered by the Expanded Programme on Immunisation (EPI)\textsuperscript{182}. (SDG Targets 3.1, 3.2, 3.3)

Sri Lanka has been performing high in the following SDG indicators as well:

- The National STD/AIDS Control Programme- 2016-2020 has ensured the achievement of SDG target, 3.3.1 on number of new HIV infections per 1,000 uninfected population at 0.01\textsuperscript{183}
- Reducing the prevalence of neglected tropical diseases - Malaria was eliminated from Sri Lanka in 2012 and was certified with malaria-free status in 2016\textsuperscript{184}
- Sri Lanka is close to achieving the SDG target 3.7 on ensuring universal access to sexual and reproductive health-care services - the demand for family planning satisfied with modern methods was measured at 79.5% in 2020 (2030 target 81%)\textsuperscript{185}.

Table 5.8: Coverage of essential health services

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator</th>
<th>Baseline</th>
<th>Target 2030</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8.1.12</td>
<td>Hospital beds per capita, relative to a maximum threshold of 18 per 10,000 population</td>
<td>2016- 100% (MSU data)</td>
<td>Maintain at same level</td>
<td>100%</td>
<td>100% (MSU)</td>
<td>100% (MSU)</td>
<td>100% (MSU)</td>
<td>N/A</td>
</tr>
<tr>
<td>3.8.1.13</td>
<td>Percentage of infants receiving three doses of diphtheria-tetanus-pertussis containing vaccine</td>
<td>(2016) Physicians - 0.895 (99.4%) Psychiatrists - 0.3 (30%) Surgeons - 2.3 (16.4%)</td>
<td>Physicians - 0.92 (99.4%) Psychiatrists - 0.34 (34%) Surgeons - 2.3 (16.4%)</td>
<td>Physicians - 0.91 (100%) Psychiatrist - 0.40 (40%) Surgeons - 2.30 (16.4%)</td>
<td>Physicians - 0.91 (100%) Psychiatrist - 0.40 (40%) Surgeons - 2.30 (16.4%)</td>
<td>Physicians - 0.92 (100%) Psychiatrists - 0.40 (40%) Surgeons - 2.30 (16.4%)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>3.8.1.14</td>
<td>International Health Regulations (IHR) core capacity index</td>
<td>2018 - 46%</td>
<td>70%</td>
<td>43%</td>
<td>54%</td>
<td>62%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Epidemiology Unit, Ministry of Health

\textsuperscript{182} WHO Regional Office for South-East Asia (2021) Sri Lanka Health System Review
\textsuperscript{183} SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
\textsuperscript{184} SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
\textsuperscript{185} SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
Figure 5.38: Sri Lanka – Progress by Indicators in Goal 3

<table>
<thead>
<tr>
<th>2015</th>
<th>2021</th>
<th>Target 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>3.1.1 Maternal mortality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.2 Births attended by skilled health personnel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.2.1 Under-five mortality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.2.2 Neonatal mortality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.3.1 HIV infections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.3.2 Tuberculosis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.3.3 Malaria</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.3.5 Interventions against neglected tropical diseases</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.4.1 Cardiovascular disease, cancer, diabetes or chronic resp</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.4.2 Suicides</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.5.2 Harmful use of alcohol</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.6.1 Road traffic deaths</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.7.1 Family planning satisfied with modern methods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.7.2 Adolescent births</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.8.1 Essential health services coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.8.2 Household expenditures on health</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.9.3 Unintentional poisoning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.a.1 Tobacco use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.b.1 Population covered by all vaccines in national programm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.c.1 Health worker density</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.d.1 Health capacity and emergency preparedness</td>
</tr>
</tbody>
</table>

Source: UNESCAP
Furthermore, Sri Lanka is closer to achieving the SDG target 3.8 on infant vaccination.

Table 5.9: Infant vaccination rate

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator</th>
<th>Baseline</th>
<th>Target 2030</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8.1.3</td>
<td>% of infants receiving three doses of diphtheria-tetanus-pertussis containing vaccine</td>
<td>2016 DPT3 -97%</td>
<td></td>
<td>97%</td>
<td>96.3%</td>
<td>95%</td>
<td>98%</td>
</tr>
<tr>
<td></td>
<td>Instead of DPT, Sri Lanka is giving PENTA 3 (EPID)</td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Epidemiology Unit, Ministry of Health

The country’s high performance in the healthcare sector is due to the increased healthcare spending by the government, since 2016. This has been consistent with the average lower middle-income countries’ health expenditure of 4%, but lower than upper middle-income countries’ health expenditure of 5.9%186.

However, the country’s healthcare infrastructure development requires additional funding and policy initiatives to face emerging threats such as NCDs and emerging new infections such as dengue, Covid-19 and re-emergence of old infections such as tuberculosis. Despite the increase in healthcare spending by the government, the out-of-pocket expenditure on healthcare accounted for around 46% of the country’s total healthcare expenditure187. Although, the out-of-pocket expenditure has been declining over the years, (from 50% in 2016 to 46 in 2019)188, there is a need to reduce this gap in order to effectively provide universal free healthcare189.

In addition, marring the national success on health indices, are inequalities in the access to healthcare, especially within the estate sector. For example, only about half of women who gave birth received prenatal care (compared to 69% among urban women)190. This can lead to a negative impact on SDG targets 3.1 and 3.8 on maternal mortality & universal health coverage.

187 World Bank website, Available at: https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS?locations=LK
188 World Bank website, Available at: https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS?locations=LK
190 Sri Lanka Health System Review, Asia Pacific Observatory on Health Systems and Policies

Figure 5.39: Trends in health expenditure as a % of GDP in selected countries, 2016 -2019
Given the overlapping and complex nature of the challenges, concerted efforts and targeted interventions are required for decisive progress in addition to updated information on healthcare indicators\textsuperscript{191}. For instance, there is a growing need to focus on NCDs, the common illnesses being cardiovascular diseases, cancer, diabetes, arthritis, depression, dementia, and Alzheimer for people over 60.

Recognizing the complexity of providing lifelong monitoring and treatment, more resource allocations are required for elderly care. The establishment of a central policy planning committee which could incorporate Ayurvedic medical practices into the healthcare, especially curative care for older people would largely benefit the needs of the elderly populations. The Department of Ayurveda focuses on both communicable and non-communicable diseases through various indigenous techniques. In terms of preventive care, the introduction of “Su-wadaranee” the immunity booster, and related research and marketing activities is significant. In terms of curative care, post COVID-19 care centres were established, and patients were offered treatment as per indigenous means. In addition, awareness programs were carried out to teach the public about home care and treatments relating to COVID-19.

The MoH has identified that the reorganisation of the government’s primary curative health-care services, while protecting the current strengths can be a means to addressing NCDs as well as achieving universal health coverage. In this essence, each primary curative care institution is to be allocated a defined population and a package of essential services for the management of NCDs\textsuperscript{192} aimed at SDG 3.8 target achievement on reducing the prevalence of NCDs for adults aged 18 to 69 years.

The country’s curative care sector has many fragmented information systems, where data interoperability across different platforms is another major challenge. MoH is in the process of integrating and harmonising these into a uniform HIS linked through unique citizen identifiers. This is expected to ensure coverage of essential health services thereby achieving SDG target 3.8 on universal health coverage. In addition, resource allocation towards the development of early detection systems is critical, as the global threat of newly emerging diseases has intensified.

There is an overall need to increase budgetary allocations towards health, in order to carry forward the progress achieved in the healthcare system, in the face of growing challenges in future. Private sector partnerships could also be nurtured to encourage commercial care projects which are accessible to different levels of society.

Addressing these challenges in the healthcare sector can therefore contribute to achieving SDG targets 3.4, 3.8 and 3.c.

Key Finding 5.5.4:
While policies and programmes are in place, the drop in agricultural output due to the repercussions of the chemical fertiliser ban and high food inflation will pose significant challenges to ensure the country achieves its nutrition related targets. A multi-sectoral approach and multi-sectoral partnerships are needed with an effective vertical and horizontal coordination platform to address the nutrition related challenges.

192 Asia Pacific Observatory on Health Systems & Policies (2021) Sri Lanka Health System Review
Sri Lanka has been performing well in Human Capital Index (HCI rankings) due to its substantive coverage of healthcare facilities and public schools that have enabled the government to implement several grassroots level free health service interventions and food supplementation programmes. Sri Lanka has 99% coverage of child immunisations and has recorded a gradual decrease in the mortality rate for children under the age of five years\textsuperscript{193}. In addition, the prevalence of stunting, which is an indicator of malnutrition among children, although relatively high shows a declining trend where the WHO modelled estimates of stunting among children below the age of five years was recorded at 16% in 2020\textsuperscript{194} declining from the 17.3% recorded by the government in 2017.

Further, the Budget 2022 proposed two initiatives relating to nutrition and food security, one being the "Nutrition Basket for Pregnant Mothers" currently provided for 10 months, which will be extended to 24 months and the second being "The Home Food Security Program" for the provision of relief basket to poor families identified at the GN Division level. In addition, under the "Uttama Pooja" programme of providing a continuous nutrition allowance of Rs 20,000 to pregnant mothers and mothers with infants, 1,145,833 nutrition bags were provided.

Financing for nutrition interventions would be a key challenge in the upcoming years amidst funding requirements for poverty alleviation and development. This is already reflected in the spending plans where the food allowance program for pregnant mothers, which is one of the main government interventions for nutrition, was halted due to the unfolding of the country’s economic crisis. In addition, the rising food costs in the backdrop of declining productivity levels in agriculture and the shortage of essential goods, access to nutritious diet will be constrained especially for those under poverty levels.

In addressing issues relating to nutrition, a multi-sectoral approach and partnerships have been proposed capitalising on public-private partnerships and others as well as innovative approaches such as the Food Bank concept. Increasing the number of engagement and partnerships with private sector stakeholders to address these challenges in reducing malnutrition can effectively contribute to the target achievement of SDGs 2.2 on reducing malnutrition, 3.1 on maternal mortality rate and 3.2 on child mortality.

\textsuperscript{193} UNICEF website, Available at: https://data.unicef.org/country/lka/
\textsuperscript{194} WHO website, Available at: https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted(-height-for-age--2-sd)
\textsuperscript{195} Institute of Policy Studies (IPS) (2020) A Proactive Path to Combat Malnutrition in Sri Lanka
The government is in the process of implementing the National Mental Health Policy 2020 – 2030, which was formulated under the major sectors of strengthening leadership and research activities, provision of extended mental health services, human resources development and empowering the community.

Reversing the Impact of COVID-19

The COVID-19 impact on the mental well-being of frontline staff and health workers included the fear of being exposed to the virus and infecting their families. Those who had isolated themselves from their loved ones due to fear of infecting their loved ones grappled with issues of solitude & work pressures alone. Health staff were increasingly faced with stigmatisation from the public due to the fear of being exposed. The Directorate of Mental Health (DMH) within the MoH of Sri Lanka developed an evidence-based communication campaign to combat this situation by developing messages about wellbeing that were shared to the population via electronic media and community-based organisations. The wellbeing messages were inserted as ringtones in all mobile phone lines for three weeks during the peak of COVID-19.

As healthcare workers were at high risk of burnout, the DMH, with the help of the National Technical Committee on Mental Health developed guidelines for health administrators to promote mental well-being of frontline health personnel and contain future mental health conditions which included a Mental Health Wellbeing Programme dedicated to frontline health workers and their families, assisting more than 2,000 families along the line. All hospitals also took initiatives to promote the wellbeing of their employees in accordance with these guidelines. The government has also implemented a project with WHO and Sri Lanka Telecom to build capacity and decentralise the helpline service (1926) of the National Institute of Mental Health to district level, to accommodate an escalation in distressed calls.

Further, in addressing the mental well-being of school children, MoE has provided guidance for teachers on identifying mental stress in children and facilitating psychosocial needs in its instructional Manual for the reopening of schools in May 2020.

Case Box 02:

The Food Bank Concept

Food for All- Kadamandiya Food Bank (KFB) is the first food bank in Sri Lanka. KFB is an organization that tries to build up a connection between individuals, houses, community gardens, farmers, supermarkets/hotels and low-income families, religious places, elder’s homes, orphanages, rural schools to make the surplus food (which is palatable but are to be discarded) reachable to the people in need. KFB composed entirely of volunteer youth works to bridge the gap in the supply chain by collecting surplus foods and providing them to people in need working closely with The Global Food Banking Network.

Source: Food For All – Kadamandiya Food Bank

Key Finding 5.5.5:

Despite the ongoing efforts, mental health and well-being require more focused attention. If not addressed, it will undermine the importance of psychosocial support for the community at large especially for frontline workers and vulnerable groups. Policy gaps, lack of institutions, funding, and human resources are cited as key challenges to addressing the psychosocial needs of the population, in particular frontline workers and vulnerable groups.

The government is in the process of implementing the National Mental Health Policy 2020 – 2030, which was formulated under the major sectors of strengthening leadership and research activities, provision of extended mental health services, human resources development and empowering the community.

197 Ministry of Finance website, Available at: https://www.treasury.gov.lk/api/file/747d09ae-f6f4-4fc7-b544-b46745ce524
However, the DMH lacks adequate resources and data on mental health as early identification of mental health issues and appropriate interventions will be pivotal to further limit the psychological impacts of COVID-19. For instance, the number of suicide cases have increased in 2021\textsuperscript{199}, (SDG Target 3.4 on NCD and Mental Health) by over 200 indicating that the Psychosocial needs of the people who are being affected by the economic crisis, post the pandemic, needs to be addressed with appropriate mental health awareness programmes.

Youth and Mental Health

Youth empowerment is a key area for the promotion of mental health and well-being where 23.2\% of the population accounts for young people between the ages of 15 and 29 years\textsuperscript{200}. There is a growing need for youth empowerment where the youth unemployment rate has increased from 17.36\% to 20.6\% in 2019\textsuperscript{201} and is expected to increase with the country’s overall rise in unemployment due to the COVID-19 pandemic and the onset of the economic crisis.

According to the Global Youth Development Index published by The Commonwealth Secretariat, Sri Lanka is recognised as a High Youth Development nation with a ranking of 61 out of 181 nations\textsuperscript{202}. Sri Lanka was scored 0.747 in the Index in 2020\textsuperscript{203}. However, it is notable that this is a drop from the score recorded in 2015 at 0.75.

Table 5.10: Commonwealth Global Youth Development Index for Sri Lanka

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall rank (score)</td>
<td>31 (0.731)</td>
<td>61 (0.747)</td>
</tr>
<tr>
<td>Education rank (score)</td>
<td>108 (0.721)</td>
<td>92 (0.769)</td>
</tr>
<tr>
<td>Employment and opportunities rank (score)</td>
<td>24 (0.751)</td>
<td>56 (0.806)</td>
</tr>
<tr>
<td>Equality and inclusion rank (score)</td>
<td>Not available</td>
<td>117 (0.798)</td>
</tr>
<tr>
<td>Political and civic participation rank (score)</td>
<td>17 (0.82) for civic and 54 (0.703) for political</td>
<td>12 (0.395) overall</td>
</tr>
</tbody>
</table>

Source: The Commonwealth Organisation

\textsuperscript{199} SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
\textsuperscript{202} The Commonwealth (2020) Global Youth Development Report
\textsuperscript{203} The Commonwealth (2020) Global Youth Development Report
The National Youth Development Programme, "Hope for Youth" by the Ministry of Youth and Sports aims to reduce youth unemployment from the current 28% to 12%. The program is expected to address the challenges encountered by youth by actively engaging them in the development process of the country. In addition, the government has initiated the Community Police Service Program with the aim of obtaining the services of Youth as "Community Assistants (Voluntary)" at the GN division level. Accordingly, the Sri Lanka Police will issue them a volunteer identity card in addition to awarding a service certificate on "Community Leadership" for the six-month participation in the programme. These initiatives are expected to contribute towards reducing the proportion of youth not in employment, education, or training (SDG Target 8.5).

