2021 ANNUAL REPORT

INSTITUTE OF POLICY STUDIES OF SRI LANKA

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ABOUT US

The Institute of Policy Studies of Sri Lanka (IPS) is the apex economic policy research organisation in Sri Lanka, established by an Act of Parliament. Our mission is to conduct high-quality, independent, policy relevant research to provide robust evidence for policymaking and improve the lives of all Sri Lankans.

Through its substantive body of rigorous research spanning more than three decades, the IPS has come to be recognised as a centre of excellence in economic policy research. The Institute's research programme covers many of the critical areas of relevance to current socio-economic policymaking in Sri Lanka and the Asian region. The complementary expertise of a strong team of in-house researchers is the key to its successful record of supporting economic policymaking, with empirically-based research disseminated widely through reports, research papers, journal articles and public presentations.

VISION

To be a globally-recognised research institute that is a catalyst for Sri Lanka's socio-economic transformation.

MISSION

Conducting high-quality, independent, policy relevant research that provides trusted insights on socio economic issues to inform our stakeholders and shape policy agendas to positively impact the lives of all Sri Lankans.

BOARD OF GOVERNORS

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Faculty of Management and Finance, University of Colombo

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Dr. Kenneth De Zilwa
Director/CEO, Econsult Asia (Pvt.) Limited

Dr. Dushni Weerakoon
Executive Director, Institute of Policy Studies of Sri Lanka

HIGHLIGHTS

JANUARY

Bilesha Weeraratne highlighted the challenges returnee Sri Lankan migrants face at a webinar on the Impact of COVID-19 on Temporary Migrant Workers from South and Southeast Asia, organised by the Canada Excellence Research Chair (CERC) in Migration and Integration, Ryerson University, Canada.

FEBRUARY

The IPS hosted a webinar on the Recovery of Sri Lanka's Apparel Sector from the COVID-19 Crisis to highlight the medium-term challenges faced by the apparel industry and propose policy solutions that could help the industry emerge from the crisis.

MARCH

Dilani Hirimuthugodage made a presentation on Indirect Promotion of Tobacco through Social Media, calling for stronger laws prohibiting tobacco advertisements online and introducing an age-restricted access system at the launch of a report on Tobacco and Alcohol Portrayal in Sri Lankan Media and its Public Health Implications organised by the Centre for Combating Tobacco (CCT).

APRIL

The IPS co-hosted an international webinar on the Recovery of Sri Lanka's Apparel Sector from the COVID-19 Crisis focussed on solutions to the challenges that the pandemic has created in apparel supplying countries with the Centre for Policy Dialogue (CPD), Bangladesh.

MAY

Nisha Arunatilake flagged the need for more meaningful involvement of researchers from the Global South in development policy discussions to improve the effectiveness of research on policy impact at the Annual Conference of the Partnership for Economic Policy (PEP) under the theme of power in proximity.

JUNE

Asanka Wijesinghe made a presentation on Bangladesh-Sri Lanka Free Trade Agreement; Initial Framework and Lessons from Existing Trade Policy to argue for a no strings attached tariff elimination policy at the Second SANEM International Development Conference, South Asia Network on Economic Modelling, Bangladesh.

2021

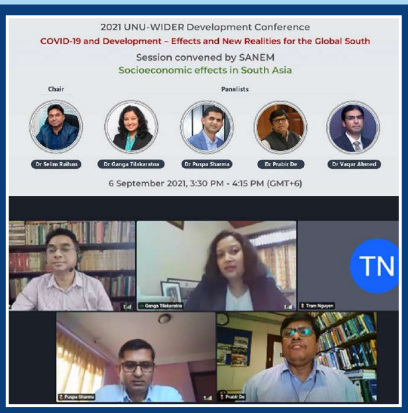
JULY

Manoj Thibbotuwawa and Erandathie Pathiraja led an IPS co-hosted a Virtual Stakeholder Consultation on Developing a National Cooling Policy of Sri Lanka to identify policy, regulatory, institutional, financial and technology gaps related to the cool chain, with the Ministry of Environment and Wildlife Resources.

AUGUST

IPS co-hosted a webinar on Planning for Universal Health Coverage amidst the 4Ds of Health Transitions to examine changing diseases patterns, demographics, donor finance, and domestic finance with Duke University and the Sri Lanka Medical Association (SLMA).

SEPTEMBER



Ganga Tilakaratna spoke on the impact of COVID-19 on poverty in Sri Lanka, highlighting the employment shock in the form of job losses and fall in incomes at the 2021 UNU-WIDER Development Conference, organised by the United Nations University – World Institute for Development Economics Research (UNU-WIDER).

OCTOBER

The IPS launched its flagship Sri Lanka: State of the Economy 2021 report with three related webinars to discuss issues of protecting health while promoting economic recovery and put forward policy recommendations for the short and medium-term.

NOVEMBER

Dushni Weerakoon noted that the UN 2030 Agenda can be used as a guide to help develop more inclusive economies that are capable of meeting shocks such as COVID-19 at the Policy Dialogue on Regional Cooperation for Sustainable Development in South Asia co-hosted by the IPS with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), New Delhi.

DECEMBER

Sunimalee Madurawala was a speaker at the 2021 Global Food Governance Conference organised by the Georgetown University Law Center, Charles Perkins Centre of the University of Sydney, and The George Institute for Global Health.
She pointed out that political economy analysis is crucial to develop effective public health strategies.

Chairman's Message

Sr. Prof. Dr. H.D. Karunaratne

With the mission of conducting high-quality, independent, policy-relevant research to provide robust evidence for policymaking and improve people's living standards, the Institute of Policy Studies of Sri Lanka (IPS) has been operating as one of the most successful research institutes in Sri Lanka for over three decades. Since research-based policy formulation, analysis, assessment and evaluation, and policy reformulation are essential to achieve the socio-economic transformation of modern societies, the IPS has been committed to fulfilling its expected short-term and long-term goals so far and throughout the period.

Even under the unprecedented global and local twin crisis (health and economic), the Institute has continuously operated as a responsible, independent and leading policy research institute in Sri Lanka. The IPS has proven its ability to face such a crisis through capacity utilisation, technology adaptation, innovativeness and capitalising on multiple skills of its human capital. Further, the IPS coped with all physical and financial restrictions that emerged from these crises.

IPS' energetic and dedicated management and staff played a crucial role in mobilising physical and virtual resources and social media to reach the expected results. Having served as the Chairman in 2021, it was a great pleasure to witness this achievement, and I was fortunate to provide support for them.

As evidence of the timeliness of its policy research, the IPS was able to launch its 31st annual flagship report, 'Sri Lanka: State of the Economy 2021', on the topical theme "Pandemics and Policy: Protecting Health and Promoting Economic Recovery" in October 2021. The range of sub-themes includes policy perspectives; economic performance and outlook; COVID-19, global economic developments and impact on Sri Lanka; the emerging global order: opportunities and costs for Sri Lanka; COVID-19 fiscal policy: dealing and debt and deficits; assessing the effectiveness of MSME recovery measures during COVID-19; Sri Lanka's labour market; reintegration challenges of Sri Lanka's migrant workers; social protection for vulnerable groups; ensuring gender equality; education delivery in the new normal; priorities for Sri Lanka's healthcare sector; building agriculture value chains; addressing environmental challenges; and pathways to an inclusive and sustainable recovery in Sri Lanka.

The pragmatic leadership provided by Dr Dushni Weerakoon amidst a global and local crisis is appreciated by all stakeholders. I congratulate her and the dedicated staff at the IPS for completing yet another successful year by adapting to and facing this global health crisis. Observing their activities, I am convinced that the IPS has achieved its goal of being an excellent policy research institute, providing exemplary service to Sri Lanka and the world.

Executive Director's Report

Dr. Dushni Weerakoon

In yet another year of trying circumstances associated with the disruptions of COVID-19, the Institute of Policy Studies of Sri Lanka (IPS) has proved resilient in responding to the challenge of generating timely, evidence-based research.

Over the course of the year, the IPS continued to produce important work across its six thematic areas of research covering (i) macro, trade and competitiveness, (ii) labour, education and health, (iii) migration and urbanisation, (iv) poverty and social welfare, (v) agriculture and agribusiness development, and (vi) environment, natural resources and climate change.

Crucially, our research remained at the forefront of understanding the socio-economic policy impacts of the COVID-19 pandemic. Repeated waves of COVID-19 for a second year meant that Sri Lanka struggled to achieve sustained economic recovery, with significant volatility and instability across the macroeconomic front. The IPS' annual flagship report Sri Lanka: State of the Economy, focussed on 'Pandemics and Policy: Protecting Health and Promoting Economic Recovery', examined the socio-economic impacts and recommended policy choices to build effective strategies for a strong recovery.

Other important contributions to public policy research and practice were undertaken on health finance. In partnership with Duke University, the IPS engaged in exploring Sri Lanka's health funding landscape in the context of the transition challenges of disease, demographic, domestic finance and donors (4Ds) and their impact on the progress towards universal health care. On the education front, research studies were undertaken to understand the demand for private tutoring during COVID-19 as well as labour market issues associated with work from home practices to gain a better understanding of who benefits and who is left out. With Sri Lanka's large migrant workforce too subject to reintegration challenges, considerable work on mainstreaming migration into development remained a focus of IPS' research in 2021.

The pandemic also highlighted the disproportionate impacts on the more vulnerable segments in society, be it in the form of food security or access to social protection. In partnership with development agencies, a series of studies to understand weaknesses in food value chains as well as Sri Lanka's social protection landscape were conducted to help policymakers build more resilient and inclusive pathways to development in a post-pandemic era.

Improving impact and effecting policy change through rigorous evidence-based research is the core of our work programme. Despite the many challenges of remote work, the IPS remained actively engaged in providing technical expertise to policymakers, shaping ideas and helping to resolve difficult policy problems.

Some key policy inputs included updating the National Environment Policy of Sri Lanka and formulating a National Cooling Policy for Sri Lanka in collaboration with the Ministry of Environment, as well as an Overarching Agricultural Policy in collaboration with the Department of National Planning. Technical support was provided to the Parliament's Committee on Public Finance to assess the soundness of the government's Budget 2021 and its alignment to national policy priorities. Additionally, by serving on government policy committees, IPS researchers were able to infuse knowledge and expertise to ongoing education and skills sector reforms convened by the National Committee on Education, establishing social security schemes convened by both the Ministry of Skills Development, Employment and Labour Relations as well as the Ministry of Labour, and developing taxation policies on tobacco products with the National Authority on Tobacco and Alcohol, amongst many other such contributions.

As in the past, the IPS also maintained a tradition of peer-reviewed publication of its research. In 2021, these included research papers jointly published with global partners such as the Partnership for Economic Policy (PEP), Southern Voice, the United Nations University (UNU-WIDER), and other UN agencies such as ESCAP, UNDESA and the ILO. The Institute drew on its wide body of research to engage more robustly on public policy discourse throughout the year. By writing on opinion platforms, both locally and globally, IPS researchers brought objective evidence to better understand and enrich policy debates in Sri Lanka and the wider region. In 2021, as many as 40 articles were carried in the mainstream media nationally, while the Institute's expanding global outreach saw contributions carried in platforms such as the East Asia Forum, Global Development Network, Development Asia and Southern Voice.

The main highlights of these research activities, outputs and policy engagements are captured under the six thematic areas of research in the rest of this report.

The disruption of the COVID-19 pandemic posed operational challenges in 2021, not least disturbances to planned research activities and the Institute's financial base. With the IPS continuing to rely on generating its own revenue to meet expenses, prevailing financial market conditions had significant impacts. Despite these setbacks, the search for talent did not cease. In the research field, new senior research recruitments were made in the recognition that continuing to build on the IPS' reputation as a source of rigorous and analytical work, rests on the commitment of a highly skilled, talented and dynamic team of researchers. Equally, a dedicated team of professionals leading our finance and administrative functions, communications and policy engagement, information technology and library resources remain indispensable to our success. As always, none of the year's achievements would have been possible if not for the enthusiastic engagement of my colleagues across research and support functions. Without them, the Institute could not fulfil its mission to be a centre of research excellence and remain at the cutting edge of socio-economic policy debates.

In this continuous process of striving to do better and be relevant, I take the opportunity to thank the Chairman and members of the Governing Board for their support, and the IPS staff for their unwavering commitment to build and strengthen the Institute's standing in Sri Lanka's intellectual and policy landscape.

Dushni Weerakoon
Executive Director

RESEARCH PROGRAMME

RESEARCH

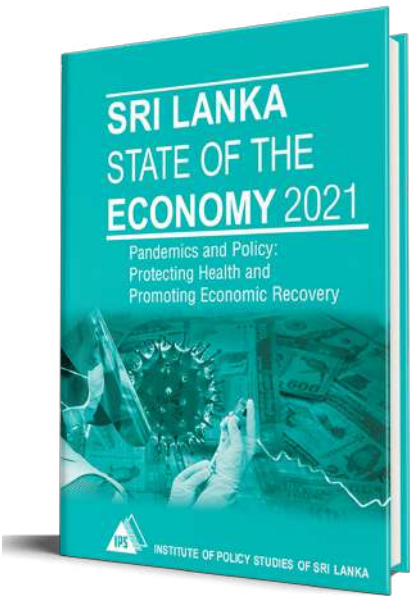
IPS' role within Sri Lanka's socio-economic policy landscape is to contribute to sound analytical evidence to inform policy decisions and help policymakers understand the implications of various policy options. Critical constraints on growth such as policy inconsistencies, inadequate infrastructure, weak public service delivery in health and education, shortage of skills, rising costs of energy, and barriers in accessing finance and land, among others, require rigorous analysis. In addition, persistent inequalities of income and wealth, environment damage and the depletion of natural resources, the well-being of the elderly and other vulnerable populations, etc., require continuous review of key economic concepts, models, and indicators to reformulate policy.

The Institute's research agenda addresses these and other issues aligned to the country's national policy framework 'Vistas of Prosperity and Splendour'. The work programme focusses on six primary thematic areas within which a variety of research topics are explored. Policy engagement activities related to the research activities are conducted to disseminate the evidence-based findings to a wider audience, both local and international. This is carried out through a combination of research publications, participating in committees to provide policy inputs, contributing to opinion platforms, and engaging in policy discussion forums.

Macro, Trade and Competitiveness

Strong macroeconomic coordination while maintaining an investor-friendly policy environment and minimising regulatory barriers for foreign direct investment (FDI) in unison with more domestic value-added exports is the key policy direction envisaged in the 'Vistas of Prosperity and Splendour' framework. Economic policies that aim to improve the efficiency of resources used by the public sector (public investment, state-owned-enterprises), improve economic incentives (trade reforms, price systems in agriculture, state utilities such as electricity), and institutional efficiency (customs, tax administration) are key drivers of a sustained growth effort. Research studies in macro, trade and competitiveness focussed on the following in 2021.

MACROECONOMIC POLICY AND STRUCTURAL REFORMS



The IPS' annual flagship report **Sri Lanka: State of the Economy 2021** examines the policy contours of a country that builds back better from COVID-19, under the thematic focus of 'Pandemics and Policy: Protecting Health and Promoting Economic Recovery'. As the COVID-19 pandemic continues to exert a toll on the health of the population, livelihoods and employment, the report analyses the fallout on the macroeconomic environment and examines the sector-wide socio-economic impacts across the Sri Lankan economy. Key chapters on **Economic Performance and Outlook: Managing the Crisis and Promoting Recovery** by Dushni Weerakoon and **COVID-19 Fiscal Policy: Dealing with Debt and Deficits** by Harini Weerasekera analyse the macroeconomic policy contexts and challenges facing Sri Lanka. The authors argue that for Sri Lanka to convert its anticipated return to positive growth in 2021 to a sustained high growth path, setting sustainable fiscal and debt measures to stabilise the macroeconomy is essential.

As in previous years, the IPS contributed to the Global Competitiveness Report 2021 by providing policy analysis and facilitating an executive opinion survey that contributes to developing the index published by the World Economic Forum (WEF). The report ranks nations according to the Global Competitiveness Index. The report assesses institutions, policies, and other macro and microeconomic fundamentals that affect a country's economic productivity and efficiency. The data indicate the competitiveness of an economy and changes on a national, regional and global level. Kithmina Hewage and Tharindu Udayanga contributed to this report from the IPS as a partner institute.

Harini Weerasekera and Kithmina Hewage undertook an exploratory assessment on Vaccinating Sri Lanka Against COVID-19 funded by the IPS. The study assesses the fiscal implications of reaching a target of vaccinating 80 per cent of Sri Lanka's population against COVID-19. Arrangements are being made to secure vaccinations for 20 per cent of the country's population through the WHO's COVAX procurement facility. The cost-benefit analysis of vaccinating the remaining 'non-priority' groups (accounting for 60 per cent of the population) to reach the 80 per cent coverage target is approximated, and the associated fiscal trade-offs of using government funds for this purpose are assessed.

Nisha Arunatilake was engaged in a study on Assessing the Participation of Global South Researchers in the Economic Development Policy Agenda Setting with the Partnership for Economic Policy (PEP). The importance of local experts in setting the development process is now well recognised. Local experts understand the contexts better and their participation in research generate policy recommendations that are more likely to succeed. Their participation will also help strengthen research capacity in the Global South and counter-balance the dominance of researchers from the North in knowledge creation. This study assesses the challenges of improving the participation of researchers from the South in policy-oriented development research.

Several studies as components of IPS' tobacco control research programme in partnership with Cancer Research/KIVU International, UK were carried out in 2021. These include one on Abhisheka and Single Stick Ban in Sri Lanka, carried out by Dilani Hirimuthugodage and Nimesha Dissanayaka, to assess and evaluate the demand for single stick cigarettes and examine the impact on retailers, sales of tobacco, smokers etc. The study also analyses the impact of the Abhisheka programme (a trade loyalty programme) on tobacco retailing. The overall objective is to provide practical policy options for policymakers to implement a ban on selling single stick cigarettes.

A second study on Estimating the Size of the Illicit Cigarette Market in Sri Lanka by Nisha Arunatilake and Harini Weerasekera aims to provide an evidence-based assessment of illicit cigarette and beedi consumption trends in Sri Lanka. This evidence is needed to implement effective taxation policies on cigarettes. As such, tackling myths around the illicit tobacco trade that obstruct the raising of tobacco taxes – which have both health and fiscal benefits – is the overarching objective of this research. To do so, the study (1) estimates the illicit cigarette market share to provide evidence of whether tobacco lobby estimates are exaggerated and (2) analyses beedi consumption trends using reliable and nationally representative data to shed light on whether its consumption has spiked due to high taxes on cigarettes.

RESEARCH PUBLICATIONS:

- **Adjusting to COVID-19: Sri Lanka's Macroeconomic Policy Levers and Impacts**, Dushni Weerakoon in Senaratne, R., D. Amaratunga, S. Mendis and P. Athukorala (Eds), Impact, Mitigation, Opportunities and Building Resilience, Colombo: National Science Foundation, 2021.
- **Assessing the Participation of Global South Researchers from Lower Middle-Income Countries in Economic Development Policy Debates**, Lucas Ranconi, Nisha Arunatilake, Junette Perez, and Christian Arnault Emini, Working Paper 2021-25, PEP Working Paper Series, Partnership for Economic Policy (PEP), 2021.
- **Economic Performance and Outlook: Managing the Crisis and Promoting Recovery**, Dushni Weerakoon in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **COVID-19 Fiscal Policy: Dealing with Debt and Deficits,** Harini Weerasekera in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Fiscal Implications of Vaccinating Sri Lanka Against COVID-19**, Harini Weerasekera and Kithmina Hewage, Policy Discussion Brief, Institute of Policy Studies of Sri Lanka: Colombo, 2021.

POLICY COMMITTEES:

- **Assessment of Fiscal, Financial and Economic Assumptions of Budget 2021 and Analysis of Alignment to Government Policy Priorities** for the Committee on Public Finance, Parliament of Sri Lanka.
- **Sub-committee to Develop Taxation Formula for Tobacco and Alcohol**, National Authority on Tobacco on Alcohol.
- **Working Committee on Social Sciences**, National Science Foundation.
- **Steering Committee on Economic Policy**, Ceylon Chamber of Commerce.
- **Policy Committee**, International Chamber of Commerce of Sri Lanka.

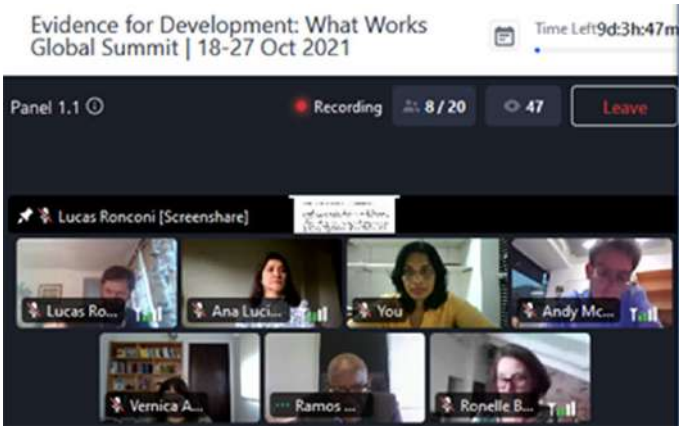
OPINION PLATFORMS:

- **Sri Lanka's Economy Hemmed in by COVID-19 and Geopolitical Tensions**, Dushni Weerakoon, East Asia Forum, Australian National University, January 2021.
- **Taxing Tobacco: What Did Budget 2021 Miss?**, Harini Weerasekera, Talking Economics, Institute of Policy Studies of Sri Lanka, January 2021.
- **How Should Sri Lanka Finance the COVID-19 Vaccination Rollout?**, Harini Weerasekera and Kithmina Hewage, Talking Economics, Institute of Policy Studies of Sri Lanka, May 2021.
- **COVID-19, Fiscal Policy and Public Debt in Emerging Economies**, Harini Weerasekera, Talking Economics, Institute of Policy Studies of Sri Lanka, June 2021.
- **Sri Lanka's Macroeconomic Policy Setting: Cohesion or Confusion?**, Dushni Weerakoon, Talking Economics, Institute of Policy Studies of Sri Lanka, August 2021.
- **COVID-19 and the Sri Lankan Economy: Policy Choices and Trade-offs**, Chathurrdhika Yogarajah, Talking Economics, Institute of Policy Studies of Sri Lanka, October 2021.
- **Sri Lanka's Rising Food Prices Belies Deeper Economic Issues**, Dushni Weerakoon, East Asia Forum, Australian National University, October 2021.
- **The Tangled Diplomacy of Sri Lanka's Currency Crisis**, Dushni Weerakoon, East Asia Forum, Australian National University, December 2021.