The government has also taken initiatives such as the scheduled plan to establish 500 Container Based Cross-Fit Gyms across the country under the theme of 'let's win', in view of directing the youths towards active lifestyle and sports development. In addition, the cabinet has approved plans to construct Youth Community Centres in each DS Divisions over the next five years through public private joined projects and facilitating 04 zones, - Youth Development Zone, Youth Entertainment Zone, Economic Zone, and Green Zone for various activities within these centres. Such initiatives are expected to contribute towards improving the mental health and well-being of the youth.

In this backdrop, there is a huge potential for partnerships in this area where divisional level CSOs could partner with DMH in creating awareness on mental health priorities and introducing coping mechanisms for people with identified mental health issues204. Awareness programs at the grass root levels and other initiatives towards improving the mental health of the youth in collaboration with CSOs and other stakeholders can contribute towards SDG Targets 3.4 on NCDs and Mental Health and 8.6 on Youth not in employment, education or training.

Key Finding 5.5.6: Females account for 71% of Sri Lanka’s graduate output, but account for only 34% of the economically active population and even a lesser number in decision making and leadership positions reflecting the structural weaknesses leading to gender inequalities.

Sri Lanka’s high literacy rates as a result of the free education has ensured equality in education for females where females have recorded higher proportion of completion rates across primary, lower secondary and secondary education compared to males. This has transcended to the graduate output of the country as well, where female graduate output is higher than males (females account for 71% of total graduate output in 2020)205. In addition, the proportion of women in managerial positions has increased from 25.6% in 2019 to 26.1% in 2020206, which can be attributed to the increased level of education among females (SDG Target 5.5).

Despite these progresses, females account for the largest share of the economically inactive population in the country, where around 73% of the females in the labour force are economically inactive compared to 27% of males being economically inactive207. Women’s role as the primary caregiver and lack of facilities for childcare have been identified as a major constraint, preventing women from participating in economic activities. This is reflected in

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204 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
205 UGC website, Available at: https://www.ugc.ac.lk/downloads/statistics/stat_2020/Chapter%204.pdf
206 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data

122 Second Voluntary National Review Sri Lanka
SDG indicator 5.6.1, where women spend around 25% of their day in domestic care work, compared to males who spend only around 7% of their day for the same.\(^{208}\)

However, around 26% (1.4 million) of the households in Sri Lanka are headed by females, which indicates the need to increase female labour force participation in the country.\(^{209}\) Due to policies encouraging skilled migration over low-skilled migration and the introduction of higher minimum wages for domestic workers, there has been an increase in the number of female migrations in 2019, where around 80,985 females migrated for foreign employment, making up 40% of the total of 203,186 worker departures in 2019.\(^{212}\) However, migration of females in Sri Lanka has created social issues such as disruption to children’s education, children become victims of violence and human trafficking, in addition to husbands becoming addicted to alcohol, causing disruptions to families and properties.\(^{211}\) On the other hand, migrant workers for domestic work also face much harassment and exploitation in their jobs. Therefore, there is a need to strengthen policies against low-skilled female labour migration while addressing alternative employment opportunities and upskilling of females.

**Figure 5.40:** Gender and labour migration from Sri Lanka 1986–2019

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\(^{208}\) SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data

\(^{209}\) DCS website, Available at: http://www.statistics.gov.lk/Resource/en/GenderStatistics/Special_Concerns/FemaleHeadedHouseholdsBySector,ProvinceAndDistrict2016.pdf

\(^{210}\) UNU WIDER website, Available at: https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-44-ban-on-female-migrant-workers-skills-differentiated-evidence-Sri-Lanka.pdf

\(^{211}\) Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024
In terms of local employment, sectors that employ a large proportion of females include, manufacturing (including the sub-sector of textile manufacturing), accommodation and food services, and wholesale and retail which are classified as high-risk sectors with high probability of unemployment due to the COVID-19 pandemic\textsuperscript{212}. This indicates the vulnerability of females, who represent 52% of the population, to the economic shocks faced by Sri Lanka.

**Figure 5.41:** Sectoral perspective of female workers at risk

![Sectoral perspective of female workers at risk](source: Institute of Policy Studies (IPS))

Although the country’s political history features several high-profile women, including the world’s first female Prime Minister, Sri Lanka has one of the lowest rates of female parliamentary representation in South Asia (5.8%) in the current parliament\textsuperscript{213}. However, the 2018 Local election opened doors to increased female representation\textsuperscript{214}, because of the Local Authorities Elections (Amendment) Act which mandated a 25% quota for women’s representation at the local and provincial government levels.


\textsuperscript{213} DFAT website, Available at: https://www.dfat.gov.au/sites/default/files/country-information-report-sri-lanka.pdf

\textsuperscript{214} DFAT website, Available at: https://www.dfat.gov.au/sites/default/files/country-information-report-sri-lanka.pdf
Sexual harassment of women, especially in public transport remains a concern, but is rarely reported. Although, the DCS conducted Women’s Well-being Survey in 2019 reported only 0.4% women and girls aged 15 years and older subjected to non-partner sexual violence in the previous 12 months, a study by the United Nations Population Fund (UNFPA) reveals a higher number of women and girls having experienced sexual harassment in public buses and trains. The same Study reports the number at 90%, where however only 4% had sought help from the police\textsuperscript{215}. This indicates that, the low proportion (0.4%)\textsuperscript{216} of women and girls aged 15 years and older subjected to sexual violence during the past 12 months might, in effect, be due to the low number of reported cases, compared to a large number of unreported incidences. It is noted that victims of sexual violence, especially statutory rape of minors, are reluctant to report the matter to the police due to social stigma and out of fear of being alienated by their families and have difficulty marrying if the matter became widely known.

Violence against women is considered a barrier to their economic, social and political empowerment. Thus, there is a need for strengthened regulations and pro-women policies in Sri Lanka, promoting social, economic, and political participation of women, effectively forming the basis to overcome structural barriers that lead to gender inequalities.

Creating a conducive environment for female participation in economic, political and social activities through targeted policy interventions can effectively contribute to the target achievement SDG Targets 5.4 on unpaid care and domestic work, 5.5 on women in leadership and 8.5 on full employment and decent work.

Key Finding 5.5.7: Persons with disabilities who are of schooling age that don’t attend school amount to nearly 1% of Sri Lanka’s school going age population and highlights the limitations of inclusivity in the country’s education system. Creating access and developing opportunities for disabled people and creating equal access to education is vital.

At present, there are more than one million disabled children at the school going age\textsuperscript{217} of which only 7,502 children are currently receiving education\textsuperscript{218}. Currently there are 25 exclusive schools for those who are severely handicapped and are unable to adapt to the conditions in mainstream classes. In addition, there are 25 special education units in schools, where trained instructors take care of these children at the start and once, they are ready, directed to a mainstream class\textsuperscript{219}. However, Non-formal Education (NFE) programmes serve the education needs of out-of-school children (OOSC) and adult groups in the community, such as functional literacy centres (FLCs), community learning centres (CLCs) and vocational training centres where some OOSC are enrolled back to the formal school system, enabling equal access to education and vocational training for the disabled.

Data gaps exist about how children with disabilities, with no access to distance learning materials, living in remote areas were coping after schools were closed during the pandemic. It appears that no specific targeted intervention had been organised to prevent learning inequity\textsuperscript{220}. This has impacted the access to education for the

\begin{footnotesize}
216 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
218 Ministry of Education (2020) Annual School Census of Sri Lanka
\end{footnotesize}
disabled student population who are currently receiving education. Therefore, inclusive data collection methods within the education management information system that captures disabilities and barriers faced by students in accessing quality education, including the type of learning aids and infrastructure support they require is needed towards making future progress in this area.\(^{221}\)

The MoE has developed an awareness programme for parents to teach students with intellectual disability, down syndrome, and autism through YouTube as part of its strategy on strengthening special education (SE), inclusive education and non-formal education (NFE)\(^{222}\) in order to combat this issue, in addition to contributing to the access to education for the students who are currently not enrolled in schools which leads to the achievement of SDG Target 4.5.\(^{223}\)

The Government has embarked on educational policy reforms based on the recommendations of the PTF on Sri Lanka’s Educational Affairs. Focus on infrastructure development for the support of disabled children and capacity development for teachers and education officers to provide learning facilities to the disabled population should be vital for the creation of an inclusive education policy. It is noteworthy in this regard, that the government had included provisions in the Urban Development Authority Planning & Development Regulations 2021 to incorporate access facilities to disabled persons including lift access, sanitary conveniences, and parking at all public buildings including public educational institutions.

The Department of Social Services, in addition to providing vocational training to disabled youth in the 16–35 age group, expanded the operations of its Lama Margopadeshana Centre in January. The expansion is aimed at increasing the accessibility of the services of Lama Margopadeshana Centre, which was previously limited to Colombo, to other areas.

It is noted that despite these efforts, data from ILO reveals that the percentage of persons with disabilities covered by a social protection scheme has declined from 20.7% in 2018 to 18% in 2020\(^{223}\) which directly impacts the proportion of vulnerable people living under poverty levels. Therefore, it is important to increase the access to education and skills development for the disabled communities which can lead to increased economic, social and political participation of the disabled people in Sri Lanka thereby contributing to SDG targets 4.5 on equal access to education and 10.2 on Inclusion.

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\(^{221}\) UNESCO (2021) Sri Lanka Case Study - Situation Analysis on the Effects of and Responses to COVID-19 on the Education Sector in Asia


\(^{223}\) ILO website, Available at: https://www.iilo.org/ilostat-files/Documents/Excel/INDICATOR/SDG_0131_SEX_SOC_RT_A_EN.xlsx.
5.6
Public Sector Reforms and Innovation

The improved position of Sri Lanka’s ranking according to the E-Government Development Index (EGDI) from 94th (score 0.58) in 2018 to 85th (score 0.67) in 2020\(^2\) reflects the country’s progress in the government’s use of technology. This, together with increased access to internet and smartphone penetration would enable the country to address the challenges relating to strengthening public service delivery through inclusive and participatory approaches.

The need for all government agencies to be integrated into a single data network for an efficient public service delivery has been recognised. In this light, it has been identified that the DCS faces several challenges with regards to data availability, since the department is a highly centralised organisation which operates within a devolved/decentralize government structure where data sets are internally compartmentalised into silos within districts, staff of other departments and ministries. Therefore, the government has identified the need for DCS to develop a more outward perspective and to play its role as coordinator with other agencies\(^3\).

In a draft Strategic Plan 2016-2019, the DCS listed several critical issues faced by the department, including low profile of statistics within sector Ministries, inadequate capacity to collect, compile, store disseminate & use statistics, outdated legal & policy framework, inadequate human resources, undertrained staff, low investment in infrastructure and equipment and un-coordinated & un-harmonised statistical management\(^4\).

The government has initiated capacity development of the local government officers in relation to data collection, sharing and analysis with the assistance of European Union (EU) and World Bank (WB) through the STRIDE project.

The government launched the SDG data portal in 2021 which is a key milestone in the compilation and data sharing on Sri Lanka’s progress of achieving SDGs. The data mapping process as part of the data portal has

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\(^2\) UNDESA (2020) UN E-Government Survey 2020
\(^3\) DCS (2019) Review of the National Statistical System of Sri Lanka
\(^4\) DCS (2019) Review of the National Statistical System of Sri Lanka
improved the data availability of SDG indicators from 46 before the mapping to 106 after the completion of the mapping process up to June 2022.

However, the data on indicators are not up to date which hinders the government’s policy making process and the analysis of the impacts of policies made. For instance, the latest data available for SDG Indicator 5.2.1 (proportion of ever-partnered women and girls aged 15 years and older subjected to violence by their intimate partner) is from 2019, which doesn’t reveal the impact of COVID-19 and post pandemic recovery on SGBV. Further, the lack of updated data on the proportion of women aged 20-24 years who were married or in a union before age 18 (SDG indicator 5.3.1) where the impact of recent changes on the Muslim Marriage and Divorce Act (MMDA) cannot be analysed. Recognising the data gaps in relation to gender equality, the cabinet has approved the proposal by the MoE to make it compulsory to collect information based on gender and age group in all censuses, surveys and studies conducted by Ministries, Departments and Statutory Institutions. This initiative is expected to contribute to evidence-based policy and planning processes responding to gaps relating to child and women’s development. The improved data availability in gender would largely add value to achieving the targets of SDG 5.

Although Sri Lanka’s national policy priorities are closely aligned to its SDG targets, data deficiencies and gaps in the data ecosystems remain a key challenge in monitoring and evaluation of policy implementations on SDG targets.

Improving these data gaps and providing up to date, and disaggregated information will lead to informed decision making and targeted policy formulation at the government level as well as in private sectors, effectively contributing to SDG target 10.2 on inclusion of all.

Successful collaborative efforts of the Information and Communication Technology Agency (ICTA) greatly enabled the government’s continuous operations through digital solutions amidst the movement restrictions during the pandemic. These efforts included information disseminations through MyHealth Sri Lanka app, pre-arrival clearance process to immigration process at Bandaranaike International Airport, the Contact Sri Lanka web portal for all Sri Lankans overseas allowing them to register for any support from the Government and a web portal to support communication with foreign nationals in Sri Lanka.

The pandemic accelerated technology adoption in mass scale across both public and private sectors. Moving forward with the progress achieved during COVID-19, ICTA is now piloting 10 selected DSs to bring services online through its ‘form.gov.lk’ initiative, a cloud-based Software-as-a-Service (SAAS) platform, in collaboration with the World Bank. Leveraging existing infrastructure such as the Lanka Government Cloud (LGC 2.0) (the government’s cloud computing infrastructure), and the Lanka Government Network (the government’s private network which connects 860 government offices across the country), the proposed initiative will strengthen the general public’s ability to access public services digitally.

Key Finding 5.6.2: Public institutions were able to lead innovative solutions to enhance public access to delivery of services and access to information via digitization efforts. These efforts have been accelerated due to the Covid-19 pandemic.

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227 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
228 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
229 UNESCAP (2019) INTERPRETING SDGS FOR SOUTH ASIA: IN SEARCH OF A REGIONAL FRAMEWORK - THE CASE OF SRI LANKA
230 World Bank website, Available at: https://blogs.worldbank.org/endpovertyinsouthasia/digitalization-way-forward-sri-lanka
A disaster recovery site is also to be established for LGC 2.0 so that critical data is not lost in times of exogenous shocks, including natural disasters such as flooding and cyclones.

Furthermore, in addressing the issues relating to delays in obtaining approvals for and implementation of development projects, the Cabinet approved measures to simplify and fast-track lengthy processes and bureaucratic red tapes to attract investments towards development projects. Accordingly, the MoF has been instructed to report on the development projects which could be expedited through faster approvals, every three months and to introduce a new mechanism to ensure a continuous cash flow for the key development projects, enabling payment to project contractors without delays. This initiative is expected to contribute to reducing the delays and the associated costs related to the implementation of development projects231.

These initiatives are expected to contribute towards the target achievement of SDG 9.3, 9.5, 10.2 and 10.4 on small-scale industries access to finance, research and development, inclusion of all and fiscal, wage and social protection policies.