PRESENTATIONS AND DISCUSSIONS:

- Panellist at the **Policy Dialogue** at the National Conference on COVID-19: Impact, Mitigation, Opportunities and Building Resilience organised by the National Science Foundation (NSF), BMICH, 28 January (Dushni Weerakoon).
- Presentation on **Vaccinating Sri Lanka Against COVID-19** at the World Bank's 7th South Asia Economic Policy Network virtual conference on Vaccinating South Asia, 3 March (Harini Weerasekera).
- Panellist at the virtual South Asia Policy Dialogue on **Economic and Social Survey of Asia and the Pacific 2021: Towards Post-COVID-19 Resilient Economies** organised by UN-ESCAP South and South-West Asia Office, 12 April (Nisha Arunatilake).
- Panellist at the Policy Conference on **Power in Proximity: Highlights from 2021** organised by the Partnership for Economic Policy (PEP), 4 June (Nisha Arunatilake).
- Speaker on **Recovering from COVID-19: The Economic Imperatives** at the book launch on COVID-19: Impact, Mitigation, Opportunities and Building Resilience organised by the National Science Foundation, BMICH, 30 July (Dushni Weerakoon).
- Panellist on the **State of Sri Lanka's Economy: Key Challenges and Opportunities** organised by UNICEF, 21 September (Nisha Arunatilake).

- Panellist at the webinar on **Sri Lanka's Debt Sustainability: The Current Challenges** organised by the International Chamber of Commerce of Sri Lanka (ICCSL) and Daily Financial Times (FT), 22 September (Dushni Weerakoon).
- Presentation on **Sri Lanka's Economic Recovery: Macroeconomic Policy** at the webinar on COVID-19 and the Sri Lankan Economy: Policy Choices and Trade-offs, organised by the IPS, 11 October (Dushni Weerakoon).
- Participant on the podcast **Addressing Vaccine Inequity: Can Europe Walk the Talk?**, Talking Development, CONCORD Europe, 18 October (Dushni Weerakoon).



- Panellist at a session on **Marginalisation of Researchers from the South, Evidence for Development: What Works**, Global Summit, Global Development Network (GDN), 18 October (Nisha Arunatilake).
- Panellist to a session on **Sourcing Alternatives: Leveraging Green Finance for Development** of the Colombo Development Dialogues on Green Development organised by the United Nations Development Programme (UNDP), 21 October (Dushni Weerakoon).
- Panellist at a discussion on **A Rational Formula for Cigarette Taxes: An Alternative to Ad Hoc Taxation**, organised by Verité Research, 28 October (Harini Weerasekera).
- Speaker at the **Sri Lanka Macroeconomic Dialogues**, organised by the Asian Development Bank (ADB), 5 November (Dushni Weerakoon).
- Presentation on **Structural Reforms for Inclusive Growth: Can Sri Lanka Deliver?** at the Sri Lanka Economic Association (SLEA) Annual Sessions, 13 November (Dushni Weerakoon).
- Speaker on the **Economic and Social Implications of the Budget 2022** at the CMA Sri Lanka Budget Highlights 2022 organised by the Certified Management Accountants (CMA), 15 November (Dushni Weerakoon).
- Speaker at the **Webinar on National Budget 2022** organised by the European Chamber of Commerce of Sri Lanka (ECCSL), 22 November (Dushni Weerakoon).

- Panellist at a session on **Setting the Macro Foundation for Growth** at the Sri Lanka Economic Summit 2021 organised by the Ceylon Chamber of Commerce (CCC), Shangri-La Hotel, 6 December (Dushni Weerakoon).

TRADE AND REGIONAL INTEGRATION

An on-going assessment of the **Impact of Import Controls on Sri Lanka's Exports and the Economy** was initiated, funded by the IPS. Given that trade policy is a crucial instrument that governments worldwide use to respond to COVID-19, Sri Lanka's restriction of imports is not unique. A chapter on **COVID-19, Global Economic Developments and Impact on Sri Lanka** by Tharindu Udayanga in Sri Lanka: State of the Economy 2021 report analyses some of the external sector trends and their possible ramifications for Sri Lanka in managing its external pressures. However, in an increasingly vertically integrated global manufacturing process, restricted input supply affects domestic manufacturing adversely. Further, due to the increased prices of intermediate goods domestically, domestic producers can experience increased production costs. A study by Asanka Wijesinghe investigated the magnitude of import controls, their coverage, and the impact on Sri Lanka's export performance. Asanka Wijesinghe and Chathurrdhika Yogarajah carried out an initial exploration of some of these issues in a chapter on **Emerging Global Order: Opportunities and Costs for Sri Lanka** in Sri Lanka: State of the Economy 2021 report.

In a related study on the **Trade Policy Effect on Global Value Chain Participation of South Asian Countries: Implications for Bangladesh-Sri Lanka Trade Negotiations**, Asanka Wijesinghe and Chathurrdhika Yogarajah aim to estimate the effect of the existing trade policy of the South Asian region on their trade and global value chain (GVC) components to draw lessons for future trade negotiations like the proposed Bangladesh-Sri Lanka FTA. The expected outcomes of the empirical analysis (gravity model with GVC components as dependent variables) and proposed ex-ante trade policy evaluation (producing offensive lists and partial equilibrium simulation) can be used as a basis for negotiations of any other future regional trade agreement (RTA).

Another critical issue under study is the **Impact of GSP+ Withdrawal on Sri Lanka's Exports to the EU**. Sri Lanka benefits from GSP+, a special European Union (EU) trading arrangement. However, the European Parliament passed a resolution in June 2021, starting a case for the withdrawal of the GSP+ preferential access given to Sri Lanka. The loss of preference is a potential outcome of the process stipulated by the resolution. This study by Asanka Wijesinghe and Chathurrdhika Yogarajah will analyse the ex-ante effect of such a loss of preferences on Sri Lanka's exports to the EU. In addition, an ex-post assessment will be conducted to estimate the effect of the GSP trade arrangement on exports and GVC participation using a multi-country dataset.

Sri Lanka's economic policy engagements with China remain an area of high priority. The cumulative value of Chinese infrastructure investments in Sri Lanka is estimated at USD 12.1 billion between 2006 and mid-2019, equivalent to 14 per cent of Sri Lanka's GDP 2018. A significant proportion of this investment has been in building roads and expressways. This study on **China's Belt and Road Initiative**, in partnership with The Asia Foundation (TAF), focusses on two aspects: (a) reviewing and collecting information on the latest development and relevant reforms around Chinese-funded development projects under the Belt and Road Initiative (BRI) scheme in Sri Lanka, and (b) designing a survey of local communities and other stakeholders affected by selected BRI investments in Sri Lanka. The study team from the IPS includes Kithmina Hewage, Tharindu Udayanga and Asanka Wijesinghe.

RESEARCH PUBLICATIONS:

- **The Role of Institutional Arrangements for South-South Cooperation: Experiences from Ecuador and Sri Lanka**, by Marcela Morales H., Cristina Ordoñez, Andrés Gutierrez, Kithmina Hewage and Harini Weerasekera, United Nations Office for South-South Cooperation, New York: United Nations Development Programme, 2021.
- **COVID-19, Global Economic Developments and Impact on Sri Lanka**, Tharindu Udayanga in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **The Emerging Global Order: Opportunities and Costs for Sri Lanka**, Asanka Wijesinghe and Chathurrdhika Yogarajah in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.

OPINION PLATFORMS:

- **Beyond Turmeric: How Import Controls are Impacting Sri Lanka's Economy**, Asanka Wijesinghe, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Sri Lanka's Asia-centric Focus in a Contested Bay of Bengal Region**, Dushni Weerakoon and Kithmina Hewage, Asia Pacific Bulletin No. 561, Washington, DC: East-West Center, May 2021.
- **Trade in the Pandemic Era: A One-year Assessment**, Asanka Wijesinghe, Talking Economics, Institute of Policy Studies of Sri Lanka, June 2021.
- **COVID-19 and Sri Lanka's External Sector: Challenges and Policy Choices**, Tharindu Udayanga, Talking Economics, Institute of Policy Studies of Sri Lanka, June 2021.
- **GSP+ Withdrawal: How Would it Impact Sri Lanka's Economy?**, Asanka Wijesinghe and Eleesha Munasinghe, Talking Economics, Institute of Policy Studies of Sri Lanka, September 2021.

PRESENTATIONS AND DISCUSSIONS:

- Speaker on the **Impact of COVID-19 on Global Trade** at the International Model United Nations (TIMUN), 5 February (Kithmina Hewage).
- Panellist to a session on **Tackling Post COVID-19 Challenges in the Bay of Bengal Region** at the Bay of Bengal Economic Dialogue 2021 organised by the South Asia Network on Economic Modelling (SANEM), 11 February (Dushni Weerakoon).
- Presentation of a paper on **Economic Origins of Left-Wing Populism-Evidence from Democratic Primary-2016**, at Midwest Economic Association's (US) Annual Conference (virtual), 24 March (Asanka Wijesinghe).
- Presentation on **Food Loss in International Trade: Case Study for South Asia**, at the second SANEM International Development Conference, 17 June (Asanka Wijesinghe).
- Presentation on **Bangladesh-Sri Lanka Free Trade Agreement; Initial Framework and Lessons from Existing Trade Policy** at the second SANEM International Development Conference, 18 June (Asanka Wijesinghe).

- Panellist at a webinar on **Trade in Services in the Digital Age**, organised by the Centre for Policy Dialogue (CPD), Bangladesh, 19 July (Dushni Weerakoon).
- Presentation on **COVID-19 and the Sri Lankan Economy: Policy Choices and Trade-offs**, organised by the IPS to launch Sri Lanka: State of the Economy 2021 report, 11 October (Asanka Wijesinghe).

MEDIA:

- Panellist at a discussion on **GSP+ and Sri Lanka: What Next?** On TV1's Face the Nation programme, 4 October (Asanka Wijesinghe).

SMES, INDUSTRY AND ENTREPRENEURSHIP

The small and medium enterprise (SME) sector can be a driver of change for inclusive economic growth, regional development, employment generation and poverty reduction. A chapter on **Assessing the Effectiveness of Micro, Small and Medium Enterprises (MSME) Recovery Measures During COVID-19** in Sri Lanka: State of the Economy 2021 report by Kithmina Hewage evaluates the policy responses directed to support MSMEs in Sri Lanka with the onset of the pandemic and discusses additional policy interventions required to counter the latest hardships faced by the sector.

A study on the **Impact of COVID-19 on the Apparel Sector** conducted jointly in Bangladesh and Sri Lanka with funding from Southern Voice explores a value-chain-based solution in which the major market players adopt responsible business practices for sustainable recovery. The analysis shows that if the pre-COVID market share of export orders could be maintained in the case of the largest supplying country, China, an additional USD 2 billion worth of orders could be redistributed to supplying countries. The study will facilitate key stakeholders across the apparel value chain to undertake evidence-based policy decisions and operational measures for ensuring medium-term recovery given the COVID-crisis. Kithmina Hewage led the Sri Lanka component.

Another critical issue relates to the government's decision to ban palm oil. A study on **Palm Oil Industry in Sri Lanka: An Economic Analysis** by Erandathie Pathiraja and funded by the IPS aims to revisit the policy decision on the palm oil industry and examine the misapprehensions behind the ban to provide a guideline for policy recommendations. Sri Lanka spends a considerable amount of foreign exchange on edible oil imports. Considering the rising demand for edible oil imports, oil palm cultivation was promoted by the government in 12,000 Ha of unproductive lands as an import substitution strategy. However, the decision was reversed with escalating concerns on the environmental cost of cultivating this exotic crop and ambiguous health concerns of consuming palm oil. However, this industry's stakeholders have concerns about their investments and the fairness of the conclusions on environmental cost and health claims.