‘Building a Technology-based Society’ is one of the ten key policy priorities of the country under its NPF. The policy framework outlines the following five strategies to achieve the aforementioned objectives:

- Establish Sri Lanka as a Global Innovation Hub
- Set up a Citizen-Centric Digital Government
- Establish Digitally Inclusive Sri Lanka
- Promote IT Entrepreneurship

In this regard, ICTA has been entrusted with the responsibility of proposing the National Digital Policy and Strategy to be implemented during the period 2020-2025. ICTA’s scope according to its Strategic Roadmap includes three pillars - Digital Government, Digital Economy, and Digital Services. Accordingly, the President’s proposal for the restructuring of ICTA, empowering the agency to carry out the aforementioned tasks was approved by the Cabinet. As the enabling agency, ICTA envisions to see 300,000 IT professionals, 500 digitally empowered government Chief Information Officers (CIO)s contributing to and operating their digital infrastructure by 2024.

Sri Lanka’s ranking in the Global Cybersecurity Index (GCI) has declined from 71 in 2017232 to 83233 in 2020 indicating the need for improvement in the country’s cybersecurity landscape. In this regard, the government is implementing the National Cyber Security Policy 2019-2023 which has proposed initiatives such as the establishment of the Digital Infrastructure Protection Agency (DIPA), in addition to introducing a new Cybersecurity Act. In this essence, the Personal Data Protection Act, No. 9 of 2022 was passed in the parliament, which provides the legal framework for the protection of personal data of data subjects ensuring consumer trust and safeguarding privacy of the country’s citizens. It is notable that Sri Lanka is the first South Asian country to pass comprehensive privacy legislation234.

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The National Financial Inclusion Strategy (NFIS) launched in 2022 includes Digital Finance and Payments as one of its four pillars, which proposes the strengthening of the regulatory framework and the development of financial digital infrastructure with the aim of affordable and easily accessible financial products to underserved consumers235.

Further, the government has established the National Innovation Agency (NIA) in order to coordinate with relevant Ministries, Institutions and the Private sector entities for the creation of a national innovation ecosystem and to provide support for innovations from idea to market. In addition, a new bill is being drafted for the approval of parliament to introduce provisions incorporating the functions and the responsibilities of the Sri Lanka Inventors’ Commission within the purview of the Coordinating Secretariat for Science, Technology, and Innovation. (COSTI).

Although these initiatives can contribute to ICT skill development and contribute to digital government, additional laws and policies are also necessary to enable the development envisioned by the ICTA’s National Digital Policy236. The lack of innovation in public sector service delivery has also been stated as a hindrance in policy implementation237, causing institutions to operate in individual silos despite the potential for cross-sectoral collaboration for effective strategic interventions.

Addressing these issues can enable the achievement of SDG targets 10.4 on Fiscal and social protection policies and 10.5 on Regulation of financial markets.

Sri Lanka has been making good progress in E-governance with the government’s initiatives to adopt digitalisation in public service which has been accelerated due to COVID-19 induced movement restrictions which compelled rapid adoption of online collaborative tools.

The growing internet usage among the Sri Lankan population has also created demand for digitising public interfaces and government services. This is evidenced by the improvement in Sri Lanka’s E-Participation Index (EPI)238, which measures the use of online services for the provision of government information for citizens. Sri Lanka’s EPI ranking has improved from 85 in 2018 to 66 in 2020 out of the 193 countries ranked239.

### Key Finding 5.6.4:
Digital Government is the key initiative for delivering a technology transformation within government by increasing citizen access and participation through digital programmes such as E-Gramaniladhari and E-Courts. However, challenges remain in the uniform adoption of technology across government.

### Table 5.12: Sri Lanka EPI Performance

<table>
<thead>
<tr>
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<th>2018</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
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<td>66</td>
</tr>
<tr>
<td>Score</td>
<td>0.63</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Source: UN E-Government Survey 2020

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235 CBSL website, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/NFIS%20Summary_%20English_2.pdf
236 UNCTD website, Available at: https://unctad.org/system/files/official-document/BRI-Project_RP15_en.pdf
238 UN public administration website, Available at: https://publicadministration.un.org/egovkb/en-us/About/Overview/E-Participation-Index
239 UNDESA (2020) UN E-Government Survey 2020
Digital Government is a key enabler of Sri Lanka’s digital economic development and growth in the National Digital Policy for Sri Lanka 2020 - 2025\(^{240} \). One of the key initiatives that were prioritised by the government during the COVID-19 pandemic was ‘e-Grama Niladhari’ (e-GN) project’, which was endorsed by the Cabinet in March 2021\(^{241} \) as a project of national importance and is currently being implemented.\(^{242} \) The e-GN is a database and a software for collecting and accessing information related to the day-to-day activities associated with the services provided to the public through GNs. The project is aimed at empowering the GNs with the data gathered at the divisional level, integrating, and providing access to the government to make decisions at the national level, contributing to the achievement of SDG target \((10.2)\) on empowering and promoting the social, economic and political inclusion of all and SDG \((16.6)\) on effective institutions.

The e-NIC Project was also given priority as a national level programme where the Unique Digital Identity Framework is being developed. Although previous governments have attempted the e-NIC implementation since 2015\(^{243} \), the project is now being taken up as a priority by the government with the establishment of a PTF to provide the necessary guidance to ICTA and has obtained funding support from India for its implementation in 2022\(^{244} \).

The Court of Appeal was granted approval to hold digital virtual hearings as an interim measure to address difficulties in conducting court hearings in a physical setting due to pandemic related restrictions in February 2021. The Bar Association of Sri Lanka (BASL) contributed to this initiative with guidelines to assist lawyers to familiarise themselves with the transition from a physical court to a virtual court.

In addition, a pilot project is underway for court automation which includes selected 12 courts representing each layer. Upon the successful implementation of the pilot, it is expected to include 90 more projects in the second and third phases over the next 2 years. These initiatives are significant progress in the judicial sector in minimising the delays in court cases.

Other initiatives include, the proposed plan for Digitalization of Expressway Manual Toll Collection via LANKAQR which allows payments within 8-10 seconds at the toll collection gate and the proposed project for the Enhancement of the National Traffic Database and Capacity Building to formulate a national level Traffic Data Management Plan and Traffic Database Management System to enhance the Traffic Demand Analysis Capability.

However, in order for the e-government projects to succeed, the establishment of e-government standards and the requirement to enhance digital skills of public sector officers also need to be recognized. It has been observed that “Sri Lanka’s public sector is expansive, both in terms of size and influence. In the absence of targeted efforts, it is likely not to be significantly impacted by technology disruption. In terms of e-governance strategies, success will depend on proper educational and training efforts, along with changing popular notions and perceptions around technology and bureaucracy, within and outside the government.”\(^{245} \)

Adopting a holistic approach towards e-governance strategies can therefore lead to achievement of SDG targets \(10.2\) and \(10.4\) and \(16.6\) on inclusion of all, fiscal, wage and social protection policies and effective institutions.

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\(^{240}\) ICTA website. Available at: https://www.icta.lk/policy-framework/
\(^{243}\) Department of Persons Registration website. Available at: https://www.drp.gov.lk/Templates/eNIC.english. Department-for-Registration-of-Persons.html
\(^{244}\) ICTA website. Available at: https://www.icta.lk/news/digital-id-project-is-ictas-priority/
\(^{245}\) ILO (2019) Future of work in Sri Lanka shaping technology transitions for a brighter future
The NPF outlines strategies and activities for establishing a Technology-Based Society (Smart Nation), including the development of a digitally inclusive Sri Lanka through a countrywide high-speed optical data transmission system and a high-speed 5G Mobile Broadband System to facilitate data transmission. However, data connectivity issues, especially in the rural areas, became more prominent with the implementation of home-based online learning programmes where some rural students had to take drastic measures to access the internet. The low data connectivity in rural areas was highlighted, even prior to COVID-19, during the survey conducted by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), covering 14,000 Grama Niladhari Divisions in the 25 districts, in 2019.

One of the main reasons for the connectivity issue was the unprecedented increase in peak demand for data for which the telecommunication infrastructure was unequipped. Although, Sri Lanka being an island country, does have direct access to the submarine fibre-optic cables, internet performance still saw a significant drop during the COVID-19 due to the weak backhaul and last-mile infrastructure. As a result, there is a need for increased investment in improving the telecommunication infrastructure as the country progresses towards a digital economy.

The government took swift measures to improve broadband connectivity through the ‘Gamata Sanniwedanaya’ (Connect Sri Lanka) Project launched by the TRCSL in association with the Telecommunication Service providers originally implemented in one district with plans to expand the coverage to the entire country with broadband internet through infrastructure development for digitization, through the Telecommunication Development Fund.

This initiative is expected to improve accessibility of the digital governance facilities for all citizens (SDG target 10.2) and establishing quality infrastructure (SDG Target 9.1).

Key Finding 5.6.5:
Access to high-speed and affordable internet for citizens especially in remote areas of the country and across income groups and gender remain a challenge.

Comprehensive legal reform programmes have been initiated by the MoJ under three separate committees appointed to make recommendations to reform criminal law, civil law and commercial law with a view to repealing obsolete, outdated and discriminatory provisions in the country’s legal system in order to bring the laws on par with that of contemporary global standards and in full compliance with Sri Lanka’s human rights obligations.

Significant among these are the reform of laws and ordinances including special laws (Muslim, Kandyan and Thesawalamai laws) and personal laws with gender discriminatory provisions that hinder the full empowerment of women and girls in the society. These included the initiative to introduce amendments to the Muslim Marriage and Divorce Act (MMDA) to increase the age limit of marriages to address issues relating to underage marriages and to prohibit polygamous marriages and to repeal the Land Development Ordinance by amending discriminatory provisions in relation to succession, inheritance and ownership of land making them more empowerment focused particularly relating to women’s ownership of land. This would directly contribute to the achievement of the SDG target 5.3 on eliminating harmful practices, such as child, early and forced marriages.

Initiatives have been taken to formulate a policy on “Gender Equality and Women” which is focused on women empowerment, which is to be finalised in addition to the laws relating to marital rape. In addition, the Judicial Services Commission has introduced a separate encryption so that child abuse cases pending in all High Courts can be easily and accurately identified. Another key initiative is the cabinet approval for the implementation of the National Action Plan to Monitor and Combat Human Trafficking 2021-2025 which was prepared by reviewing the Action Plan operated from 2015-2019 and the lessons learned in its implementation. These initiatives are conducive in achieving the SDG targets 5.1 on ending all forms of discrimination against women and girls and 5.2 on eliminating all forms of violence against women and girls.

In addition, several areas for policy reform in relation to women, children and other vulnerable groups have been proposed. The National Committee for Women for
instance has identified policy level amend-
ments to the Prevention of Domestic Vio-
rence Act247 as a timely need, in the light of
growing GBV caused as a result of the im-
pacts of COVID-19. These efforts are expect-
ed to contribute towards the achievement of
the SDG target 16.2 on ending abuse, explo-
itation, trafficking, and all forms of vio-
ence against and torture of children.

In order to minimize delays in court pro-
ceedings, the Cabinet has approved the
implementation of the recommendations
made by the committee appointed to study
the establishment of Pre-trial and Small
Claims Court. The approved recommenda-
tions include introducing relevant amend-
ments to the Judicature Act No. 2 of 1978,
and the formulation of a draft bill to enable
new laws to make provisions for the Small
Claims Courts.

In addition, the Cabinet has approved the
proposal for the establishment of an In-
vestment Disputes High Court with judicial
power to deal with financial disputes within
the limits of Rs.50 million in order to resolve
the current impediments both at the stage
of arbitration and at the stage of enforce-
ment of arbitration decisions, enabling
large scale local and foreign investments in
Sri Lanka.

The government has also established a
SDG 16 Steering Committee to fast-track
implementation of SDG 16 Targets through
integrated planning and monitoring con-
necting over 60 government institutions
for more effective coordination and collab-
oration. This includes the establishment of
four sub-committees to take more focused
actions in prioritized areas, formulate and
implement time bound Action Plans for
the implementation of relevant policy tar-
gets leveraging on multi-stakeholder part-
nerships to address gaps in policies, legal
frameworks, monitoring processes and re-
sources.

Figure 5.42: SDG 16 Steering Committee structure

Source: Sustainable Development Council of Sri Lanka (SDCSL) and Ministry of Justice
In addition, the MoJ has launched a new joint programme in partnership with the UNDP and UNICEF, supported by the EU, with the objective of contributing to a more independent judiciary and an improved and responsive justice system in Sri Lanka. The Justice Reform Programme (JURE) with a funding worth EUR 19 million, is to be implemented over four and a half years.

These initiatives by the government towards policy reforms are expected to lead to the target achievement of SDG 5.2 on eliminating violence against women and girls, 16.3 on justice for all and 16.6 on effective, accountable and transparent institutions at all levels.

However, gaps still exist and delays in consolidation of the reform process are visible across the board, likely due to priorities shifting with the present crisis.

Gaps have also been highlighted when considering procedural fairness, timely delivery of services and public access & awareness, especially in relation to women, children and vulnerable groups. Procedural fairness has been identified as a key challenge in cases of child abuse where victims end up in the same institutions where the child offenders are placed and face trauma in relation to interview procedures at various institutions such as courts, police and probationary offices.

The government has allocated Rs 20,000 million for the three-year expeditious programme to increase the number of judges and staff (as required) and expand the judicial infrastructure to expedite hearing of cases.

In order to strengthen law enforcement, budget allocations for recruitment of police officers have been increased in addition to initiatives to increase the number of police stations from the current 400 to 700. Additional budget allocations have also been made for the community police service where plans to station two Praja police officers for each GN division together with “Mahajana Aarakshaka Kamitu” (Public Protection Committees) under “Sewa Piyasa” which aims to help prevent and detect crimes and ensure human security. Approximately 6,007 officers have already been mobilised for this project and measures have been taken to have these committees installed in all GN divisions.

Currently, there are 9 training centres of Sri Lanka Police which could accommodate only 2,000 officers and is seen as a constraint in capacity development. However, provisions have been made for infrastructure development in 2020, where by up to 5,000 police officers could be trained using computer facilities. The Ministry of Public Security has initiated capacity development plans for police officers, though there have been some implementations delays.

Other initiatives include establishing of new faculty for a degree program for Sri Lanka Police Officers from Kotelawala Defence University on Criminal Justice and

Key Finding 5.7.2:
Considerable budgetary allocations have been made on increasing personnel (police officers, judges etc) and infrastructure (police stations, court houses etc) for improved public access, especially for women and children to law enforcement and justice. In addition, special focus has been placed on expanding the reach of the Sri Lanka Police with renewed law enforcement structures at national and sub-national levels.

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the development of degree level courses for those who are already in service, by the University of Kelaniya.

However, most of these plans are yet to be implemented as a result of the pandemic and the economic crisis in the country. Despite these efforts, gaps still exist in areas such as barriers to language and the inadequate resources dedicated for cyber violence as only as few as 4-5 police stations have cyber units.

These initiatives are aimed at achievement of SDG Targets 16.1 on reduction of violence, 16.2 on reduction of human trafficking and 16.3 on Justice for all and would help address increase trend in the number of victims of intentional homicides between 2015 to 2019 (with an increase from 2.32 to 3.44 per 100,000) and an increase in the number of victims of human trafficking per 100,000 from 0.09 in 2015 to 0.13 in 2020\(^249\).

It is also notable that there has been an increase in the total number of persons held in detention who have not yet been sentenced, as a percentage of the unsentenced detainees as a proportion of overall prison population from 58% in 2019 to 65% in 2020\(^250\), which negatively impacts the target achievement of the SDG indicator 16.3 on Justice for all.

Although this may have been due to the movement restrictions and disruption of normal procedures during the pandemic, the government recognises the need to direct more efforts into reducing the number of persons held in detention who have not yet been sentenced.

Key Finding 5.7.3: Significant resources have been allocated and efforts being made towards court automation and digitization by the MoJ. Gaps in accessing justice exacerbated by the pandemic has further prioritised and expedited this work. Further, digitization is not limited to virtual court hearings but also envisions the registration and payment components of the judicial system providing for a holistic approach. In order for these efforts to succeed, gaps in the right policies, laws, and regulatory frameworks in place to protect the security, data and rights of all, especially the vulnerable, needs to be identified and filled.

The 13.7% and 25.6% year-on-year increase in the funds allocated to the Ministry of Defence and the MoJ respectively in the 2021 and 2022 budgets, evidences the prioritisation of ‘making a safe and secure country for all citizens, especially for women and children’ and ‘dismantling all the structures supporting terrorism and extremism’ as mentioned in the NPF.

The government intends to expand the court system, integrate ICT solutions, and expedite pending cases, which stood at 766,784 cases by the end of 2019. An allocation of Rs 20,000 million has been made for a three-year expeditious programme to increase the number of judges and staff as required, and to expand the infrastructure required for expeditious hearing of cases. Further, the MoJ has designed a program for the court to consider bail applications using video conferencing systems, where cabinet approval is granted to implement the first phase of the project in 23 court houses and 12 locations in 4 prisons in the Colombo District\(^251\).

\(^{249}\) SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
\(^{250}\) SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
Although there are training and capacity development projects with the aim of streamlining the local court administration system underway, inadequacy of sufficient number of Judges and Courts and shortage of translators still prevails. Barriers related to translation and sign language to improve accessibility are also identified as key challenges.

Sri Lanka was the first South Asian Country to pass comprehensive privacy legislation, the Personal Data Protection Act, No. 9 of 2022 which provides legal recourse for privacy violations and ensures right of access to personal data. The standard operating procedure on policing cyber violence is another development which provides guidance on handling cyber violence especially relating to women and children who are abused through the internet. However, gaps have been identified in the regularity of data and in areas such as the data of victims who are under protection and violence against LGBTQI communities.

Therefore, addressing the gaps in the policies, laws, and regulatory frameworks in place to protect the security, data, and rights of all, especially the vulnerable, can in effect contribute to the target achievement of SDG 10.2 on inclusion, 16.1 on reduction of violence and 16.3 on Justice for all.

**Key Finding 5.7.4:**
Whilst the National Languages Policy is in operation, language barriers exist especially for minority communities, women, children, and the disabled communities in accessing police stations and other service, hindering access to justice.

The unavailability of translators for certain legislations, documents such as police complaints and documents related to court proceedings due to human resource gaps impacts the access to justice by minorities. Language barriers faced by women and children from different areas have not been integrated into the police service network. In addition, gaps related to sign language for judicial procedures limit the access to justice by the disabled people.

As a considerable number of hearing-impaired people reside in Sri Lanka, sign language has been approved as a recognized mode of communication. This would empower the hearing-impaired people, by strengthening their access to services such as health, education, justice, etc.

Addressing these gaps relative to the implementation of the National Language Policy can lead to achieving SDG targets, 16.3 on access to justice for all and 16.10 on public access to information.

**Key Finding 5.7.5:**
Addressing corruption would be a critical enabler to achieve all SDGs and in this regard, accelerating the implementation of the National Bribery and Corruption Action Plan would be vital.

A Network Analysis done to understand the SDG Interactions in Sri Lanka by the Stockholm Environment Institute in partnership with the Centre for Poverty Analysis (CEPA) supported by the UNDP Sri Lanka found top SDG accelerators, ie SDG targets influencing other SDG targets which meant that progressing on these targets would help the most in progressing on the SDG agenda as a whole. Among the top 10 accelerators, SDG target 16.5 (substantially reducing corruption and bribery in all their forms) ranked second, implying the strong influence that eliminating bribery and corruption would have in achieving all 17 SDGs252.

Sri Lanka’s score on the Corruption Perception Index (CPI) compiled by the Transparency International dropped to 37 in 2021,

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252 UNDP website, Available at: https://www.undp.org/tag/social-network-analysis
a point lower than 2021. Along with this, Sri Lanka’s global rank also dropped from 94th place in 2020 to 102nd place in 2021. Moreover, over the past 10 years, Sri Lanka’s CPI score has remained the same. CPI is a measure of the level of public sector corruption in a country.\(^{253}\)

Given the above, it is important to formulate and implement policies and strategies to tackle bribery and corruption in the public sector which would be critical to accelerating progress not only on SDG Target 16.5 but all other SDGs. The National Action Plan for Bribery and Corruption 2019 – 2023 was formulated through a consultative process by the Commission to Investigate Allegations of Bribery and Corruption (CIABOC) proposing 04 strategies for combating bribery and corruption in Sri Lanka, namely, Prevention, Value-based Education and Community Engagement, Institutional Strengthening of CIABOC and other Law Enforcement Agencies and Law and Policy Reforms. The fast tracking of implementation of the aforesaid National Action Plan with appropriate mandates and resources requires urgent attention.\(^{254}\)

**Key Finding 5.7.6:**
To promote reconciliation and peace, the domestic mechanisms such as the Office of Missing Persons (OMP), Office of Reparations and Office of National Unity and Reconciliation (ONUR) have been institutionalized and made functional with increased resources. However, there is a need for accelerated efforts in this area to ensure the rights of all Sri Lankan citizens are further safeguarded.

The Office of Missing Persons (OMP) was established in 2016 in terms of Act No.14 of 2016, to provide for the searching and tracing of missing persons and to provide assistance to the relatives of missing persons among others. The OMP is currently implementing an accelerated programme having appointed 25 panels for the purpose of finalizing the inquiries related to the 14,988 complaints received regarding missing persons at the regional offices in the areas of Matara, Mannar, Jaffna, Batticaloa and Kilinochchi. The Cabinet has approved the proposal to make a lump sum payment of Rs. 100,000 to the next of kin of the missing person, holding a Certificate of Absence issued by the Registrar General, based on the matters uncovered by the OMP, for the revival of their families.

The Office for Reparations was established in 2018 in terms of Act No. 34 of 2018 to identify aggrieved persons eligible for reparations and to provide for the provision of individual and collective reparations to such persons. By 2021, a total of 5,000 claims have been settled out of 12,262 claims for compensation. In addition, the Office initiated its first livelihood support programme, “Knowledge and Technology Transfer Programme (Train 2 Pro)” in 2021, for 102 women heads of households in the Valikamam North Divisional Secretariat in Jaffna, which included awareness on new technology-based start-ups and motivation sessions to inspire the women to move beyond traditional pursuits. This was in addition to dialogues with CSOs and development partners on initiatives to support aggrieved persons.

The Office of National Unity and Reconciliation (ONUR) which functions under the MoJ, with the aim of promoting unity among people, conducted its first annual conference in 2021 under the theme “Resolving Differences through Understanding: Sustainable Peace, Security and Reconciliation in Modern Society”. The conference was aimed at providing an interdisciplinary platform for stakeholders to discuss their recent innovations, trends, and concerns as well as practical challenges encountered, and solutions adopted. The ONUR is implementing an ambitious work plan focusing

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\(^{253}\) Transparency International website, Available at: https://www.transparency.org/en/countries/sri-lanka

\(^{254}\) VNR 2022: Inputs from Multistakeholder Consultations
on mainstreaming unity and reconciliation in the education system through school and university programmes, conducting comprehensive interfaith and intercultural dialogues aimed at conflict transformation, promoting the role of women’s personal and social security and access to local economic development initiatives through a comprehensive framework and coordinating livelihood support for the foremost vulnerable families in conflict affected areas and psychosocial support programmes among others.

In addition, ONUR is also in the process of developing the Strategic Roadmap for National Healing, Peace-building and Reconciliation in Sri Lanka. The Road Map is a response to the need to provide a coherent strategy and coordination framework; to organize the multiple government and civil society initiatives on peace-building and reconciliation. It is designed to foster coherence of institutions, structures, systems, mechanisms, and human resources mobilized to foster national healing and reconciliation and build sustainable peace in the country.

These initiatives by the government are aimed at ensuring the achievement of SDG 16.1 on reduction of violence and related deaths, 16.2 on reduction of human trafficking, 16.3 on justice for all and 16.6 on effective institutions.

However, it is to be noted that despite the above, following concerns raised by the civil society and human rights defenders, the Office of the High Commissioner for Human Rights (OHCHR) adopted Resolution 46/1 on "Promoting Reconciliation, Accountability and Human Rights in Sri Lanka", in March 2021 to strengthen the capacity of the OHCHR to collect, consolidate, analyse, and preserve evidence of international crimes allegedly committed in Sri Lanka, and to develop strategies for future accountability processes. This underscores the importance of accelerating efforts in this area to ensure human rights and justice for all citizens of Sri Lanka which underpin the achievement of national reconciliation and sustainable peace.
MOBILISING RESOURCES FOR A SUSTAINED TRANSFORMATION
SDG 17 focuses on strengthening the means of implementation and revitalising the global partnerships for sustainable development. This section explores the country’s current efforts and plans to support the achievement of the SDGs via promoting financing, technology development, capacity building, trade and investments, and multi-stakeholder partnerships and critical areas that require further focus and attention.

6.1 Financing

Financing is recognized in the 2030 Agenda for sustainable development as an important part of the means of implementation under each SDG (1-16) and under SDG 17. However, financing remains a key issue for implementing and maintaining progress of the SDGs owing to the continuous and additional resource obligations it places, in particular in response to disasters and crises.

Two primary and traditional financing options, which are available, are allocations through government finances and Official Development Assistance (ODA). The governments’ main sources of generating funds are through tax revenue and debt raised through local and international capital markets. Currently, government’s revenue generation through taxes is deemed weak and needs immediate reforms. On 1st June 2022, the Cabinet approved a revision to taxes which includes increasing direct and indirect tax rates and broad basing the tax net. Owing to the current macroeconomic climate, Sri Lanka remains locked out of international capital markets and is reliant on domestic borrowing and foreign bilateral and multilateral borrowings. However, with a weakening fiscal outlook and forthcoming substantial debt service payments, government funds will be limited.

<table>
<thead>
<tr>
<th>Year</th>
<th>Government Revenue (Rs. Mn)</th>
<th>Tax Revenue (Rs. Mn)</th>
<th>Tax as % of Government Revenue</th>
<th>Tax as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,955,073</td>
<td>1,756,045</td>
<td>89.9%</td>
<td>13.2%</td>
</tr>
<tr>
<td>2018</td>
<td>2,047,257</td>
<td>1,805,502</td>
<td>88.2%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2019</td>
<td>2,026,443</td>
<td>1,828,803</td>
<td>90.2%</td>
<td>12.2%</td>
</tr>
<tr>
<td>2020</td>
<td>1,469,928</td>
<td>1,271,894</td>
<td>86.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>2021</td>
<td>1,515,212</td>
<td>1,349,086</td>
<td>89.0%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Source: Central Bank of Sri Lanka (CBSL)

255 CBSL (2021) Annual Report (Volume I)
256 CBSL (2021) Annual Report (Volume I)
Enhancing domestic fiscal revenue collection is crucial, not only to finance SDG implementation, but for structural reforms that are long overdue. International support for improving tax policies and domestic revenue collection mechanisms will be important in this regard (SDG Target 17.1).

ODA was already on a downward trend when measured as a percentage of the country’s GDP after the country reached lower-middle income status in 2010\textsuperscript{257}. However, owing to the country’s current economic crisis and COVID-19, Sri Lanka is seeking to mobilise additional bilateral and multilateral ODA. The government is currently negotiating with bilateral and multilateral development partners to bridge the immediate funding requirements. However, much of these funds are sought to meet the balance of payment gap as the country is facing a severe shortage of essential items that are imported which could reduce the country’s capacity to divert funds towards SDG implementation. However, in the medium and longer-term, it is planned to mobilise ODA to support SDG implementation, in particular to avert long-term impacts of fiscal and macroeconomic structural changes that have to be undertaken in the short-term.

Considering the limitations around tax revenue and ODA, alternative funding tools need to be explored. To this extent, the Roadmap for Sustainable Finance in Sri Lanka, developed by the CBSL with financial and technical support from UNDP and IFC, and in consultations with local stakeholders, highlights several financial instruments which are important for the country\textsuperscript{258}. Amongst these are green/climate bonds which specifically raise capital for environment/climate specific projects.

As a follow up from the Roadmap for Sustainable Financing in Sri Lanka, the CBSL developed the Sri Lanka Green Finance Taxonomy in May 2022\textsuperscript{259}. This is a classification system, which defines and categorises economic activities that are environmentally sustainable. It is expected to enable financial market participants to raise low-cost funding for green activities through

![Figure 6.1: Net ODA received as a percentage of Gross National Income (GNI)](image)

Source: World Bank (WB)

\textsuperscript{257} GoSL (2018) Voluntary National Review on the status of implementing the Sustainable Development Goals
\textsuperscript{258} CBSL (2019) Road Map for Sustainable Finance in Sri Lanka
\textsuperscript{259} CBSL (2022) Sri Lanka Green Finance Taxonomy
both domestic and foreign markets. The Sri Lanka Green Finance Taxonomy was developed with the technical and financial assistance of the IFC, and the process was facilitated through the Sustainable Banking and Finance Network (SBFN) and the IFC Green Bond Technical Assistance Program (GBTAP)\(^\text{260}\).

Sustainable/green public equity raised through the stock exchanges and impact investments are other sources of funding that need to be explored and integrated into national plans, in particular, those required to fund projects with a positive social and environmental impact.

In September 2021, the UNDP in Sri Lanka, in partnership with the SDCSL initiated the process of developing the Sri Lanka SDG Investor Map, an innovative financing tool rolled out by UNDP Country Offices across the world to help private investors identify investment opportunities and business models that advance the SDGs. The Ceylon Chambers of Commerce has led the strategic research, analysis, synthesis, and stakeholder interviews under the guidance of a national level Core Reference Group to formulate the Sri Lanka SDG Investor Map which is expected to be launched in July 2022.

While the above initiatives would contribute towards unlocking new levels of capital and directing public and private resource flows towards the SDGs in the future, there is inadequate evidence at present to confirm that banks and financial sector organisations are utilising the many different types of innovative financial tools and strategies that have been adopted internationally in an effective mix.

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**Case Box 03:**

**Green Bonds in Action**

Symbiotics, the leading market access platform for impact investing, has arranged a USD 15.1 million Green Bond for Seylan Bank PLC which will use the proceeds of the Green Bond for financing renewable energy projects within Sri Lanka, such as mini hydro power plants up to 25MW, solar and wind power facilities. All projects will contribute to green energy generation within the country.

Source: Seylan Bank PLC

This may be the result of knowledge and capacity gaps across various institutions on leveraging innovative and green financing solutions to support the SDGs. In partnership with UNESCAP, initiatives are being taken by the SDCSL to support the development of innovative financing frameworks that will assist Sri Lanka in accessing international markets and financing the SDGs in the mid-to-long-term including providing targeted training for the key stakeholders.

In addition to these measures, improving investment efficiency is critical. UN ESCAP estimates that the developing Asia-Pacific countries can achieve similar levels of outputs and outcomes in health and education sectors using 30 per cent fewer resources compared to Sri Lanka. Among its peer countries, Sri Lanka performs well in health and education sectors; however, its investment efficiency in infrastructure could be improved. To enhance infrastructure investment efficiency for the public sector, public financial management institutions – notably project appraisal, selection, management and monitoring – need to be strengthened. Effective coordination among different government institutions which are responsible for construction
permits, environmental clearance and land acquisition is important, as these processes often lead to project delays. Ensuring a steady flow of resources for operations and maintenance is a necessary condition for success. Effective maintenance generates substantial savings and reductions in the total lifecycle costs of infrastructure projects.\(^{261}\)

### 6.2 Technology Transfers

In terms of capacity for research and development and subsequent innovative outputs, Sri Lanka is currently ranked 95th out of 132 countries in the Global Innovation Index\(^{262}\) 2021 published by the World Intellectual Property Organisation (WIPO)\(^{263}\). The report highlights the rankings (out of 132 countries) for Sri Lanka under 7 individual pillars which constitute the GII. This highlights the weaknesses in human capital, research and development, institutions, and infrastructure amongst others that are critical for innovation. The NPF identifies technology as a critical enabler to achieve the SDG Targets and broader economic and social development goals of the country. To this extent, commendable progress has been made by Sri Lanka with legislation and policies to enable digital transformation and investment in the country, such as the Personal Data Protection Act, No. 9 of 2022.