RESEARCH PUBLICATIONS:

- **Recovery of the Apparels Sectors of Bangladesh and Sri Lanka from the COVID-19 Crisis: Is a Value Chain-based Solution Possible?**, Khondaker Golam Moazzem, Fahmida Khatun, Kithmina Hewage, Tamim Ahmed, and Anjana Pathirana, Occasional Paper Series No. 70, Southern Voice, 2021.
- Assessing the Effectiveness of MSME Recovery Measures During COVID-19, Kithmina Hewage in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.

- **The Readiness of Local Institutions in Addressing Sustainability Challenges Confronting the SMEs: A Case Study of Sri Lanka**, Gamage, S.K.N, Ekanayake, E.M.S, Jayasundara, JMSB, & Prasanna, RPIR in Sri Lanka Journal of Business Studies and Finance, Faculty of Business Studies & Finance, Wayamba University of Sri Lanka 1(1), pp.16-37, 2021.

POLICY COMMITTEES:

- **Steering Committee to Monitor Formulation of a National Policy for Industrial Development**, Ministry of Industries and Supply Chain Management.

OPINION PLATFORMS:

- **Stitching Solutions: Protecting Sri Lanka's Apparel Workers During COVID-19**, Kithmina Hewage Southern Voice, March 2021.
- **Collaborative Approach is Critical for Recovery of Apparel Sector Post-COVID-19**, Editorial Team, Talking Economics, Institute of Policy Studies of Sri Lanka, April 2021.
- **Palm Oil Ban in Sri Lanka: Is it Sustainable?**, Erandathie Pathiraja, Talking Economics, Institute of Policy Studies of Sri Lanka, April 2021.

PRESENTATIONS AND DISCUSSIONS:

- Panel discussion on the **Recovery of Sri Lanka's Apparel Sector from the COVID-19** Crisis hosted by the Institute of Policy Studies of Sri Lanka, 2 February.

- Seminar on **Recovery of the Apparel Sectors of Bangladesh and Sri Lanka from the COVID-19 Crisis** organised by the Centre for Policy Dialogue, Bangladesh and the Institute of Policy Studies of Sri Lanka, in partnership with Southern Voice (SV), 20 April.
- Presentation on Entrepreneurial Marketing Dimensions and SME Performance at the 8th International Conference on Social Sciences 2021, organised by the International Institute of Knowledge Management (TIIKM), virtual, 14-15 October (Thilini Bandara).

INTELLECTUAL PROPERTY

A study on **National Value Chain Development, Traceability and Marketing** with the Food and Agriculture Organization (FAO) by Dilani Hirimuthugodage aims to support establishing a sui generis registration-based national system for Geographical Indications (GI). The study has selected two pilot projects (black pepper and pineapple) to introduce the GI system for agriculture crops in Sri Lanka. Further, roadmaps for two pilot GI value chains will be developed.

The study intends to build the capacities of the Government of Sri Lanka (GOSL) and relevant stakeholders to operate the national GI system through several trainings, workshops and outreach activities.

OPINION PLATFORMS:

- **Creating a Culture of Creativity: The Importance of Intellectual Property Rights**, Dilani Hirimuthugodage, Talking Economics, Institute of Policy Studies of Sri Lanka, April 2021.

PRESENTATIONS AND DISCUSSIONS:

- Presentation on the **Importance of Trade Related Intellectual Property Rights (TRIPs) Agreement During COVID 19 Pandemic to Encourage Research**, Innovations and Commercialisation at the national conference on COVID 19: Impact, Mitigation, Opportunities and Building Resilience, theme: From Adversity to Serendipity, organised by the National Science Foundation (NSF) Sri Lanka, via online, 27 January (Dilani Hirimuthugodage).

MEDIA:

- Participated at **Subharathi** live radio programme conducted by the Swadeshiya Sevaya, Sri Lanka Broadcasting Corporation (SLBC), 29 October (Dilani Hirimuthugodage).

Labour, Education and Health

Access to good health and quality education is important to ensure that individuals gain the necessary human resources to lead quality lives and engage in the labour market productively. However, existing models of providing access to education and health are now being challenged as it is increasingly difficult to keep up with new developments and ensure quality access to all, in the face of financial, human and physical resource constraints. The IPS research aims to assist the government's development agenda in finding solutions to these policy challenges by addressing policy-oriented knowledge gaps in the areas of labour, employment, education and health.

SKILLS AND EDUCATION

A chapter on **Education Delivery in the New Normal: Challenges and Policy Options** by Ashani Abayasekara in Sri Lanka: State of the Economy 2021 report examines Sri Lanka's distance learning experience during prolonged school closures with a view to inform the country's future education recovery strategy. It reviews global evidence of the impact of school closures on education and learning, and assesses the effectiveness of education policy responses adopted in Sri Lanka since the onset of the pandemic.

A study of **Non-state Actors in Education in Sri Lanka** focusses on many dimensions of non-state education in Sri Lanka: provision, financing, regulation, innovations and policy influence across five education levels: pre-primary, primary and secondary, technical and vocational, tertiary and adult. The analysis involves mapping the education system actors operating in the different domains of activity, such as formal schooling and university, textbook and technology provision, infrastructure and school meals, and financing and regulating education. It also analyses policies and regulations relevant to non-state actors on paper, and explores how it functions. This study is conducted with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and carried out by Nisha Arunatilake, Ashani Abayasekara and Thisali de Silva.

An analysis on the **Demand for Private Tutoring during COVID-19: An Initial Scoping Exercise for Sri Lanka** funded by the IPS and carried out by Ashani Abayasekara and Usha Perera aims to gain some perspective on current trends in demand for private tutoring in Sri Lanka, and how these have changed since the onset of the COVID-19 pandemic. It also attempts to examine: (1) implications of such changes on access to and quality of private tutoring received; (2) changes in the perceived role of the private tutoring industry in relation to mainstream education; and (3) its projected future trajectory.

Extensive policy inputs have been provided in skills and education sector reforms. These include contributions to formulating a National Policy on Technical and Vocational Education and Training (TVET) as a member of the Standing Committee on TVET of the National Education Commission (NEC); formulating a policy to improve the university admissions criteria as a member of the Standing Committee on Higher Education and Training of the NEC; formulating a National Education Policy Framework for 2020-2030 as a member

of the Standing Committee on General Education of the NEC; and providing training and inputs to strengthen the education policy research environment of Sri Lanka as a member of the Expert Committee on Education Statistics of the NEC and the Consultative Committee on Education Research Development of the Ministry of Education.

RESEARCH PUBLICATIONS:

- **Education Delivery in the New Normal: Challenges and Policy Options**, Ashani Abayasekara in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.

POLICY COMMITTEES:

- **Standing Committee on Technical and Vocational Education and Training**, National Education Commission.
- **Standing Committee on Higher Education and Training**, National Education Commission.
- **Standing Committee on General Education and Early Childhood Education**, National Education Commission.
- **Performance Review of Science and Technology Institutions**, National Science and Technology Commission.
- **Consultative Committee on Education Research Development**, Ministry of Education.
- **National Human Resource Development Policy**, National Human Resource Development Council.
- **Research Supervision Committee**, Ministry of Higher Education, Technology and Innovation.

OPINION PLATFORMS:

- **Building a Crisis-resilient Education System in Sri Lanka,** Ashani Abayasekara, Development Asia, Asian Development Bank, June 2021.
- **Mitigating Sri Lanka's COVID-19 Education Crisis: Priority Areas for Action**, Ashani Abayasekara and Thisali de Silva, Talking Economics, Institute of Policy Studies of Sri Lanka, June 2021.
- **Skills for Future-proofing Jobs in Developing Countries?**, Nisha Arunatilake, Global Development, September 2021.
- **Reopening Schools in the New Normal: Key Focus Areas for Sri Lanka**, Ashani Abayasekara and Usha Perera, Talking Economics, Institute of Policy Studies of Sri Lanka, November 2021.

PRESENTATIONS AND DISCUSSIONS:

- Presentation on **Non-academic Criteria for University Admissions at the Standing Committee for Higher Education**, organised by the National Education Commission (NEC), 17 March 2021 (Nisha Arunatilake).
- Motivational speech on **Importance of STEM Education**, at the the Dialog Merit Scholars' Event, organised by Dialog, 10 July (Nisha Arunatilake).
- Panellist on **Macroeconomic Forces and Social Sector Investment: Outlook and Challenges for Children in Sri Lanka**, organised by UNICEF, 21 September (Nisha Arunatilake).
- Panellist at a discussion on the **Importance of EQ for Children**, at the Launch of Tilli, Dialog, 1 October (Nisha Arunatilake).
- Presentation on the **2021/2022 Global Education Monitoring (GEM) Report**, organised by the United Nations Educational, Scientific and Cultural Organization (UNESCO), 17 November (Nisha Arunatilake).

HEALTH

The COVID-19 pandemic has critically impacted both the developed and developing world's global health systems and economies. Chapters on **Coping with Pandemics: Sri Lanka's Health Care System by Priyanka Jayawardena and on the Role of Traditional Health Care in an Era of Pandemics** by Dilani Hirimuthugodage in the IPS' Sri Lanka: State of the Economy 2021 report discuss critical challenges, specific priorities and key areas to be addressed and rectified to ensure a better health care delivery in response to the pandemic. The analysis discusses international best practices in the context of the pandemic response in the Sri Lankan setting to put forward policy options to build back better health care delivery, both during COVID-19 and beyond the current pandemic.

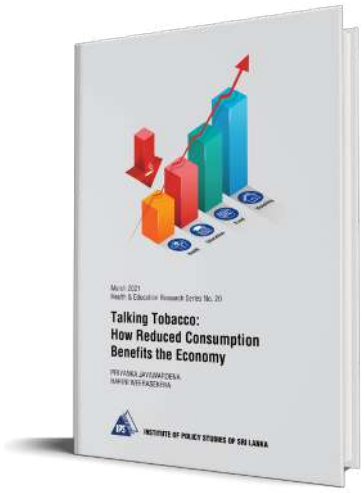
A study on **Driving Health Progress During Disease, Demographic, Domestic Finance and Donor Transitions (the "4Ds") in Sri Lanka** examines the associated challenges which the COVID-19 pandemic has compounded. These transitions are particularly applicable to Sri Lanka and can complicate the country's efforts to achieve Universal Health Coverage (UHC). In this context, the study aims to understand how government, donors, and key country stakeholders in the health sector perceive these transition challenges and their impact on UHC progress, where they see the biggest gaps emerging, and what actions can help address these challenges and gaps. The study was undertaken with Duke University, USA and carried out by Nisha Arunatilake, Ashani Abayasekara, Thisali de Silva and Usha Perera.

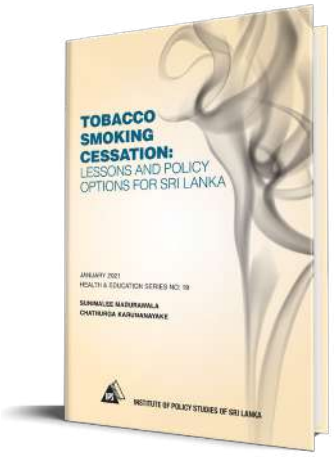
IPS' research on **Strengthening Fiscal Policies and Regulations to Promote Healthy Diets in Sri Lanka** examines the effectiveness of two recently-introduced fiscal and regulatory interventions for reducing unhealthy food habits [(a) a tax on sugar-sweetened beverages (SSBs) and (b) a traffic light labelling system indicating sugar levels in SSBs]. This study also explores how COVID-19 has affected the food environment faced by low-income families in selected locations around Colombo. The study also assesses the gaps in policy implementation and effectiveness of the above policy measures. Finally, the study provides recommendations for strengthening the design and implementation of these policies to improve the country's food environment and reduce unhealthy eating habits in Sri Lanka. The study funded by the International Development Research Centre (IDRC) is carried out by Nisha Arunatilake, Priyanka Jayawardena, Sunimalee Madurawala, Ashani Abayasekara, Kimuthu Kiringoda and Usha Perera.

Ongoing research under the tobacco control programme looks at creating **Tobacco Free Zones: A Pathway to Tobacco Free Sri Lanka**. Previous studies affirm strong community support for controlling tobacco smoking, even among the high prevalence smoking groups. This study proposes a 'Tobacco Free Zone' (TFZ) model, a community tobacco cessation intervention as a policy option for tobacco smoking cessation in Sri Lanka. It studies the model's successes, failures, challenges, and opportunities and explores the possibilities of expanding the on-going 'TFZ' programme. Sunimalee Madurawala, Chathurga Karunanayake, and Suresh Ranasinghe were involved in this study.

The study **Impact of Tobacco Control on the National Economy** provides evidence-based information for policymakers on the implications of reduced tobacco consumption on national income. The study uses the Economics of Tobacco Toolkit developed by the World Bank to examine the impact of tobacco consumption reduction on the national economy, using the national input-output tables developed by the Department of Census and Statistics (DCS). The study was carried out by Priyanka Jayawardena and Harini Weerasekera.

As part of its work programme on tobacco control, the IPS provided technical support to the Sub-committee on Tobacco Taxation of the National Authority on Tobacco and Alcohol (NATA) to implement a 'tax indexation' formula for cigarettes.





RESEARCH PUBLICATIONS:

- **Talking Tobacco: How Reduced Consumption Benefits the Economy**, Priyanka Jayawardena and Harini Weerasekera, Health & Education Research Series No. 20, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Tobacco Smoking Cessation: Lessons and Policy Options for Sri Lanka**, Sunimalee Madurawala and Chathurga Karunanayake, Health & Education Research Series No. 19, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Coping with Pandemics: Sri Lanka's Health Care System**, Priyanka Jayawardena in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Role of Traditional Health Care in an Era of Pandemics**, Dilani Hirimuthugodage in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Knowledge, Capacity, and Policy Gaps Surrounding Key Health Transitions in Sri Lanka**, Nisha Arunatilake and Thisali de Silva, Duke University, 2021.

OPINION PLATFORMS:

- **An Appetite for Health: Regulating Sri Lanka's Food Environments to Fight NCDs**, Ashani Abayasekara, Talking Economics, Institute of Policy Studies of Sri Lanka, February 2021.
- **Talking Tobacco: How Reduced Consumption Benefits the Household**, Priyanka Jayawardena, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Sri Lanka's Health Financing Challenge: Why Smarter Spending is Key**, Ashani Abayasekara, Talking Economics, Institute of Policy Studies of Sri Lanka, April 2021.
- **Quitters as Winners: The Role of Tobacco Free Zones in Smoking Cessation**, Chathurga Karunanayake, Talking Economics, Institute of Policy Studies of Sri Lanka, May 2021.
- **COVID-19 and the Burden of Child Undernutrition in Sri Lanka**, Wimal Nanayakkara, Talking Economics, Institute of Policy Studies of Sri Lanka, July 2021.
- **Multi-sectoral Collaboration: Vital for Sri Lanka to Achieve Universal Health Coverage**, Nisha Arunatilake, Ashani Abayasekara and Thisali de Silva, Talking Economics, Institute of Policy Studies of Sri Lanka, August 2021.
- **Bridging the Gaps: The COVID-19 Crisis and Sri Lanka's Healthcare Response**, Priyanka Jayawardena, Talking Economics, Institute of Policy Studies of Sri Lanka, September 2021.
- **Designing Proactive Policies to Combat Child Malnutrition in Sri Lanka**, Priyanka Jayawardena, Development Asia, Asian Development Bank, October 2021.

PRESENTATIONS AND DISCUSSIONS:

- Presentation on **Sri Lanka's Sugar-sweetened Beverage (SSB) Tax and Traffic Light Labelling (TLL) Regulations** at the workshop on Healthy Diets and Physical Activity: Legal Issues in Policy Design and Implementation organised by the World Health Organization (WHO), Galle Face Hotel, 15 February (Priyanka Jayawardena).

- Presentation on **Why and How Civil Society and Research Matter in Analysing the Political Economy** at the workshop on Healthy Diets and Physical Activity: Legal Issues in Policy Design and Implementation organised by the World Health Organization (WHO), Galle Face Hotel, 17 February (Nisha Arunatilake and Sunimalee Madurawala).
- Presentation on the **Indirect Promotion of Tobacco through Social Media** at the launch of the research report on Scientific Investigation on Tobacco and Alcohol Portrayal in Sri Lankan, Media and its Public Health Implications organised by the Centre for Combating Tobacco (CCT), Cinnamon Grand Hotel, 30 March (Dilani Hirimuthugodage).
- Presentation at the policy dialogue on **Planning for Universal Health Coverage amidst the 4Ds of Health Transitions** organised by the IPS with Duke University, and Sri Lanka Medical Association (SLMA), 25 August (Nisha Arunatilake, Ashani Abayasekara and Thisali de Silva).

- Presentation on **Strengthening Fiscal and Regulatory Policies to Promote Healthy Diets in Sri Lanka**, Global RECAP Midterm Review, 1 October (Ashani Abayasekara).
- Presentation on **Political Economy of Fiscal Policies and Regulations to Promote Healthy Diets in Sri Lanka**, at INFORMAS Food Environment Research e-Symposium Series 2021, jointly organised by the International Development Research Centre (IDRC), INFORMAS and the University of Auckland, virtual, 27 October (Sunimalee Madurawala).
- Presentation on **Meeting the Challenges and Barriers to Tightening Tobacco Control in Sri Lanka** at the webinar on Tobacco Control: A Critical Piece of the Global Health Puzzle organised by Cancer Research UK, virtual, 29 October (Sunimalee Madurawala).

- Presentation on **Taxes on Sugar-Sweetened Beverages in Sri Lanka**, at the Bangladesh- Fiscal Policy Workshop, WHO Regional Office and ARK Foundation, on Zoom, 14 December (Nisha Arunatilake).

- Presentation on **Fiscal Policies and Regulations to Promote Healthy Diets: The Political Economy Setting in Sri Lanka,** at the 2021 Global Food Governance Conference hosted by the Global Center for Legal Innovation on Food Environments (Georgetown University Law Center), Charles Perkins Centre (University of Sydney), and the George Institute for Global Health, virtual, 14-16 December (Sunimalee Madurawala).

LABOUR MARKETS

A chapter on **Pandemics and the New Normal: Sri Lanka's Labour Market** by Nisha Arunatilake and Suresh Ranasinghe in Sri Lanka: State of the Economy 2021 report finds that the effect of the crisis varies across different types of workers. Workers in industries, the worst affected, are more likely to experience job and income losses. Also, formal sector workers with better social security are likely to experience a more limited impact from the crisis. The analysis covers the effects of the pandemic on labour markets, examines the policies adopted by different countries to improve labour market activities, and compares these with policies adopted in Sri Lanka.

In the on-going studies on the COVID-19 pandemic, the IPS also examines issues related to **Work from Home Practice: Who Benefits and Who is Left Out**. Many governments have advised work from home to lower people interactions. However, many factors, including the nature of work done and access to information and communication infrastructure (ICT) influence the success of work from home strategies. This study funded by the IPS assesses how work from home affects different occupational groups and is carried out by Nisha Arunatilake and Suresh Ranasinghe.

RESEARCH PUBLICATIONS:

- **Pandemics and the New Normal: Sri Lanka's Labour Market**, Nisha Arunatilake and Suresh Ranasinghe in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **How Many Jobs Can be Done at Home? Evidence from Sri Lanka**, Nisha Arunatilake and Chamini Thilanka in COVID-19: Labour Issues and Responses, Annual Research Journal, Colombo: Ministry of Labour, 2021.
- **The Evidence of Agricultural Self-Employment Decision Making in Sri Lanka,** Bogodage, J., Senarathne, D., Samaraweera, R. and Dharmadasa, R., in International Research Conference of the Uva Wellassa University of Sri Lanka Journal, Badulla: Uva Wellassa University of Sri Lanka, 2021.

OPINION PLATFORMS:

- **Protecting Precarious Workers: Evidence from Sri Lanka**, Priyanka Jayawardena, GlobalDev, Global Development Network, January 2021.
- **Working Remotely in the Age of COVID: Who is Left Behind?**, Nisha Arunatilake and Chamini Thilanka, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Sri Lanka's Labour Market amidst COVID-19: The Need for Targetted Interventions**, Nisha Arunatilake, Talking Economics, Institute of Policy Studies of Sri Lanka, June 2021.
- **Employer-supported Childcare: A Solution to Labour Shortages?**, Amanda Balasooriya, Talking Economics, Institute of Policy Studies of Sri Lanka, July 2021.
- **Pandemics and Disruptions: Safeguarding Lives and Livelihoods of Sri Lankans**, Suresh Ranasinghe, Talking Economics, Institute of Policy Studies of Sri Lanka, October 2021.

PRESENTATIONS AND DISCUSSIONS:

- Presentation on **Pandemics and Disruptions: Safeguarding Lives and Livelihoods of Sri Lankans**, organised by the IPS for the launch of Sri Lanka: State of the Economy 2021 report, 13 October (Nisha Arunatilaka).

WOMEN AND WORKFORCE

The impacts of crises are never gender neutral, and the COVID-19 pandemic is no exception. Past experiences from previous crises affirm that men and women and boys and girls are affected differently and, in most contexts, women and girls are often disproportionately impacted. A chapter on **Female Employment: Ensuring Gender Equality Beyond the Pandemic** by Sunimalee Madurawela in IPS' Sri Lanka: State of the Economy 2021 report focusses on the economic impact on women, and more specifically on employed women in Sri Lanka to examine the factors affecting the vulnerability of women's work during the pandemic. These are examined by way of existing gender gaps in the labour market, whether the sectors actively dominated by women are particularly affected by the pandemic, their ability to telecommute, and the amount of unpaid care work carried out by women.

RESEARCH PUBLICATIONS:

- **Female Employment: Ensuring Gender Equality Beyond the Pandemic**, Sunimalee Madurawela in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.

OPINION PLATFORMS:

- **Social Perceptions on the Role of Women Must Change**, Sunimalee Madurawala, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Achieving Gender Equality: Quō Vādis, Sri Lanka?**, Ashani Abayasekara, Kithmina Hewage, Harini Weerasekera, Chathurga Karunanayake and Tharindu Udayanga, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Sri Lanka's Gender-based Employment Segregation: Does it Increase Women's Vulnerability amidst COVID-19?**, Sunimalee Madurawala, Talking Economics, Institute of Policy Studies of Sri Lanka, September 2021.

Migration and Urbanisation

With increased globalisation and rising per capita incomes, Sri Lankans are migrating not only for work but also for studies and family units. At the same time, visitors come to Sri Lanka as tourists and as workers. In addition, Sri Lanka's internal migratory patterns are also shifting as people move to urban centres to seek economic opportunities. This calls for developing green, smart and resilient cities, addressing disparities in urbanisation, and improving housing, land transportation, and waste management in urban Sri Lanka.