However, weaknesses in ICT infrastructure remain a challenge. Sri Lanka was ranked last

**Figure 6.2: Seven GII pillar ranks for Sri Lanka**

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions</td>
<td>119</td>
</tr>
<tr>
<td>Human capital and research</td>
<td>118</td>
</tr>
<tr>
<td>Market sophistication</td>
<td>118</td>
</tr>
<tr>
<td>Creative outputs</td>
<td>100</td>
</tr>
<tr>
<td>Global Innovation Index 2021</td>
<td>95</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>73</td>
</tr>
<tr>
<td>Knowledge and technology outputs</td>
<td>68</td>
</tr>
<tr>
<td>Business sophistication</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: World Intellectual Property Organisation (WIPO)

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\(^{261}\) UNESCAP website, Available at: https://www.unescap.org/blog/sdg-implementation-and-budgeting-sri-lanka

\(^{262}\) The Global Innovation Index (GII) ranks world economies according to their innovation capabilities. Consisting of roughly 80 indicators, grouped into innovation inputs and outputs, the GII aims to capture the multi-dimensional facets of innovation.

\(^{263}\) WIPO website, Available at: https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021/lk.pdf
out of 85 surveyed countries for speed and stability of internet connectivity in the Surfshark Digital Quality of Life Index 2020\textsuperscript{264}. The same survey ranked Sri Lanka at 48th place for affordability of digital services and at 72nd place for cyber security.

Successive governments have continued to invest in policies related to promoting and educating on ICT throughout the country. These policies have shown positive outcomes as the country has increased its digital and computer literacy rates, even though the rates are still comparatively low. Computer literacy in the country has increased annually from 28.6% of the population in 2015 to 32.3% in 2020\textsuperscript{265}. However, there remains nearly a 15% divide between urban and rural computer literacy rates. In 2020, Sri Lanka has a digital literacy rate of 50.1%, an increase from 46.0% in 2019\textsuperscript{266}. (SDG Target 4.4).

In view of the limited fiscal space in the national budget, mobilising North-South and South-South partnerships for technology transfers would be critical to address the challenges around digital infrastructure, institutions, human capital, and ICT education (SDG Target 4.4).

6.3 Capacity Building

System wide capacity deficiencies are regarded as challenges towards the implementation of the SDGs. Therefore, addressing gaps in capacities for policy development and implementation - for consistency and coherence; monitoring and evaluation - aligned with SDG targets; and data generation and analysis - for accurate and timely decision making will be important for SDG implementation.

Creating a result and performance based culture within the public sector and aligning performance targets throughout the sector from national to sub-national level is important for efficient implementation of policies. A robust monitoring and evaluation system that cascades from national level to sub national level is vital. This is an area where technical support could be mobilised to set up the systems, processes, and incentive models in addition to creating a performance-oriented culture throughout the public sector. While capacity building programmes are being implemented at both the national and sub-national levels, they need to be consistent and aligned with a needs-based capacity development plan to address capacity gaps throughout the public sector.

The need for a more cohesive national plan and strategies to address capacity gaps aligned with the SDG targets and the importance of leveraging North-South and South-South cooperation to share best practices, knowledge, and learn (SDG Target 17.7) has been recognized. In addition, volunteerism can play a crucial role in this regard to leverage expertise from the private sector and other stakeholder groups at the same time creating wider awareness for collective citizen participation to achieve the SDG targets.

6.4 Trade and Investment

Other than fiscal consolidation and direct technology transfers, opportunities are being explored to leverage existing trade and investment agreements and to establish new ones in order to boost export earnings and to attract capital and technology into the country in the form of Foreign Direct Investment (FDI) to bridge the persistent savings-investment gap and technology deficiencies.

The Goods and Services exports as a percentage of GDP have remained

\textsuperscript{264} Surfshark (2020) Digital Quality of Life Index 2020
\textsuperscript{265} DCS (2020) Computer Literacy Statistics-2020
\textsuperscript{266} DCS (2020) Computer Literacy Statictics-2020
relatively constant since 2010 until the impact of COVID-19 in 2020 lagging behind the growth trajectory of regional peers like Vietnam. Therefore, the government recognises the importance of creating an enabling environment through wide ranging structural reforms for the export sector to grow and flourish (SDG Target 17.11).

Figure 6.3: Goods and services exports value as a percentage of GDP

![Graph showing goods and services exports value as a percentage of GDP for Sri Lanka and Vietnam from 2010 to 2020. The graph shows a general increase in export value for Sri Lanka and a decrease for Vietnam.](source: World Bank (WB))

Initiatives have been taken to expand the portfolio of Free Trade Agreements (FTA). Sri Lanka currently has FTAs with India, Pakistan, and Singapore while the FTA with China is still under negotiation. Sri Lanka is also a member of the South Asian Free Trade Area (SAFTA) and the Asia-Pacific Trade Agreement (APTA). Of these, the FTAs with India and Pakistan are limited to trade in goods. The FTA with Singapore covers investment, goods, services, trade facilitation, government procurement, telecommunications, e-commerce, and dispute settlement. However, when compared to regional peers such as Vietnam, Sri Lanka’s portfolio of FTAs is considerably low.

Some exports are eligible for duty free access to the US and EU markets under the U.S. Generalised System of Preferences (GSP) and EU Generalised Scheme of Preferences (GSP+) schemes respectively. However, Sri Lanka utilises only 61.8% of the HS Tariff codes eligible for duty free access to the EU under the GSP+ scheme. Steps are being taken to raise awareness and assist exporters to fully utilise the GSP+ scheme by the EDB.

Also, FTAs can facilitate FDI inflows, which are key to securing capital infusions and technology transfers to increase goods and services exports, and for bridging the savings-investment gap. However, the country has been unable to attract enough FDI in the past and lag behind regional peers such as Vietnam. With the right set of macroeconomic and fiscal reforms, the country can attract as much as USD 5 billion annual FDI inflows by 2025. The government has already turned its attention to streamlining the process for FDI inflows.

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267 International Trade Administration website, Available at: [https://www.trade.gov/country-commercial-guides/sri-lanka-trade-agreements](https://www.trade.gov/country-commercial-guides/sri-lanka-trade-agreements)

268 Vietnam has FTAs with the US, EU, Russian-led Customs Union in addition to membership in Free Trade Areas with access to over 16 countries.

269 International Trade Administration website, Available at: [https://www.trade.gov/country-commercial-guides/sri-lanka-trade-agreements](https://www.trade.gov/country-commercial-guides/sri-lanka-trade-agreements)

270 European Commission website, Available at: [https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158640.pdf](https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158640.pdf)

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including the proposals made in the 2022 Budget to review the procedures adopted by the BOI to facilitate FDI inflows²⁷³.

Figure 6.4: FDI net inflows as a percentage of GDP

![Graph showing FDI net inflows as a percentage of GDP from 2010 to 2020 for Sri Lanka and Vietnam.]

Source: World Bank (WB)

6.5 Multi-Stakeholder Partnerships

The government and multilateral development agencies frequently partner to deliver a range of programmes covering a range of sectors. Such programmes not only provide funding for implementation, but also act as conduits for transferring knowledge and expertise that become embedded within the partnering government ministry or institution. Both through the UN Sustainable Development Framework 2018-2022 (UNSDF) and the forthcoming UN Sustainable Development Cooperation Framework 2023-2027 (UNSDCF) the 23 UN Agencies²⁷⁴ active in Sri Lanka are collectively forging closer ties with the Sri Lankan Government, Civil Society Organisations, the Private Sector, Youth Groups, and other stakeholders to assist the country achieve its 2030 Agenda targets. The role of the UN, International Organizations (IOs) including multilateral banks such as the World Bank, Asian Development Bank (ADB) etc in Sri Lanka’s development activities came to the forefront during the COVID-19 Pandemic as these agencies mobilised to provide a wide range of welfare measures as well as immediate relief measures in addition to providing support in various other sectors.

Sri Lanka’s strong links with bilateral development partners and other IOs is central to mobilising much needed funding and expertise for the country to execute various programmes, including some of those that are conducted in partnership with UN Agencies. Tapping into the resource pools and expertise of IOs is vital for the government to navigate the current crisis while remaining focused on achieving the country’s SDG Targets. Bilateral development partners and IOs too played a prominent role during the COVID-19 Pandemic, supporting the government to secure critical resources, including Personal Protective Equipment (PPE) and vaccines.

Gaps in leveraging available financing and development assistance opportunities to the full potential are observed due to the lack of awareness and inadequate technical capacity for formulation of technical proposals. While development partners have appreciated the coordination provided by the External Resources Department (ERD) and respective line ministries in some cases, a lack of policy coherence, clarity on government priorities, and having to navigate multiple government institutions for approvals and implementation of programmes are often cited as obstacles by development partners. The government is prioritising efforts to address these issues as it recognises that support from development partners will continue to play a prominent role as the country navigates and

²⁷³ Ministry of Finance (2019-2022) Budget Speech
²⁷⁴ UN Sri Lanka website, Available at: https://srilanka.un.org/en/about/about-the-un#:~:text=Collectively%20and%20through%20its%20most%20vulnerable%20and%20the%20young.
recovers from the immediate economic crisis and progresses towards the SDG targets (SDG Target 17.16).

Private Sector participation in Public-Private Partnerships (PPP) to achieve the SDG targets remains ad hoc and the lack of a clear mechanism for PPPs is often cited as a reason for the same. However, there are examples of effective PPPs as highlighted below.

**Case Box 04:**

**Extended Producer Responsibility (EPR) Model**

Ceylon Chamber of Commerce promotes an Extended Producer Responsibility (EPR) model, which requires all stakeholders generating plastic waste to take responsibility for recycling and minimising the use of plastic packaging. This initiative is expected to help tackle the escalating challenge of Sri Lanka’s plastic waste management issues.

Source: Ceylon Chamber of Commerce

In addition, private sector stakeholders pursue various initiatives at industry level and/or enterprise level. Industry based initiatives such as the Best Corporate Citizen Sustainability (BCCS) Awards, an annual event organised by the Ceylon Chamber of Commerce upholds the importance of sustainable practices in the corporate sphere, encouraging businesses to adopt best practices and recognising champions of sustainability. There are collaborations between the private sector and development partners, especially through mechanisms such as the UN’s Global Compact which includes 51 private sector entities from various sectors.

New emerging enterprise models in the private sector also provide an opportunity for the government to extend its partnership and collaboration sphere to mobilise more actors to support the achievement of SDGs. Social Enterprises, which are mission led enterprises creating a positive social and economic impact, already undertake operations which address various SDG targets, such as poverty alleviation, decent work, inclusive economic opportunities, gender responsive actions, climate action and environment preservation. The government can support these enterprises by connecting them with financing opportunities in return for supporting the achievement of specific SDGs through their commercial operations.

Sri Lanka’s CSOs including Community Based Organizations (CBOs), play a vital role as advocates for marginalised and vulnerable groups, often taking actions through partnerships and collaboration to address the social and environmental gaps. Working with marginalised and vulnerable groups, CSO stakeholders undertake work that covers most of the SDG areas, those relating to poverty, health and nutrition, women and child rights, workers’ rights, education, environment, peace and justice. The strength of collaboration between the government and CSO stakeholders was proven through the various initiatives undertaken together during the initial stages of the pandemic. However, due to long standing structural issues between government and CSO stakeholders, these collaborations were not translated into long-term partnerships.

Mobilising partnerships with the private sector and CSOs through a cohesive and transparent mechanism which enables long-term partnerships with clear actions towards achieving SDG targets will provide a valuable and timely pool of technical, human, and financial resources in line with the SDG target (SDG Target 17.17).

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275 UN Global Compact website, Available at: https://www.unglobalcompact.org/what-is-gc/participants/search?search%5Bcountries%5D%5B%5D=111

276 UNRCO (2021) Sri Lanka Partnership Landscape Assessment
In conclusion, a consistent and cohesive plan that mobilises adequate and appropriate resources in a timely manner will be critical for Sri Lanka to achieve its SDG commitments. In this regard, the formulation of an Integrated National Financing Framework (INFF) underpinned on a National Sustainable Development Strategy that identifies strategies to respond to the present and emerging challenges and trends discussed throughout the report would be vital for financing national sustainable development priorities and SDGs at the ground level. Such a strategy needs to be informed by a Partnership Strategy for the SDGs.
THE WAY FORWARD & CONCLUSIONS
7.1 Leaving No One Behind: Responding to the Emerging Challenges

The COVID-19 pandemic posed unprecedented global challenge and called for multifaceted emergency responses to ensure community health, economic and social well-being in the country. Sri Lanka has made tremendous efforts to contain the spread of COVID-19 pandemic supported by a free healthcare system, coping remarkably well and has to date successfully vaccinated 97% of its population above the age of 12 years. Further, successful private sector, CSO and NGO partnerships, formed in swift but ad hoc manner, at various levels played an important role during this time in reaching the vulnerable and poor. Success in mobilising resources through private sector and public contributions such as through the Itukama Covid-19 Healthcare and Social Security Fund (established mainly with the contributions of the private businesses and the public through a crowd sourcing funding modality) supported and strengthened activities aimed at mitigating the spread of the pandemic in addition to, in supporting the essential COVID-19 treatment facilities and quarantine centres. The government’s existing network of grassroots level social safety nets, such as the Samurdhi program, enabled the government to address the income losses of those under the poverty line and vulnerable groups with cash transfer allowances.

Figure 7.1: COVID-19 dashboard as at 06/10/2022

Source: Presidential Secretariat
However, pandemic related progressive movement restrictions and global travel bans impacted the Sri Lankan economy, as already explained in the previous sections. Therefore, the need to access development financing and international support for debt moratoriums becomes more acute. In this backdrop, there is a need for the country to undertake a systematic and collaborative approach to rebuilding towards achieving the 2030 Agenda, with focus on fostering multi-stakeholder partnerships including the private sector, CSOs and development partners.

7.1.1 Poverty and Hunger

The World Bank has estimated in 2021 that around 500,000 people have fallen under the poverty line at $3.20 per day, causing the poverty level to increase from 9.2% in 2019 to 11.7% in 2020, because of the job losses in the informal sector which employs around 60% of the labour force.277 While addressing this challenge, growing levels of income disparities such as the rise in urban poverty and poverty among women, children and other vulnerable groups need to be addressed with high-impact policies and strategies.

Further, access to basic needs such as cooking fuel, drinking water show the highest levels of disparities, while the largest headcount in poverty is recorded amongst the population aged over 65. This indicates the need for targeted policy interventions that address this multi-dimensional aspect in poverty.278

7.1.2 Food Security and Nutrition

Although, the ban on the import of chemical fertilizer was aimed at increasing organic food production for increasing the nutritional value of food produce and protecting the biodiversity of soil, it has also caused a loss of productivity in agriculture leading to short and medium-term food insecurity. The loss of income due to this productivity loss has impacted the farming communities, who were already affected by the slow income growth over the past decade.279 There is significant potential for technology infusion in the agricultural sector through private sector partnerships that can be explored as measures to support income growth and ensure food security. This would require the engagement of the private sector who can contribute to the adoption of agriculture technology (agri-tech) such as the development of drip irrigation systems, controlled environments in greenhouse and the deployment of new machineries and drones for automation that can greatly improve the productivity of the sector while increasing access to such technologies. The Accelerated Food Production Programmes, aimed at import substitution for essential food crops, also needs to be environmentally friendly, focusing one environmental impact such as the soil fertility, water, soil and air pollution and deforestation related to agriculture.

Furthermore, it is vital for agricultural development plans to address issues such as labour out migration from the agriculture sector to insecure working arrangements, the engagement of child labour in agriculture and the need to formalize labour in agriculture sector particularly for females.

In addressing under nutrition and malnutrition, it is important to follow a multi-sectoral approach with an effective platform for horizontal and vertical coordination for implementation of policies and programmes.

7.1.3 Healthcare

Recovering from the overwhelming demands caused during the pandemic, the healthcare sector needs more funding, as the out-of-pocket expenditure in the sector is growing. The country has a huge responsibility in continuing its high performance in HCI rankings which would require more than the current funding allocation which amounts to only 1.5% of the GDP.

Additional efforts are required for the prevention and care of NCDs and to provide care for the ageing population. This is highly important since the highest level of poverty has been recorded among the 65+ population, who are more prone to NCDs requiring regular health check-ups and daily intake of prescribed drugs. In ensuring equality in access to healthcare, adequate investments in infrastructure development are required within the estate sector where gaps exist in areas such as prenatal care and nutrition deficiencies.

7.1.4 Education

Although the MoE has taken substantial efforts to provide continuous learning for students during the COVID-19 pandemic, improving access to education remains a key priority for the country. While substantial infrastructure development to improve rural school facilities are underway, lack of a comprehensive education management information system, gaps in capacity development programmes for teachers and the mismatch between the curriculum and the labour market skill requirements need to be fulfilled.

Whilst the government has taken ambitious steps to develop skills of youth in particular, the skills mismatch between the labour market and higher education institutions and the technical and vocational education and training (TVET) sector also needs to be addressed. This becomes extremely important to meet rising youth unemployment and out migration, which are correlated, further exacerbated by the financial crisis.

7.1.5 Youth and Migration

A demographic shift in the employee migration is developing in Sri Lanka, where a growing interest amongst the educated and skilled youth population to migrate is creating severe brain drain from the country. One of the causes for this trend is the high unemployment rate (25.2%) amongst those aged 20-24 years.\(^\text{280}\)

It is therefore vital to create more opportunities for youth, who have potential for growth and innovation, especially in areas such as science and technology. Policies should also focus on absorbing the knowledge of the youth returning after completing foreign education including creating a conducive business environment and financial systems in order to utilize their expertise for economic growth.

Although unskilled migration over the past decade contributed to substantial foreign remittances, social aspects such as child labour, abuse of the children of migrant workers and human rights violations of migrant labour force have continued to persist.\(^\text{281}\)

\(^{280}\) SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
\(^{281}\) Department of National Planning (2021) The Public Investment Programme (PIP) 2021-2024
7.1.6
Women

The impact of the COVID-19 pandemic is higher on women. For instance, according to the labour market statistics for the fourth quarters of 2019 and 2020, the absolute number of employed men has increased by 38,938 whereas the number of employed females has decreased by 189,148. This increases the risk of poverty among women and female headed households (FHH) which are impacted with resulting income.

Figure 7.2: Changes in labour market between 2019 Q4 & 2020 Q4

Further, the closure of ECD centres and schools have increased the burden of females having to take responsibility for unpaid domestic and care work and directly impacts a woman's ability to participate in economic activities. Therefore, a gender focus needs to be integrated into policy measures across the formal, informal and service sectors. Additional measures aimed at developing the SME and MSME sectors, which employ many females, can also lead to eliminating the structural discrimination faced by women, especially female-headed households. Furthermore, institutions that focus on women and children in the government and private sectors need to be strengthened with increased resources and greater focus.

Additionally, domestic violence and other gender-based violence increased, especially during the pandemic periods, mainly due to financial strains faced by many families and the inability to access support services during the pandemic. Legal reforms and amendments to key legislations related to women and children need to be expedited in order to form the basis for ensuring equal rights in the society, as the country navigates towards economic recovery.

Despite electing the world’s first female prime minister, the representation of women in parliament is at a dismal 5.8%. Strengthening women's voices in decision making at all level will be crucial to building back better.

The limitations relating to the country's data landscape has resulted in the absence of disaggregated data on female representation in census and surveys by the DCS, except for few. Disaggregated information in key sectors such as healthcare, agriculture and fisheries are needed for targeted interventions in reducing inequalities. Although cabinet approval has been granted to make it compulsory to collect information based on gender and age group in all censuses, surveys and studies by all government institutions, the delays in

the overall data collection process results in the continued existence of data gaps, causing challenges in the formulation, implementation, monitoring, and evaluation of strategies aimed at female empowerment.

7.1.7 Children

The COVID-19 pandemic uncovered the digital divide of the nation, which has severely impacted access to education, especially for the rural poor including the estate communities. Challenges faced by the rural students with internet connectivity and access to affordable data especially by the low-income families, have made access to online learning difficult for the vulnerable groups. The fact that the national policy on education is yet to be updated to be in conformity with the new development in the digital economy policy, has led the sector to be in a fragile state, where only 10% of the more than 10,000 public schools have access to STEM education facilities and only 35% of schools having access to electricity.

The onset of the economic crisis, in addition to the declining productivity levels of the agricultural sector, poses a challenge in continuing the progress the country has achieved in minimising nutritional deficiencies amongst children. In this regard, resource allocation for the continuation of the child nutrition programs through schools and the Thriposha programme for pregnant mothers and infants would be crucial.

While steps are being taken towards legal reforms and amendments to key legislations related to violence against children, they need to be expedited and resourced in order to protect the most vulnerable segment of Sri Lanka’s population – the children.

7.1.8 Persons with Disabilities

The limitations surrounding the data landscape of the country also impacts persons with disabilities, with limited insights into key indicators of education, employment and poverty creating challenges in policy formulation, implementation, monitoring, and evaluation to support disabled communities. Although the MoE has taken initiatives through non-formal education programs and home-based learning programs for the disabled children and youth, engagement mechanisms to enable the contribution of disabled persons to the society and economy remains limited.

It is noted that despite these efforts, data from ILO reveals that the percentage of persons with disabilities covered by a social protection scheme has declined from 20.7% in 2018 to 18% which directly impacts the proportion of vulnerable people living under poverty levels. Private sector engagement to empower disabled persons, such as the Employers’ Network on Disability in Sri Lanka and training facilities such as the Specialised Training and Disability Resource Centre of the Employers’ Federation of Ceylon have huge potential in empowering the disabled persons in the country.

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285 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
286 Ministry of Education (2020) Annual School Census of Sri Lanka
287 SDCSL (2022) Sri Lanka: Status of SDG Indicators and Baseline Data
289 ILO website, Available at: https://www.ilo.org/ilostat-files/Documents/Excel/INDICATOR/SDG_0133_SEX_SOC_RT_A-EN.xlsx
290 UNESCAP website, Available at: https://www.unescap.org/sites/default/d8/files/knowledge-products/DAG2021-Final.pdf
7.1.9 Older Persons

The multidimensional poverty indicators suggest that the people above the age of 65 have the highest headcount ratio of poverty. One reason for this trend is the inadequate coverage of pension schemes for the informal sector. Although the government has taken measures to operate pension schemes for sectors like agriculture and fisheries, the informal sector, often operating under precarious employment arrangements, hardly provides for social support systems. This indicates the rising need for the government to provide social protection for most of the ageing population who have been employed in the informal sector, which accounts for 57% of the total employment in the country (who are not covered by pension schemes).

7.2 Leaving No One Behind: Responding to the Emerging Challenges

Whilst recognising Sri Lanka’s high performance in social development resulting from policies that grant free access to healthcare, education and social protection nets, the overarching impacts of the COVID-19 pandemic on the economy and the society have raised concerns on the country’s persistent systemic and structural issues which need to be addressed for rebuilding the socio-economic status of the country for a sustained transformation.

7.2.1 Diversified Economy

The COVID-19 pandemic exposed the country’s overreliance on a handful of key industries and thereby hastening the government’s plans to diversify the economy, to reduce the overall risk towards the economy and create more inclusive growth. However, the persistent structural issues in the economy, namely the twin deficits of the government, the fiscal deficit and external current account deficit, (which were amplified by the pandemic) have caused a macroeconomic crisis.

Addressing these structural issues through extensive fiscal and macroeconomic reforms will require the government to rationalise its spending. However, undertaking such reforms with a strong social safety net is considered vital, including increasing the efficiency of current social transfer programmes such as Samurdhi through improved targeting as well as restructuring.

Key economic sectors in the country rebounded from negative growth in 2020 due to the pandemic to commendable growth rate post pandemic in 2021. While the current economic climate will have a negative effect on these sectors, protecting previous gains and reinforcing current positive policies will be Vital for sustained long-term growth of the overall economy. Liberalizing trade, reducing government borrowing, and policy consistency will be essential to create investor and business confidence across all sectors.

Providing the foundational structures, including a skilled workforce adapt at meeting current and future labour demands, assisting MSMEs integrate with larger value chains both local and global, and an enabling environment for entrepreneurship, innovation, and value addition need be amongst key priorities to help the economy emerge stronger from the current crises.


292 CEPA website, Available at: https://www.cepa.lk/blog/affordability-of-food-during-the-covid-19-pandemic/
7.2.2
**Blue Green Economy**

Diversifying the economy will require increasing the utilization of previously underutilized resources in the country. The Blue-Green Economy Strategy therefore will be vital for realizing the fullest potential of the country's natural resources while protecting them through sustainable economic practices and will require sufficient resourcing to deliver its targets. Programmes to increase the underutilized marine and inland aquatic resources in a sustainable and regenerative manner, for example, will support multiple SDGs, including increasing food security, increasing economic opportunities, reducing inequalities. New policies adopted by the government pave the way for sustainable economic sectors such as renewable energy and waste management, again supporting economic growth while addressing matters around climate change, life below water, and life on land.

However, much effort is needed to increase the contribution of the Blue-Green Economy to the economy and the environment both through increased investment in sustainable infrastructure, clear mechanisms for PPPs, and developing human capacity.

7.2.3
**Protecting Biodiversity and Addressing Climate Change**

Sri Lanka remains prone to natural disasters and has most recently ranked high in the Climate Risk Index. Addressing these vulnerabilities through multiple mitigation and adaptation plans will be central for protecting human life and the economy. Climate change induced disasters play a major role in amplifying poverty and reversing economic gains. Therefore, the livelihood-based climate mitigation and adaptation actions targeting vulnerable groups that are being undertaken will be vital to reinforce resilience against climate risks in the future. Continuing such actions and introducing new initiatives, continuing to target vulnerable and marginalised groups, will be vital for inclusive growth. The NDCs will be amongst the most critical national level policies that needs accelerated implementation in this regard from now in the lead up to 2030.

At the same time, ensuring the robustness of existing laws and regulations concerning the environment is critical. Ensuring such laws and regulations are aligned with current and emerging social and economic demands and with the SDG targets and are backed by statutory agencies that are empowered to enforce such laws and regulations are vital to ensure the natural resources of the country are protected and sustainably used in economic activities.

7.2.4
**Knowledge Based and Technology Driven Transformation**

The digital divide (that was exposed during the pandemic) and the skills gap between the labour market and the country’s youth, low access to STEM education and low funding for infrastructure development of rural schools needs to be addressed to ensure equal access to quality education in the country.

The MoE has embarked on an education sector policy reforms process with the recommendations of the PTF on education sector reforms. This includes infrastructure development of the rural schools, capacity development and skills training for teachers. The PIP 2020-2024 has discussed plans to develop the national vocational training centres with the aim of reducing the skills gap within the youth. However, the sector is constrained with funding allocation where educational spending as a percentage of GDP has been declining over the past, indicating the need for improving partnerships and collaborations for resource mobilization.
7.2.5 Social Inclusivity

Sri Lanka has been performing very well in social development indicators resulting from the embedded policies that ensure universal free access to basic services such as healthcare and education. The government has made significant progress in increasing its social welfare coverage during the pandemic, with horizontal and vertical expansions which contributed to protecting the vulnerable communities from poverty and hunger.

The successful collaborations and partnerships formed with stakeholders such as the CSO collective, the private sector and development partners etc. during the COVID-19 pandemic to reach grassroots level support for the vulnerable indicates the public sector’s potential to adapt to crisis, overcoming the organisational barriers and bureaucratic red-tapes for public service delivery. However, this potential needs to be institutionalized and continued through appropriate policies and strategies for systematic and continuous engagement of external stakeholders beyond the pandemic.

Further, multidimensional poverty indicators reveal gaps in the country’s social protection nets, such as the large number of people above the age of 65, who have been employed in the informal sector and remain unprotected from the country’s social protection schemes. Targeted strategies cognizant of multidimensional aspects are required to respond to the growing income inequalities among the rural and vulnerable groups such as women, children and the disabled. Healthcare programs addressing NDCs, food security programmes addressing the nutritional needs of children and increasing the access to education for disabled children are some of the areas that need immediate interventions.

7.2.6 Public Sector Reforms and Innovation

The pandemic accelerated the adoption of digitization in the public sector, which has been making slow progress over the years. Sri Lanka has progressed in its E-government rankings (EGDI) because of the government’s emphasis on the development of Digital Government and a Digital Economy outlined in the NPF. The government has placed ICTA as the apex body for the implementation and monitoring of the digitization of government organisations with the aim of reducing inconsistencies and uncoordinated approaches in technology adoption.

However, the gaps in public sector innovation have been a major roadblock for effective public service delivery in the country. Sri Lanka’s data landscape has been classified as fragmented, with information existing in silos within organisations in un-digitised formats. In this backdrop, the government has initiated capacity building projects in order to overcome the reluctance of government officers to share information and initiate cross-sectoral collaboration. Projects such as E-GN and E-courts in addition to the usage of online collaborative tools have been adopted during the COVID-19 pandemic. The continued operations of these initiatives beyond the pandemic remain vital.

7.2.7 Strengthened Law Enforcement and Rights Protection

The government has embarked on a long journey towards legislative and judicial reforms. The government has indicated its emphasis on female empowerment in addition to women and child protection in its legislative reforms such as the proposed amendments to MMDA and the Land Development Ordinance. One of the key achievements in this regard is Sri Lanka becoming the South Asian country to adopt a comprehensive Data Protection Act that covers issues such as privacy, safe storage of sensitive information and transmission of data. Digitisation of judicial proceedings
and judicial capacity building are also being implemented aiming at reducing laws delays. On the law enforcement angle, the government has initiated the involvement of youth with its community policing programs, aiming to empower the youth to contribute towards civic duties. This is in addition to increased allocation of resources (both financial and human) for the law enforcement sector.

However, the reforms process needs to be accelerated and consolidated to realise concrete outcomes benefiting the people such as improved law enforcement, human security, rights protection, justice, and effective public service delivery. Further, stringent legislations and strengthened law enforcement mechanisms for the prevention and control of all types of violence, crimes and corruption are vital to realise the SDG 16 targets.

7.3 Concluding Remarks

Sri Lanka has made considerable progress in achieving the SDGs since the first VNR in 2018 with progressive trends observed in aligning its national policies with the SDGs, strengthening institutional mechanisms and capacities to deliver on SDGs and monitor the progress.