MIGRATION AND REMITTANCES

A chapter on COVID-19 and **Reintegration Challenges of Sri Lanka's Migrant Workers by Bilesha Weeraratne** in Sri Lanka: State of the Economy 2021 report argues for a holistic reintegration process to ensure returnee migrants are successfully reintegrated into their families, communities, society, and the economy. The common challenges faced by Sri Lankan returnee migrants include economic challenges in terms of finding employment, lack of savings, and lack of information on potential business activities; in addition, weakened family ties with spouse, children and neighbours make social reintegration more difficult.

Reintegration of a migrant involves the re-establishment of economic, social and psychosocial ties back into a migrant's country of origin or habitual residence. However, return migration takes place in different ways and under different conditions, leading to diverse challenges and opportunities for reintegration. A study on **Comprehensive Mapping of Reintegration Measures in South Asian Colombo Process Member States** aims to take stock of existing reintegration measures by comprehensively mapping same in specific South Asian Colombo Process member states, namely Afghanistan, Bangladesh, India, Pakistan, Nepal and Sri Lanka countries, and assess their effectiveness. The study is carried out with the International Organization for Migration (IOM) and conducted by Bilesha Weeraratne, Manoj Thibbotuwawa, Harini Weerasekera and Thilini Bandara.

Similarly in another study, Bilesha Weeraratne assesses the **Impact of COVID-19 on Recent Migrant Workers from Sri Lanka** through a primary data collection exercise. Undertaken in collaboration with the Research and Empirical Analysis of Labour Migration (REALM), this study explores the added vulnerability of migrants from their non-native status in the country of employment. In addition to the adverse implications faced by migrant workers in countries of destination, their families left behind in Sri Lanka are also affected in numerous ways, including the stress due to the plight of their loved one in a distant country alone, as well as due to the decline in remittances to the family and or sudden return of migrant worker and destabilisation of a regular flow of income.

Addressing issues related to **Mainstream Migration into Development Strategies of Sri Lanka**, this study aims to serve as a scoping exercise and provide a preliminary country assessment to develop evidence-based data on the nexus between migration and development in Sri Lanka and provide recommendations for future development strategies. This study will be part of the on-going regional project titled Enhancing Capacities for Effective UN Engagement in

Asia and the Pacific, supported by the IOM funding arm - Migration Resource Allocation Committee (MIRAC). The study is carried out by Bilesha Weeraratne, Harini Weerasekera and Thilini Bandara.

Under a programme of work carried out by Bilesha Weeraratne and Thilini Bandara on **Protecting Migrants' Rights and Promoting Decent Work**, the IPS serves as the focal institution from Sri Lanka in the South Asia Centre for Labour Mobility and Migrants (SALAM). Its core aims are to protect migrants' rights and promote decent work for achieving integration of migration with sustainable development. The Centre is jointly initiated by three UN agencies, namely ILO, IOM, and UN Women under the GOALS (Governance of Labour Migration in South and Southeast Asia) and is funded by International Labour Organization (ILO) – Geneva.

Migration for educational purposes has become a growing migratory outflow from Sri Lanka. In this context, this exploratory study on an Analysis of Student Migration from Sri Lanka aims to provide a comprehensive understanding of Sri Lankan-origin student migrants. The out-migration of students has many implications, including merits such as easing the pressure on the Sri Lankan higher education system, inflow of social and financial remittances, expertise and knowhow, and demerits such as brain drain, labour market shortages, and foreign exchange outflow. Nevertheless, there is limited systematic and empirical evidence-based socio-economic understanding about student migration from Sri Lanka. The IPS funded the study which was carried out by Bilesha Weeraratne, Harini Weerasekera and Thilini Bandara. As a member of the Expert Committee for the Establishment of a Social Security Scheme for Migrant Workers established by the Ministry of Skills Development, Employment and Labour Relations, inputs were provided to establish a contributory pension/social security scheme for migrant workers.

RESEARCH PUBLICATIONS:

- **Ban on Female Migrant Workers: Skills-differentiated Evidence from Sri Lanka**, Bilesha Weeraratne, WIDER Working Paper 2021/44, UNU-WIDER Helsinki, 2021.
- **The COVID-19 Pandemic's Implications for Sri Lankan Worker Migration and Remittances**, Bilesha Weeraratne in Nasra Shah (Eds), COVID-19 and Asian Migration, Lahore School of Economics, Pakistan.
- **COVID-19 and Reintegration Challenges of Sri Lanka's Migrant Workers**, Bilesha Weeraratne in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021

POLICY COMMITTEES:

- **Establishment of a Social Security System for Migrant Workers**, Ministry of Skills Development, Employment and Labour Relations.

OPINION PLATFORMS:

- **How Sri Lankan Remittances are Defying COVID-19**, Bilesha Weeraratne, East Asia Forum, Australian National University, January 2021.
- **Sri Lanka's Returning Migrants Need More Than Plane Tickets and Quarantines**, Bilesha Weeraratne, OpenDemocracy, January 2021.
- **Black, White and Grey Markets: The Dynamics of Foreign Exchange and Remittances in Sri Lanka**, Bilesha Weeraratne, Talking Economics, Institute of Policy Studies of Sri Lanka, December 2021.

PRESENTATIONS AND DISCUSSIONS:

- Panellist at the webinar on the **Impact of COVID-19 on Temporary Migrant Workers from South and Southeast Asia** organised by the Canada Excellence Research Chair (CERC) in Migration and Integration, Ryerson University, Canada, 21 January (Bilesha Weeraratne).
- Presentation on **Gender Dimensions of Labour Migration from Sri Lanka** at the webinar on Gendering Migration and Health in South Asia organised by Migration Health South Asia Network (MiHSA) and Beyond Margins: Migrants' Health Amid Rapid Urban Transformations, 8 March (Bilesha Weeraratne).

- Podcast on **Women's Labour Migration and Remittances** for a series on Understanding Women's Labour Migration in the South Asia-Middle East Corridor organised by the Global Alliance Against Traffic in Women (GAATW), 11 June (Bilesha Weeraratne).
- Presentation on **COVID-19 and Internal Migration in Sri Lanka** at KASpaces Sri Lanka webinar organised by Konrad Adenauer Stiftung (KAS) and ICLEI Local Governments for Sustainability, South Asia, 7 July (Bilesha Weeraratne).

- Presentation on **Migration and Trafficking during COVID-19: Experience from Sri Lanka** at the webinar on Implications of COVID-19 on Migration and Cross Border Trafficking in South Asia organised by COSATT of Nepal and Konrad Adenauer Stiftung (KAS) Berlin, 30 September (Bilesha Weeraratne).
- Presentation on **Migration and Health during COVID19 Pandemic**, at the launch of Sri Lanka: State of the Economy 2021 report, organised by the IPS, 13 October (Bilesha Weeraratne).
- Presentation on Return, **Reintegration and Re-migration during the COVID19 Pandemic: Experiences from Sri Lanka**, at 2021 Korea Institute for International Economic Policy (KIEP) visiting scholars' online seminar programme, organised by the KIEP, 26 October (Bilesha Weeraratne).
- Lecture on Dynamics in **Migration and Remittances: Perspectives from the Sri Lankan Macroeconomy,** at the lecture series organised by South Asia Centre for Labour Mobility and Migrants (SALAM), virtual, 17 December (Bilesha Weeraratne).

INTERNAL MIGRATION

The IPS is also engaged in a **Country Assessment of the Linkages between Climate Change, Environmental Degradation, and Migration in Sri Lanka**. Sri Lanka is exposed to a variety of extreme weather events and slow onset events which may both result in loss and damage. The frequency of extreme events such as seasonal floods, drought, landslides, strong winds and tropical cyclones have increased gradually. These environmental variations have a significant impact at the household level, especially on livelihoods, food security, water, health and infrastructure. Migration is an important strategy adopted by communities responding to climate change-related implications. In this context, this study enhances the understanding of the nexus between climate change and migration in Sri Lanka by adopting a mixed-method approach, partnering with the International Organization for Migration (IOM). The study team includes Bilesha Weeraratne, Manoj Thibbotuwawa, Erandathie Pathiraja, Dilani Hirimuthugodage, Harini Weerasekera, Nimesha Dissanayaka, Ruwan Samaraweera and Thilini Bandara.

URBANISATION

A study on **Urban Transportation and Megacities: Lessons for Sri Lanka** funded by the IPS and carried out by Bilesha Weeraratne and Chathurga Karunanayake seeks to learn from the experiences of other countries to improve public transportation in urban Sri Lanka. The study looks at three different cities worldwide – Metro Manila, Bangkok, and Hong Kong, as leading examples that have developed their transportation system and have become megacities in Asia. The study seeks to make the most of the experiences of these three cities, both successes and failures, so that valuable lessons could be learnt and emulated in Sri Lanka's urban areas to develop an effective public transportation system.

Poverty and Social Welfare

Despite significant progress in reducing poverty over the past decade, inequality and vulnerability continue to be issues of great concern in Sri Lanka's development policy debates. Disparities in access to essential services and infrastructure facilities like education, health, water and sanitation, and financial services contribute to the country's prevailing high levels of income inequality. Shocks such as COVID-19 highlight that a considerable proportion of the vulnerable population is clustered just above the poverty line and faces high risks of slipping into poverty without adequate social protection mechanisms to cushion adverse shocks.

POVERTY AND INEQUALITY

The COVID-19 pandemic is leading to a reversal in the movement towards poverty alleviation and is likely to widen existing inequalities. A study on **Artificial Intelligence Framework for Threat Assessment and Containment for COVID-19** aims to a) develop artificial intelligence (AI) techniques to detect, model, and predict the behaviour of 'identified diverse groups' under pandemic containment strategies; b) understand the impact of these strategies initiated in the global South with particular emphasis on Sri Lanka and Malaysia; and, c) develop AI based solutions, to predict and manage a future spread of COVID or similar infectious disease outbreaks. Based on generated behaviour and movements, it is proposed to develop AIs to conduct contact tracing and socio-economic impact mitigation actions in a more informed, socially conscious and responsible manner in the case of the next wave of COVID-19 infections or a different future infectious disease. The study is funded by the International Development Research Centre (IDRC) and carried out in partnership with the University of Peradeniya by Ganga Tilakaratna.

OPINION PLATFORMS:

- **Sri Lanka's Post-COVID-19 Recovery: The Need for Inclusive Economic Growth**, Wimal Nanayakkara, Talking Economics, Institute of Policy Studies of Sri Lanka, January 2021.
- **Towards Zero Poverty: Why Effective Targetting of Samurdhi Transfers is Essential**, Lakshila Wanigasinghe, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Vaccinating Against COVID-19 Inequities: The View from Asia**, Dushni Weerakoon, Southern Voice, May 2021.
- **Leave No One Behind: Building a Disability-Inclusive COVID-19 Recovery Plan for Sri Lanka**, Lakshila Wanigasinghe, Talking Economics, Institute of Policy Studies of Sri Lanka, August 2021.

PRESENTATIONS AND DISCUSSIONS:

- Panellist at a webinar on the **Global Challenge of Vaccine Equity**, organised by the Royal Society for Arts (RSA), UK and Southern Voice, 28 April (Dushni Weerakoon).
- Presentation on Identifying Regional Priorities for a Fair Recovery From COVID-19 in South Asia – Sri Lankan Perspective at a forum on **Identifying Regional Priorities for a Fair Recovery from COVID-19** in South Asia organised by the Sustainable Development Policy Institute (SDPI) and Southern Voice (SV), 19 May (Nisha Arunatilake).