The second VNR, which was undertaken as part of the periodic reporting exercise, afforded the opportunity to identify areas that require more focus and attention in order to advance the implementation of SDGs, while consolidating progress made to date and ensuring that the hard-earned development outcomes are not reversed in the post-pandemic era.

Critical issues that have been identified as retarding acceleration towards SDGs are the siloed approach to policy making as well as frequent policy changes impeding consistency and coherence in policy development, the gaps in the legal framework and the institutional fragmentation that impede mainstreaming and ownership of the SDGs across all sectors. The SDCSL as the nodal government agency for SDG facilitation, coordination and monitoring is constrained by limitations in legal authority, financial and human resources in providing policy inputs, facilitation and oversight of cross-sectoral action. This has led to fragmented approaches towards SDGs and needs to be addressed through appropriate legislative and administrative reforms for greater ownership of SDGs across all sectors and to enable inter-sectoral convergence in planning and monitoring.

Policies and legislations that conflict with the SDGs often create grey areas where institutions lack clear legal authority required to fulfill their obligations and to achieve the respective SDG targets. This problem arises due to the disconnect between law-making and policy making, both sectors operating on different timelines, where the weaknesses in legal enforcement mechanisms have led to the dilution in the intended impact of government policies and regulations. Therefore, it is vital that a consistent approach is followed in providing autonomy and the necessary resources especially to national, sub-national and local level institutions to avoid delays and other inefficiencies.

Despite formulating higher level policies that align with SDG targets, they have not yet adequately cascaded towards ministries; sub-national and local levels resulting in an uncoordinated approach to SDG implementation. This highlights the imminent need for clear policy directions that provides mechanisms for ministries, sub-national and local government authorities to take ownership over planning, implementation and monitoring for SDGs.

The government’s information systems are classified as highly fragmented, operating with multiple silos and are yet to be digitized. Although progress has been made in mapping data for SDGs indicators, substantial work remains to be done in collecting and reporting timely and accurate data not only for the SDG indicators but to support responsive policies and regulations. This
ambiguity in the country’s data landscape reveals the inadequacy of resources for and the legal empowerment of the DCS which has created the need for third party, independent providers outside the government system to push the agenda for the use of non-traditional data sources to support the measurement of the SDGs. This is compounded by the absence of an SDG M&E Framework clearly setting out national/localized targets to monitor and evaluate SDG progress. One of the main challenges faced in the preparation of the VNR was the absence of an evidence-based and scientific method to draw definitive conclusions on SDG progress across various sectors.

It is likely that the current economic crisis will have a severe adverse impact on the government’s ability to finance the implementation of policies to achieve short to medium term SDG targets. Moving forward, Sri Lanka needs a coordinated approach towards sustainable development where all sectors of the government, non-government stakeholders and the private sector work towards a shared vision in an enabling environment that promotes inclusive growth. This underscores the importance of mobilizing existing relationships and creating new partnerships with the private sector, CSOs/CBOs, bi-lateral and multilateral development partners, academia etc. for financing, technology transfers and capacity building.

A National Integrated Financing Framework, covering private capital, impact investment, and green financial instruments in addition to traditional sources of funding, will be vital to ensure financing is mobilised, sustained, and used efficiently to achieve SDG Targets. Successful partnerships formed during the pandemic, such as the CSO Collective, which greatly expedited grassroots level interventions can be replicated in other areas as well and need to be extended beyond pandemic relief measures. Furthermore, clear policies and mechanisms for private sector engagement would be vital and have the potential to support in the battle to emerge stronger from the current financial crisis, if efficiently utilized. Through strengthened partnerships, innovative approaches and solutions could be leveraged towards achieving the 2030 Agenda.

There are also needs for institutionalizing mechanisms to identify, engage and target marginalized and vulnerable groups in policy interventions beyond their present engagement on ad hoc basis, resulting in inequalities in areas such as access to basic services and justice. This underscores the need to develop meaningful mechanisms for their constructive participation in the policy planning, implementation, and monitoring processes.

Whilst placing emphasis on the above in order to further strengthen the enabling environment and the means of implementation for SDGs in the country, attention is drawn to various gaps and challenges at sector and sub-sector level along with proposed solutions throughout the Report. Addressing same along with a strengthened enabling environment for SDGs would ensure the realization of the vision for an ‘inclusive transformation towards a sustainably developed nation for all’.
VNR Steering Committee 2022
- Sustainable Development Council of Sri Lanka (SDCSL)
- Department of National Planning (NPD)
- Department of Project Management and Monitoring (DPMM)
- Department of Census and Statistics (DCS)
- Prime Minister’s Office
- Finance Commission of Sri Lanka
- Ministry of Foreign Affairs
- Ministry of Environment
- Institute of Policy Studies (IPS)

Observers
- United Nations Resident Coordinator’s Office (UNRCO)
- World Bank (WB)
- Asian Development Bank (ADB)

Institutional Consultancy
- Positive Impact Consultancy
ANNEXES
Annex A

List of Documents


37. Ministry of Finance (2019-2022) Budget Estimates. Available at:


56. PTF on Sri Lanka’s Education Affairs (2020) RE-IMAGING EDUCATION IN SRI LANKA
84. UNRRC (2020) Strengthening the Multi-Stakeholder Dimension of National Development Planning and SDG Mainstreaming. Sri Lanka
Annex B

A list of Stakeholders that engaged in the consultations for the 2nd VNR

**Government Institutions**

**Central Government Institutions**
- Sri Lanka Parliament

**Ministries**
- Ministry of Foreign Affairs
- Ministry of Public Security
- Ministry of Urban Development & Housing
- Ministry of Justice
- Ministry of Public Services, Provincial Councils, and Local Governments
- Ministry of Education
- Ministry of Health
- Ministry of Labour
- Ministry of Environment
- Ministry of Wildlife and Forest Conservation
- Ministry of Agriculture
- Ministry of Lands
- Ministry of Fisheries
- Ministry of Plantation
- Ministry of Water Supply
- Ministry of Power
- Ministry of Energy
- Ministry of Highways
- Ministry of Transport
- Ministry of Tourism
- Ministry of Trade
- Ministry of Industries
- Ministry of Technology
- Ministry of Economic Policies and Plan Implementation
- Ministry of Youth & Sports

**State Ministries**
- State Ministry of Internal Security, Home Affairs and Disaster Management
- State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, and Business Development
- State Ministry of National Heritage, Performing Arts and Rural Arts Promotion
- State Ministry of Urban Development, Waste Disposal, and Community Cleanliness
- State Ministry of Coast Conservation and Low-Lying Lands Development
- State Ministry of Rural Housing, Construction and Building Material Industries
- State Ministry of Estate Housing and Community Infrastructure
- State Ministry of Women and Child Development, Pre-school and Primary Education, School Infrastructure and Education Services
- State Ministry of Skills Development, Vocational Education, Research and Innovation
- State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Development and Community Health
- State Ministry of Foreign Employment Promotion and Market Diversification
- State Ministry of Wildlife Protection, Adoption of Safety Measures including the Construction of Electrical Fences and Trenches and Re-forestation and Forest Resource Development
- State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries
- State Ministry of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry & Minor Economic Crop Cultivation
- State Ministry of Ornamental Fish, Inland Fish & Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities, and Fish Exports
• State Ministry of Company Estate Reforms, Tea and Rubber Estate Related Crops Cultivation and Factories Modernization and Tea and Rubber Export Promotion
• State Ministry of Coconut, Kittul and Palmyra Cultivation Promotion and Related Industrial Product Manufacturing & Export Diversification
• State Ministry of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries, and Export Promotion
• State Ministry of Rural and Divisional Drinking Water Supply Projects Development
• State Ministry of Solar, Wind, and Hydro Power Generation Projects Development
• State Ministry of Rural Roads and other Infrastructure
• State Ministry of Aviation and Export Zones Development
• State Ministry of Cooperative Services, Marketing Development, and Consumer Protection
• State Ministry of Rattan, Brass, Pottery, Furniture, and Rural Industrial Promotion
• State Ministry of Batik, Handloom and Local Apparel Products
• State Ministry of Gem and Jeweler Related Industries
• State Ministry of Rural and School Sports Infrastructure Improvement

Departments/ Statutory institutions and others
• Registrar General's Department
• Department of Meteorology
• Department of Fiscal Policy
• Department of National Budget
• Department of External Resources
• Department of Inland Revenue
• Department of Samurdhi Development
• National Physical Planning Department
• Department of Coast Conservation and Coastal Resource Management
• Attorney General's Department
• Department of Government Analyst
• Department of Pensions
• Department of Probation and Childcare Services
• Department of Social Services
• Department of Wildlife Conservation
• Department of Forest Conservation
• Department of National Zoological Gardens
• Department of Agriculture
• Department of Export Agriculture
• Department of Agrarian Development
• Survey Department of Sri Lanka
• Department of National Community Water Supply
• Department of National Botanic Gardens
• Department of Cooperative Development
• Urban Development Authority (UDA)
• Urban Settlement Development Authority (USDA)
• Marine Environment Protection Authority (MEPA)
• National Housing Development Authority (NHDA)
• National Child Protection Authority (NCPA)
• Vocational Training Authority of Sri Lanka (VTA)
• National Apprenticeship and Industrial Training Authority (NAITA)
• National Medicines Regulatory Authority (NMRA)
• Central Environmental Authority (CEA)
• Mahaweli Authority of Sri Lanka (MASL)
• National Aquaculture Development Authority (NAQDA)
• Sri Lanka Sustainable Energy Authority (SLSEA)
• Road Development Authority (RDA)
• Sri Lanka Tourism Development Authority (SLTDA)
• National Enterprise Development Authority (NEDA)
• National Food Promotion Board
• National Livestock Development Board
• Sri Lanka Tea Board
• National Water Supply and Drainage Board
• Water Resources Board
• Sri Lanka Transport Board
• Sri Lanka Export Development Board
• Sri Lanka Accreditation Board for
Conformity Assessment (SLAB)
- Board of Investment of Sri Lanka (BOI)
- National Council for Elders and National Secretariat for Elders
- National Council on Road Safety
- National Youth Services Council
- Telecommunications Regulatory Commission of Sri Lanka (TRCSL)
- Legal Aid Commission
- Mediation Boards Commission
- University Grants Commission
- National Education Commission
- Tertiary and Vocational Education Commission
- National Transport Commission
- Security & Exchange Commission of Sri Lanka / Colombo Stock Exchange
- Human Rights Commission of Sri Lanka
- Commission to Investigate Allegations of Bribery and Corruption
- Central Bank of Sri Lanka (CBSL)
- Disaster Management Centre (DMC)
- Climate Change Secretariat
- Biodiversity Secretariat
- National Building Research Organization (NBRO)
- Sri Lanka Police
- Sri Lanka Land Development Corporation
- Plantation Human Development Trust
- Sri Lanka Institute of Advanced Technological Education (SLIATE)
- Children's Secretariat
- Women's Bureau of Sri Lanka
- National Committee on Women
- National Institute of Education (NIE)
- National Institute of Fisheries and Nautical Engineering (Ocean University)
- Family Health Bureau
- Institute of Post-Harvest Technology
- Central Engineering Consultancy Bureau (CECB)
- National Aquatic Resources Research and Development Agency (NARA)
- Ceylon Petroleum Corporation
- State Development and Construction Corporation
- Information and Communication Technology Agency (ICTA)
- Sri Lanka Standards Institute (SLSI)
- Economic Development Bureau-Western Province
- Office of National Unity and Reconciliation (ONUR)

**Provincial Level Government Institutions**

**Southern Province**
- Governor's Secretariat – Galle
- Provincial Public Service Commission, Southern Province
- Planning Secretariat – Galle
- Provincial Revenue Department, Southern Province
- Management Development and Training Institute
- Chief Ministry/Chief Provincial Ministry
- Provincial Ministry of Agriculture, Southern Province
- Provincial Ministry of Fisheries, Southern Province
- Provincial Ministry of Education, Southern Province
- Provincial Ministry of Sports, Southern Province
- Provincial Department of Health Services, Southern Province
- Provincial Department of Ayurveda, Southern Province
- Provincial Department of Local Government, Southern Province
- Provincial Department of Animal Production, Southern Province
- Provincial Department of Education, Southern Province
- Provincial Department of Irrigation, Southern Province
- Provincial Department of Land Commissioner, Southern Province
- Provincial Department of Social Welfare Probation and Child Insurance, Southern Province
- Provincial Department of Housing Commission, Southern Province
- Road Development Authority, Southern Province
- Ruhuna Tourist Bureau, Southern Province
- Sri Lanka Electricity Board, Southern Province
• National Water Supply & Drainage Board, Southern Province
• District Secretariat - Hambantota
• District Secretariat - Galle
• District Secretariat - Matara

**Northern Province**
• Chief Secretariat Northern Province
• Provincial Ministry of Agriculture, Northern Province
• Provincial Ministry of Education, Northern Province
• Provincial Ministry of Health, Northern Province
• Provincial Ministry of Local Government, Northern Province
• Provincial Ministry of Women's Affairs, Northern Province
• Office of the Deputy Chief Secretary – Planning
• Internal Audit Unit, Northern Province
• Provincial Department of Agriculture, Northern Province
• Provincial Department of Animal Production & Health, Northern Province
• Provincial Department of Building, Northern Province
• Provincial Department of Cooperative Development, Northern Province
• Provincial Department of Cultural Affairs, Northern Province
• Provincial Department of Education, Northern Province
• Provincial Department of Fisheries, Northern Province
• Provincial Department of Health Services, Northern Province
• Provincial Department of Indigenous Health, Northern Province
• Provincial Department of Industries, Northern Province
• Provincial Department of Irrigation, Northern Province
• Provincial Department of Land Commissioner, Northern Province
• Provincial Department of Local Government, Northern Province
• Provincial Department of Motor Traffic, Northern Province
• Provincial Department of Probation and Childcare Service, Northern Province
• Provincial Department of Revenue, Northern Province
• Provincial Department of Road Development, Northern Province
• Provincial Department of Rural Development, Northern Province
• Provincial Department of Social Services, Northern Province
• Provincial Department of Sports, Northern Province
• Tourism Bureau, Northern Province
• District Secretariat - Jaffna
• District Secretariat - Kilinochchi
• District Secretariat - Mannar
• District Secretariat - Mullaitivu
• District Secretariat - Vavuniya
• National Water Supply and Drainage Board, Northern Province
• Ceylon Electricity Board, Northern Province
• Fisheries Cooperation, Northern Province

**Central Province**
• Chief Secretariat office Central Province
• Central Provincial Ministry of Agriculture
• Central Provincial Ministry of Education
• Central Provincial Ministry of Industries
• Central Provincial Ministry of Road Development, Transport, Power and Energy housing and construction
• Central Provincial Ministry of Heath
• Central Provincial Department of Agriculture
• Central Provincial Department of Animal Production and Health
• Central Provincial Department of Ayurveda Central Province
• Central Provincial Department of Cultural affairs Central Province
• Central Provincial Department of Education Central Province
• Central Provincial Department of Industries Development and Enterprise Promotion
• Central Provincial Department of Sports
• Central Provincial Department of Industry Development and Enterprise Promotion
• Central Provincial Department of Rural Development
• Central Provincial Department of Social Welfare Probation and Child care services
• Central Provincial Department of
Textile
- Central Provincial Department of Transport
- Central Provincial Engineering Service Department
- Central Provincial Department of Housing
- Central Provincial Irrigation Department
- Central Provincial Land Department
- Central Provincial Trade Commerce and Tourism Provincial Department
- Central Provincial Department of Local Government
- Central Provincial Department of Health
- Central Provincial Cooperative Department
- ECD Unit - Central Province
- Central Provincial Road Development Authority
- Cooperative Employee Commission Central Province
- Library Service Board – Central Province
- District Secretariat - Kandy
- District Secretariat - Nuwara Eliya
- District Secretariat - Matale