- Panellist at the session on **Socio-economic Effects in South Asia** at the 2021 UNU-WIDER Development Conference on COVID-19 and Development – Effects and New Realities for the Global South organised by the United Nations University-World Institute for Development Economics Research (UNU-WIDER), 6 September (Ganga Tilakaratna).

SOCIAL PROTECTION

A contributory chapter on **Social Protection for Vulnerable Groups during Pandemics** by Ganga Tilakaratna and Lakshila Wanigasinghe in Sri Lanka: State of the Economy 2021 report analyses the effects of COVID-19 on vulnerable groups, low-income households in particular, and the effectiveness of the social protection measures introduced by Sri Lanka as a means of easing the burden of the pandemic on the poor and vulnerable. The analysis focusses on the effects of the pandemic on vulnerable groups, taking the global context on board and Sri Lanka's experience based on results from a rapid household-level survey conducted by the IPS.

The IPS undertook to update ADB's **Social Protection Index (SPI) for 2018 under a study on Social Protection to Achieve the Sustainable Development Goals**. This is a multi-country project where the SPI for each country is updated every few years and requires collecting data on all social protection programmes regarding social insurance, social assistance and labour market programmes. All programmes are further disaggregated based on depth/breadth of coverage, gender, poor/non-poor, persons with or without disability etc. The latest SPI update gives special attention to COVID-19 related social protection programmes and disability assistance. The study was undertaken in collaboration with the Asian Development Bank and carried out by Ganga Tilakaratna and Lakshila Wanigasinghe.

Another study on **Social Protection Expenditure Review and Documenting the Government's COVID-19 Social Protection Response** will appraise existing policy and design social protection strategies targetting, among others, the ageing population, children, and segments of the population uncovered by either social assistance or social insurance schemes (also known as the "missing middle"). Detailing the specificities of existing programmes allows policymakers to evaluate the coverage, adequacy, and life-cycle characteristics of national social protection programmes altogether. The study is in partnership with the United Nations Children's Fund (UNICEF) and carried out by Ganga Tilakaratna.

A Comprehensive Landscape Mapping of Current Social Protection Systems in Sri Lanka aims to understand existing laws, policies and programmes, mechanisms and stakeholders and identify gaps in the current system. An examination of the existing digital infrastructure is also vital to understand the digital resources currently available within the social protection sphere of Sri Lanka and to aid in developing strategies to optimise their usage and develop these further to improve the efficiency of the system. Additionally, understanding global and regional best practices are vital to learn from them and improve the existing systems in Sri Lanka. The study is conducted with funding from the United Nations Development Programme (UNDP) by Ganga Tilakaratna, Nisha Arunatilake and Lakshila Wanigasinghe.

The IPS was invited to serve in the Sub-Committee on Establishing a Social Security Fund established by the Ministry of Labour and provided inputs to formulate policies for extending social security to the informal sector and extending pre-retirement social security benefits to formal and informal sector workers.

RESEARCH PUBLICATIONS:

- **Repositioning Social Security Systems for Private Sector Employment in Sri Lanka**, Nisha Arunatilake, Ashani Abayasekara and Chathurga Karunanayake, International Labour Organization (ILO) and the Employers' Federation of Ceylon (EFC), 2021.
- **Social Protection for Vulnerable Groups during Pandemics**, Ganga Tilakaratna and Lakshila Wanigasinghe in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.

POLICY COMMITTEES:

- **Sub-committee on Establishment of a Social Security Fund**, Ministry of Labour.

OPINION PLATFORMS:

- **Strengthening the Financial Security of Older Persons in Sri Lanka**, Ganga Tilakaratna, Development Asia, Asian Development Bank, June 2021.

- **Equity in Recovery: Addressing Sri Lanka's Social Protection and Food Security Needs**, Thilini Bandara, Talking Economics, Institute of Policy Studies of Sri Lanka, October 2021.

PRESENTATIONS AND DISCUSSIONS:

- Presentation on **Social Protection for Vulnerable Groups during Pandemics** at the launch of Sri Lanka: State of the Economy 2021 report, organised by the IPS, 14 October (Ganga Tilakaratna).

SDGs

The IPS is compiling the research report for the preparation of the **Voluntary National Review of the SDG implementation in Sri Lanka** for the Ministry of Finance. This exercise aims to examine the progress towards SDGs, especially in the wake of the COVID-19 pandemic, which is expected to have a bearing on the UN 2030 Agenda goals and targets. Thus, the analysis will attempt to examine the impacts of the COVID-19 pandemic on economic, social and environmental pillars of SDGs in Sri Lanka and provide short- and medium-term policy recommendations needed for an accelerated, inclusive, cleaner and sustainable recovery and build back better.

Serving on the National Steering Committee for 2022 Voluntary National Review (VNR) of the Ministry of Finance, the IPS, together with the Department of National Planning and the Sustainable Development Council, is engaged in the preparation of the VNR report to be presented at the High-Level Political Forum in mid-2022.

RESEARCH PUBLICATIONS:

- **Impact of the COVID-19 on the SDGs in Sri Lanka and the Potential for Regional Cooperation**, Dushni Weerakoon, Development Papers 21-03, New Delhi: UNESCAP South and South-West Asia Office, 2021.
- **Strengthening National Policy Capacities for Jointly Building the Belt and Road Towards the Sustainable Development Goals**, Ganga Tilakaratna, UNDESA, 2021.

POLICY COMMITTEES:

- **National Steering Committee for 2022 Voluntary National Review (NAR) Process of Sustainable Development Goals**, Ministry of Finance.

PRESENTATIONS AND DISCUSSIONS:

- Panellist on **How to Make South Asia Network on the Sustainable Development Goals (SANS) Effective and Sustainable** organised by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), 4 August (Ganga Tilakaratna).

- Panellist at the session on **Building Back Better and Accelerating SDGs Achievement- Priority Actions for Regional Cooperation**, at the South Asia SDG Forum, organised by the UNESCAP, Hilton, Colombo, 16 November (Ganga Tilakaratna).

- Panellist at a session on **Impact of COVID-19 on Progress towards Sustainable Development Goals (SDGs) in South Asia: Challenges and Way Forward for Regional Cooperation** at the SDPI's Twenty-fourth Sustainable Development Conference (SDC) organised by the Sustainable Development Policy Institute (SDPI), Pakistan, 8 December (Dushni Weerakoon).

Agriculture, and Agribusiness Development

Sri Lanka's agricultural sector is plagued with low productivity, inefficient resource use and unsustainable agricultural practices. The export-oriented plantation sector too is in a crisis owing to low productivity, volatile commodity prices and high production costs. All these contribute to food insecurity, malnutrition and poverty in the country. In recognising these, the government's national policy framework seeks to use advanced technological innovations for agricultural development; guaranteed access to safe and nutritious food that includes domestically produced fishery and milk products, and increased value-added exports through new technologies.

FOOD SECURITY

COVID-19 and associated lockdown measures highlighted the vulnerability of food systems in all South Asian countries, including Sri Lanka and Nepal. A study on the **New Face of Hunger: Building a Resilient Food System in an Age of Pandemic** uses rice and vegetable value chains to understand ways of better promoting food security and household income and build a more sustainable, resilient and inclusive food system in Sri Lanka and Nepal. The main objectives of this research study are (i) to understand the status quo of the rice and vegetable value chains; (ii) to evaluate the impacts of COVID-19 on the rice and vegetable value chain stakeholders, including marginalised sections of the society; and (iii) to identify the measures that would support the recovery from the COVID-19 and build the overall resilience of food systems to face future shocks in the two countries. The study in partnership with Southern Voice and South Asia Watch on Trade, Economics and Environment (SAWTEE) is carried out by Manoj Thibbotuwawa, Athula Senaratne, Nimesha Dissanayake and Ruwan Samaraweera.

RESEARCH PUBLICATIONS:

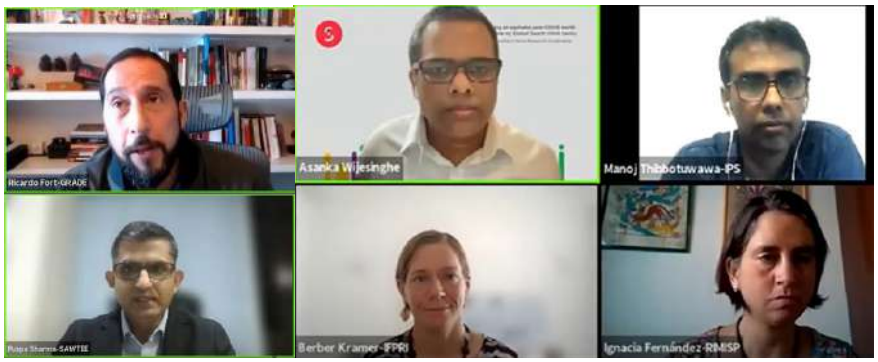
- **The Future of Food Security in an Age of Pandemics: Building a Modern and Resilient Food System in Sri Lanka and Nepal**, Manoj Thibbotuwawa, Athula Senaratne, Nimesha Dissanayaka, Ruwan Samaraweera, Puspa Sharma, Paras Kharel, Dikshya Singh and Avinash Gupta, Occasional Paper Series No. 73, Southern Voice, 2021.
- **Changes in Food Consumption Patterns in Sri Lanka: Food Security, Sustainability: A Review of Literature**, Samaraweera, R. Bandara, S., Kumara, P. and Dharmadasa, R., Open Journal of Social Sciences, 9(11), 2021.

OPINION PLATFORMS:

- **Building Pandemic Resilient Food Systems in Sri Lanka and Nepal**, Manoj Thibbotuwawa and Paras Kharel, Southern Voice, July 2021.

PRESENTATIONS AND DISCUSSIONS:

- Panellist on **Transforming Food Systems: Youth Innovation for Human and Planetary Health** organised by Wisdom Plus in celebration of UN International Youth Day 2021, 12 August (Manoj Thibbotuwawa).



- **Presentation on Building Food Systems Resilience** at the webinar on Equity in Recovery: Addressing Sri Lanka's Social Protection and Food Security Needs, organised by the IPS for the launch of Sri Lanka: State of the Economy 2021 report, virtual, 14 October (Manoj Thibbotuwawa).

AGRICULTURAL POLICIES AND INSTITUTIONS

The IPS is undertaking collaborative work strengthening **Policy Research Capacity and Influence (PRCI)** programme that focusses on strengthening the institutional capacity of national policy institutions to respond to decision makers' need in generating evidence and knowledge on the issues related to food systems transformation and its resilience. The programme is funded by USAID and implemented by a consortium of partners (Michigan State University, International Food Policy Research Institute, and Cornell University).

Despite being an important sector in the Sri Lankan economy, the agriculture sector faces many challenges including low level of productivity, inability to attract youth and female workers, and low level of technological adoption. In order to facilitate adjustments, reforms, and new policies to usher in competitiveness, responsiveness to market demand, and sustainability and resilience of the agriculture sector an in-depth understanding of the agriculture labour market is vital. This study on **Policy Research in the Area of Agricultural Labour Markets** looks at ways of modernising the agriculture sector via productivity and efficiency growth. The study is funded by the Ministry of Agriculture and the World Bank and carried out by Bilesha Weeraratne, Manoj Thibbotuwawa, Harini Weerasekera, Nimesha Dissanayake Ruwan Samaraweera and Thilini Bandara.

The IPS provided technical assistance in preparing an Overarching Agricultural Policy (OAP) for Sri Lanka with the National Planning Department (NPD) and the Ministry of Agriculture. The OAP identifies pathways and strategies that can incorporate policies into an efficacious and unified response as part of a strategic response to the evolving priorities and challenges in the global, national, and sectoral environments.