Eastern Province
- Chief Secretary’s Secretariat, Eastern Provincial Council
- Governor’s Secretariat, Eastern Province
- Ministry of Local Government & Rural Development, Eastern Provincial Council
- Ministry of Health & Social Services, Eastern Provincial Council
- Ministry of Education & Cultural Affairs, Eastern Provincial Council
- Ministry of Agriculture & Irrigation, Eastern Provincial Council
- Ministry of Road Development & Land, Eastern Provincial Council
- Provincial Planning Secretariat, Eastern Provincial Council
- Office of the Deputy Chief Secretary -Engineering Services and Infrastructure, Eastern Provincial Council
- Office of Assistant Auditor General, Eastern Province, Trincomalee
- Department of Local Government, Eastern Provincial Council
- Department of Health Services, Eastern Provincial Council
- Department of Education, Eastern Provincial Council
- Department of Agriculture, Eastern Provincial Council
- Department of Animal Production & Health, Eastern Provincial Council
- Department of Irrigation, Eastern Provincial Council
- Department of Indigenous Medicine, Eastern Provincial Council
- Department of Road Development, Eastern Provincial Council
- Department of Land Administration, Eastern Provincial Council
- Department of Social Services, Eastern Provincial Council
- Department of Probation & Child Care, Eastern Provincial Council
- Department of Rural Industries, Eastern Provincial Council
- Department of Rural Development, Eastern Provincial Council
- Department of Cooperative Development, Eastern Provincial Council
- Department of Motor Traffic, Eastern Provincial Council
- Pre-School Education Bureau, Eastern Provincial Council
- Road Passenger Transport Authority, Eastern Provincial Council
- Legal Unit, Eastern Provincial Council
- Fisheries Unit, Eastern Provincial Council
- Department of Coastal Conservation & Coastal Resource, Trincomalee
- Department of Forest Conservation, Trincomalee
- District Disaster Management Unit, District Secretariat, Trincomalee
- District Secretariat - Ampara
- District Secretariat - Batticaloa
- District Secretariat - Trincomalee
- Urban Council -Trincomalee
- Urban Council - Kattankudy
- Pradeshiya Sabha -Town & Gravets, Trincomalee
- Pradeshiya Sabha - Kokkatichcholai
- Pradeshiya Sabha - Sammanthurai
• Pradeshiya Sabha - Valaichchenai
• Pradeshiya Sabha – Kanthal

Sabaragamuwa Province
• Chief Secretariat office Sabaragamuwa Province
• Provincial Public Service Commission, Sabaragamuwa Province
• Office of the Provincial Council Secretariat, Sabaragamuwa Province
• Office of the Deputy Chief Secretary (Financial Management)
• Office of the Deputy Chief Secretary (Planning)
• Office of the Deputy Chief Secretary (Engineering Services)
• Provincial Ministry of Education Information Technology and Cultural Affairs, Sabaragamuwa Province
• Provincial Ministry of Road Development, Rural Infrastructure, Tourism, Sports and Youth Affairs, Sabaragamuwa Province
• Provincial Ministry of Lands, Provincial Irrigation, Agriculture, Animal Production, Animal Health and Fisheries, Sabaragamuwa Province
• Provincial Ministry of Social Welfare, Probation and Child Care, Rural Development and Rural Industries, Sabaragamuwa Province
• Internal Audit Office, Sabaragamuwa Provincial Council
• Provincial Department of Health, Sabaragamuwa Province
• Provincial Department of Ayurveda, Sabaragamuwa Province
• Provincial Department of Local Government, Sabaragamuwa Province
• Provincial Department of Cooperative Development, Sabaragamuwa Province
• Provincial Land Commissioner’s Office, Sabaragamuwa Province
• Office of the Provincial Director of Agriculture, Sabaragamuwa Province
• Department of Provincial Animal Production and Animal Health, Sabaragamuwa Province
• Provincial Department of Education, Sabaragamuwa Province
• Provincial Department of Probation and Childcare Services, Sabaragamuwa Province
• Provincial Department of Industries, Sabaragamuwa Province

CSO’s/ CBOs/ Think Tanks
• Advocata Institute
• Aide et Action - Galle
• Arunella Foundation
• Association of War Affected Women - (AWAW)
• Berendina Development Services - (GTE) Ltd
• Center for Environmental Justice - (CEJ)
• Center for Women’s Research - (CENWOR)
• Centre for Policy Alternatives - (CPA)
• Centre for Poverty Analysis - (CEPA)
• Child Development Fund – Trincomalee
• Child Fund Sri Lanka - (CF- Sri Lanka)
• Chrysalis
• Coalition for Educational Development - (CED Sri Lanka)
• Community Development Foundation, Sri Lanka-CDF
• Disability Organizations Joint Front
• Eastern Social Development Foundation - Valachchenai
• Federation of Sri Lankan Local Government Authorities - (FSLGA)
• FIAN Sri Lanka - Food First Information & Action Network of Sri Lanka
• Gramiya Sanwardana Padanama - Hambanthota
• Green Movement of Sri Lanka - (GMSL)
• Hashtag Generation
• Human and Environment Link Progressive Organization (HELP-O)
• Humedica Lanka
• Institute of Social Development
• Jaffna Social Action Centre - (JSAC)
• Janathakshan - (GTE) Limited
• Kadamandiya Food Bank
• Lanka Impact Investing Network - (LIIN)
• Law and Society Trust
• LIRNEasia
• National Peace Council of Sri Lanka
• Offer (Ceylon)
• Oxfam Sri Lanka
• PALM Foundation
• Participatory Development Foundation - Bataduwa
• Participatory Development Foundation - Habaraduwa
• Participatory Development Foundation – Habanthota
• Peace and Community Action - Ampara
• Protecting Environment and Children Everywhere (PEaCE)
• Rainforest Protectors of Sri Lanka
• Reforest Sri Lanka
• Room to Read
• Ruhunu Sisila Samaja Sewa Sanwidanaya – Matara
• Sarvodaya District Center - Kegalle
• Sarvodaya Shramadana Movement, Sri Lanka
• Save the Children Sri Lanka
• Saving Humanity Foundation - Trincomalee
• Saviya Development Foundation - Galle
• Scaling Up Nutrition Peoples’ Forum - SUNPF
• SLYCAN Trust
• Sri Lanka Eco-Tourism Foundation
• Sri Lanka Forum of University Economists (SLFUE)
• Sri Lanka Natural History Society - (SLNHS)
• Sri Lanka Press Institute
• Sri Lanka Unites
• Transparency International Sri Lanka
• Verite Research
• Wildlife & Nature Protection Society – (WNPS)
• Women Development Foundation, Hambanthota
• Women in Need
• World Vision Lanka - Jaffna
• World Vision Lanka - Neluwa
• World Vision Organization - Trincomalee
• World Vision Sri Lanka
• Yarico - Jaffna District Development Cooperative Society
• Y Gro
• Youth Rights Movement in Sri Lanka

Private Sector Institutions
• Ceylon Chamber of Commerce
• Provincial Chamber of Commerce Sabaragamuwa Province

• Provincial Chamber of Commerce Central Province
• District Chamber of Commerce - Hambantota
• District Chamber of Commerce - Matara
• District Chamber of Commerce - Jaffna
• District Chamber of Commerce - Mullaitivu
• District Chamber of Commerce - Mannar
• District Chamber of Commerce - Vavuniya
• District Chamber of Commerce (Industry and Agriculture) - Ampara
• District Chamber of Commerce - Batticaloa
• Asia Pacific Alliance for Disaster Management Sri Lanka (A-PAD SL)
• Biodiversity Forum of Sri Lanka
• Green Building Council of Sri Lanka
• Kandy City Center
• MJF Charitable Foundation – DILMA
• Regen Renewables PVT Ltd.

Academia/Experts
• Prof. Devaka Weerakoon, University of Colombo
• Prof. Nirmal Dewasiri, University of Colombo
• Prof. Hemanthi Ranasinghe, University of Sri Jayewardenepura
• Ms. Thilini Nawaratne, University of Sri Jayewardenepura
• Dr. Kumari Thoradeniya, University of Peradeniya
• Dr. Shyantha Subasinghe, University of Peradeniya
• Mr. Susantha Rasnayake, University of Peradeniya
• Dr. Sampath Wahala, Sabaragamuwa University of Sri Lanka
• Prof. Renuka Silva, Wayamba University of Sri Lanka
• Dr. Geretharan, Eastern University of Sri Lanka
• Dr. K. Suresh, Eastern University of Sri Lanka
• Dr. A. M. Aslam Saja, South Eastern University of Sri Lanka
• Dr. M. M. Muneeb, South Eastern University of Sri Lanka
• Dr. Surendra Kumar, Faculty of Medicine, University of Jaffna
• Dr. Jehan Perera, National Peace Council of Sri Lanka
• Dr. Joe William, National Peace Council of Sri Lanka
• Dr. Kenneth De Zilwa, LankaClear
• Dr. Vinya Ariyaratne, Sarvodaya Shramadana Movement, Sri Lanka
• Mrs. Kanthi De Silva, Institute of Environmental Professionals, Sri Lanka
• Mr. Hemantha Withanage, Center for Environmental Justice
• Ms. Chamika Wijesuriya, Bandaranayake Center for International Studies
• Mr. Roshan Dela Bandara – Scaling Up Nutrition Peoples’ Forum

International Development Partners

Bilateral Development Partners
• Embassy of China
• Embassy of France
• Embassy of Japan
• Embassy of Netherlands
• Embassy of Norway
• Embassy of Switzerland
• High Commission of Australia
• High Commissions of Canada
• Japan Agency for International Cooperation (JICA)
• Swiss Agency for Development Cooperation (SDC)
• United States Agency for International Development (USAID)

Multilateral Development Partners
• Asian Development Bank (ADB)
• Development Partners Secretariat
• Food and Agriculture Organization (FAO)
• International Finance Cooperation (IFC)
• International Fund for Agriculture Development (IFAD)
• International Labor Organization (ILO)
• International Organization for Migration (IOM)
• UN Children’s Fund (UNICEF)
• United Nations Development Programme (UNDP)
• United Nations Educational, Scientific and Cultural Organization (UNESCO)
• United Nations Human Settlements Programme (UN-Habitat)
• United Nations Industrial Development Organization (UNIDO)
• United Nations Office on Drugs and Crime (UNODC)
• United Nations Population Fund (UNFPA)
• United Nations Volunteers (UNV)
• World Food Programme (WFP)
• World Health Organization (WHO)

Other International Partners
• International Water Management Institute (IWMI)
• International Union for Conservation of Nature (IUCN)
• Global Green Growth Institute (GGGI)

VNR Twining – Study Tour Participants

VNR Twinning Program

Institutions Represented in the Study Tour to Pakistan
• The Parliament of Sri Lanka
• Prime Minister’s Office
• Sustainable Development Council of Sri Lanka (SDCSL)
• Department of National Planning (NPD)
• Department of Project Management & Monitoring (DPMM)
• Department of Census & Statistics (DCS)
• Chief Secretary’s Secretariat, Northern Province
• Ceylon Chamber of Commerce
• Federation of Sri Lankan Local Government Authorities
Annex C

List of Institutions that participated in SDG Mainstreaming & Data Capacity Building Sessions

- Ministry of Environment
  - Climate Change Secretariat of Sri Lanka
  - Bio-Diversity Secretariat
  - Central Environmental Authority
- State Ministry of National Security and Home Affairs
  - National Building Research Organization
  - Meteorology Department
- Ministry of Wildlife & Forest Conservation
  - State Timber Corporation
  - Department of National Zoological Gardens
  - Department of Wildlife Conservation
  - Department of Forest Conservation
- State Ministry of Wildlife Protection, Adoption of Safety Measures including the Construction of Electrical Fences and Trenches and Reforestation and Forest Resource Development
- Ministry of Lands
  - Survey Department of Sri Lanka
  - Department of Land Use Policy Planning
- Ministry of Agriculture
  - Agriculture and Agrarian Insurance Board
  - Department of Agriculture
  - Department of Export Agriculture
- State Ministry of Paddy and Grain, Organic Food, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promotion, Seed Production and Advanced Technology Agriculture
  - Department of Agrarian Development
- Institute of Post-Harvest Technology
- Hector Kobbe Ka duwa Agrarian Research and Training Institute (HARTI)
- State Ministry of Production and Supply of Fertilizer and Regulation of Chemical Fertilizer and Insecticide Use
- State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries
  - Department of Animal Production and Health
  - National Livestock Development Board and affiliated companies
- State Ministry of Livestock, Domestic animal control, and Development of Minor Crops
- Ministry of Plantation
  - Sri Lanka Tea Board
  - Tea Research Institute
- State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification
  - Coconut Development Authority
  - Palmyra Development Board
  - Kurunegala Plantation Company Ltd.
  - Chilaw Plantation Company Ltd.
- State Ministry of Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernization and Tea and Rubber Export Promotion
  - Rubber Research Institute of Sri Lanka
  - Department of Rubber Development
- Elkaduwa Plantation Ltd.
- National Institute of Plantation Management
- Tea Small Holdings Development Authority
- Kalubovitiyana Tea Factory Ltd.
- Sri Lanka Rubber Manufacturing & Export Corporation Ltd.

- State Ministry of Development of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion
  - Sri Lanka Cashew Corporation
  - Sugarcane Research Institute
  - Tea Estate Development Authority

- Ministry of Fisheries
  - Department of Fisheries and Aquatic Resources
  - Northsea Ltd.

- State Ministry of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports
  - National Aquatic Resources Research and Development Agency
  - National Aquaculture Development Authority
  - Ceylon Fishery Harbours Corporation
  - Ceylon Fisheries Corporation
  - Ceynor Foundation Limited

- Ministry of Finance
  - Board of Investments (BOI)
  - Department of Census and Statistics (DCS)

- State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment Business Development
  - Department of Samurdhi Development
  - National Secretariat for Persons with Disabilities
  - Social Security Board
  - National Council for Persons with Disabilities

- Ministry of Water Supply
  - National Water Supply and Drainage Board (NWSSDB)
  - Water Resources Board (WRB)

- State Ministry of Rural and Divisional Drinking Water Supply Projects Development
  - Department of National Community Water Supply (DNCWS)

- Ministry of Irrigation
  - Department of Irrigation

- State Ministry of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones
  - Sri Lanka Mahaweli Development Authority

- Ministry of Energy
  - Ceylon Electricity Board (CEB)

- Ministry of Power
  - Sri Lanka Sustainable Energy Authority (SLSEA)

- Ministry of Industries

- Ministry of Education
  - Educational Publications Department

- State Ministry of Women and Child Development, Pre-Schools & Primary Education, School Infrastructure and Education Services
  - National Committee on Women
  - National Child Protection Authority
  - Women's Bureau of Sri Lanka
  - Children's Secretariat
  - Department of Probation and Childcare Services

- Ministry of Public Security
  - Sri Lanka Police
  - Women and Child Abuse prevention Bureau
  - Criminal Investigation Department

- State Ministry of Urban Development, Waste Disposal and Community Cleanliness
  - Urban Development Authority
  - Condominium Management Authority

- State Ministry of Coast Conservation and Low-Lying Land Development
  - Marine Environment Protection Authority (MEPA)
  - Sri Lanka Land Reclamation and Development Corporation- Wetland Management Division
• Coast Conservation and Coastal Resource Management Department
• Western Provincial Irrigation Department
• Northern Provincial Irrigation Department
• Eastern Provincial Irrigation Department
• International Water Management Institute (IWMI)