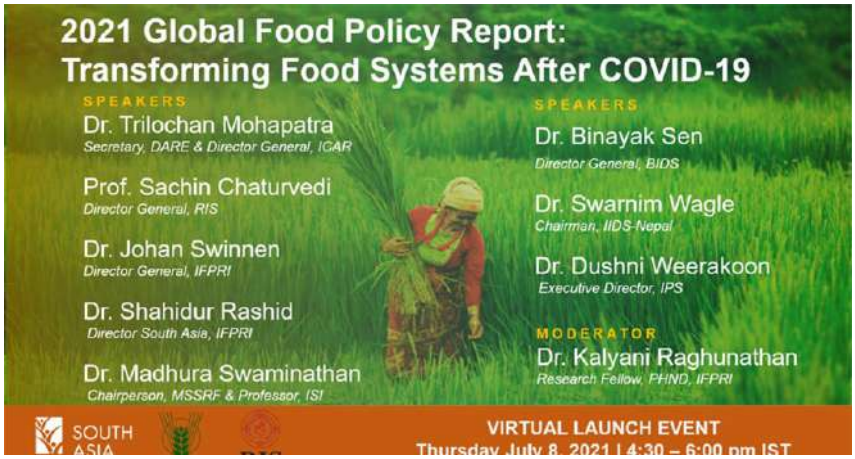
POLICY COMMITTEES:

- **Committee on Developing Overarching Agricultural Policy in Sri Lanka**, Ministry of Agriculture and the Department of National Planning (NPD).
- **Committee on Socio Economic Research Policy**, Council for Agricultural Research Policy (CARP), Ministry of Agriculture.

OPINION PLATFORMS:

- **Why the Transition to Smart Farming is Critical in Sri Lanka**, Manoj Thibbotuwawa, Development Asia, Asian Development Bank, March 2021.
- **Rising Price of Rice in Sri Lanka: The Roots and Remedies**, Manoj Thibbotuwawa, Talking Economics, Institute of Policy Studies of Sri Lanka, October 2021.

PRESENTATIONS AND DISCUSSIONS:



- Panellist on **Transforming Food Systems After COVID-19** at the virtual launch of the 2021 Global Food Policy Report organised by the International Food Policy Research Institute (IFPRI), 8 July (Dushni Weerakoon).
- Panellist on **Transforming Food Systems** through Evidence-informed Policy Responses at the 3rd Southern Voice Research Conference organised by the Southern Voice Secretariat, 11 November (Manoj Thibbotuwawa).

AGRIBUSINESS VALUE CHAINS

Manoj Thibbotuwawa wrote a chapter on **Building Resilient Agricultural Value Chains during COVID-19** in Sri Lanka**:** State of the Economy 2021 report to examine the agriculture, food and nutrition security in Sri Lanka in the wake of COVID-19. The trends indicate that the pandemic shock may have medium to long-term impacts on food systems with far-reaching consequences. Hence, the challenge is to find policy solutions to mitigate the impact of COVID-19 in the short and medium-term and strengthen the resilience of food systems in the future. Additionally, Nimesha Dissanayake looked at **COVID-19 and Market Closures: Evidence from the Vegetable Sector in Sri Lanka** in the form of a policy brief, especially in relation to vulnerable primary producers in meeting marketing challenges during the pandemic.

An ongoing study on **Identifying Tobacco Value Chain in Sri Lanka** aims to map the value chain for tobacco to identify the winners and losers of a ban on tobacco cultivation. This study identifies the tobacco value chain and defines the value chain players and layers. Further, the study intends to identify alternative crop solutions for tobacco farmers. The study undertaken as a part of IPS' tobacco control program in collaboration with Cancer Research/KIVU International, UK is carried out by Manoj Thibbotuwawa, Dilani Hirimuthugodage and Nimesha Dissanayake.

RESEARCH PUBLICATIONS:

- **Sri Lanka's Agri-Food Trade: Structure, Opportunities, Challenges and Impacts of COVID-19**, Nimesha Dissanayaka and Manoj Thibbotuwawa, Feed the Future Research Paper 6, Innovation Lab for Food Security Policy, Michigan State University, US, 2021.
- **Building Resilient Agricultural Value Chains during COVID-19**, Manoj Thibbotuwawa in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **COVID-19 and Market Closures: Evidence from the Vegetable Sector in Sri Lanka**, Nimesha Dissanayake in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Analysing Profitability of Chilli, Red Onion, Tomato, Carrot, Maize and Ginger Using Policy Analysis Matrix**, Nimesha Dissanayake in the special issue of the Journal on Sri Lanka, Viet Nam Academy of Social Sciences (VASS), 2021.
- **Evaluation of Profitability and Competitiveness of Vegetable Farming System of Sri Lanka**, Nimesha Dissanayaka in the Vietnam Journal for Indian and Asian Studies 09 (106), pp 45-59.
- **Spatial Integration of Vegetable Markets of Sri Lanka during COVID-19 Pandemic: Research and Innovation for Resilient Agriculture**, Nimesha Dissanayaka, J. Weerahewa and Hemachandra, D. in Congress Proceedings, 33rd Annual Congress of Postgraduate Institute of Agriculture, University of Peradeniya, 2021.
- **Spatial Price Linkages of Regional Vegetable Markets of Sri Lanka: A Comparison of pre- and post-COVID-19 periods**, Nimesha Dissanayaka, J. Weerahewa and Hemachandra, D. in Tropical Agricultural Research, 33 (1), pp. 120-134, 2021.

OPINION PLATFORMS:

- **Bridging the Gap: Unlocking Untapped Potential in Sri Lanka's Agricultural Exports**, Nimesha Dissanayaka, Talking Economics, Institute of Policy Studies of Sri Lanka, April 2021.

PRESENTATIONS AND DISCUSSIONS:

- Presentation on **Building Food System Resilience during the Pandemic** at the Sustainable Development Conference 2021, organised by the Sustainable Development Policy Institute (SDPI), Pakistan in partnership with WFP and SAWTEE, Nepal, 7 December 2021 (Manoj Thibbotuwawa).

Environment, Natural Resources, and Climate Change

The looming threat of global climate change has imposed additional conditions that growth should be low carbon and climate resilience. Sri Lanka's national policy framework has identified 'Sustainable Environmental Management 'as one out of 10 key policy areas. In addition, it also proposes a number of policy interventions in the areas of power and energy, water, disaster management and human-elephant conflict. The framework highlights the vital importance of safeguarding the environment and natural resources.

ENVIRONMENT AND NATURAL RESOURCE POLICIES

Athula Senaratne discusses issues of **Environment, Food Security and Health: Policy Challenges Post-pandemic** in Sri Lanka: State of the Economy 2021 report and the marked rise in public interest over environmental and public health issues in Sri Lanka. A recent decision to impose a total ban on importing synthetic fertiliser and pesticides, if pursued vigorously without substantial revisions, has the potential to create far-reaching consequences not only on the environment and health but also on food security, income from agricultural livelihoods, poverty, and the national economy. In a related policy brief, Ruwan Samaraweera examines issues on **Greening Growth: Single-use Plastics and other Environmentally Problematic Materials** and options available to better manage the risks.

The IPS is engaged in **Updating the National Environment Policy (NEP) 2003 of Sri Lanka,** a key policy document that guides policy actions regarding environment related problems/issues in Sri Lanka, for the Ministry of Environment and Natural Resources. The overall objective of the assignment is to update the NEP so that its relevance and position as the foremost national policy statement guiding the action towards sustainable management of the environment in Sri Lanka will be restored. Hence, it necessitated a review and update of the NEP, taking the changing priorities in the field of environment, new issues emerged since the formulation of NEP and overlapping issues covered by other relevant national policies into consideration. The study team comprised of Athula Senaratne, Manoj Thibbotuwawa, Ruwan Samaraweera, Dilani Hirimuthugodage and Nimesha Dissanayaka.

The IPS is also assisting in the development of a **National Cooling Policy of Sri Lanka** for the Ministry of Environment and Natural Resources. The objectives of formulating the NCP is to: ensure food security and minimise food loss due to insufficient cooling facilities in transit and storage due to its perishable nature; increase the productivity of local agriculture and animal husbandry; ensure the potency of drugs and vaccines during its cold chain; ensure sustainable cooling systems in space cooling; promote energy efficiency and alternative technologies with an integrated systems approach; and develop sustainable and climate-friendly cool chains in Sri Lanka. The study team comprises of Manoj Thibbotuwawa, Erandathie Pathiraja, Ruwan Samaraweera and Nimesha Dissanayaka.

Ongoing research on **Livelihoods Insurance from Elephants (LIFE) in Sri Lanka** with the International Institute for Environment and Development (IIED), UK, addresses a high priority policy concern. Statistical records indicate that human-elephant conflicts (HEC) claim a significant number of human and elephant lives annually in Sri Lanka. Each year, the reported crop losses, property damages, and human and elephant deaths are on the rise. This study by Athula Senaratne, Ruwan Samaraweera, Manoj Thibbotuwawa and Dilani Hirimuthugodage aims to explore the potential for developing a commercially-run insurance scheme, to deal with the human-wildlife conflict in Sri Lanka. It aims to design an insurance product and pilot test it in the field.

RESEARCH PUBLICATIONS:

- **Environment, Food Security and Health: Policy Challenges Post-pandemic**, Athula Senaratne in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Greening Growth: Single-use Plastics and other Environmentally Problematic Materials**, Ruwan Samaraweera in Sri Lanka: State of the Economy 2021, Institute of Policy Studies of Sri Lanka: Colombo, 2021.
- **Chemical Fertiliser Imports and the Environment: Evidence-based Approach for a Green Economy Accounting for the Trade-off**, Asanka Wijesinghe, Sri Lanka Journal of Economic Research, 9 (1), pp. 117–130, 2021.

OPINION PLATFORMS:

- **Human-Elephant Conflict: Can Insurance Help Affected Communities?**, Ruwan Samaraweera, Nilwala Godamanna and Athula Senaratne, Talking Economics, Institute of Policy Studies of Sri Lanka, January 2021.
- **Forest Restoration: Where Does Sri Lanka Stand?**, Ruwan Samaraweera, Talking Economics, Institute of Policy Studies of Sri Lanka, March 2021.
- **Righting the Ship: The X-Press Pearl Disaster and the Imperative for Regional Maritime Cooperation,** Githmi Rabel, Talking Economics, Institute of Policy Studies of Sri Lanka, August 2021.
- **Healing the Ozone Layer: The Need for a National Cooling Policy (NCP) for Sri Lanka**, Ruwan Samaraweera, Talking Economics, Institute of Policy Studies of Sri Lanka, October 2021.
- **Plastic Pandemic: The Ecological Fallout of COVID-19 and Policy Options for Sri Lanka**, Ruwan Samaraweera, Talking Economics, Institute of Policy Studies of Sri Lanka, December 2021.

PRESENTATIONS AND DISCUSSIONS:

- Panellist at a virtual dialogue on **Human-Wildlife Conflict: Consequences and Solutions, organised by the Centre for Investigative Reporting**, 16 October (Manoj Thibbotuwawa).

CLIMATE CHANGE

A study on **Climate Mitigation Action Support Programme (CMASP)** was carried out for the Ministry of Environment and Natural Resources. The study aims to evaluate the overall policy coherence and recommendations for designing and implementing an optimal policy package for Measuring, Reporting and Verification (MRV), Sri Lanka Carbon Registry (SLCR) and Sri Lanka Carbon Crediting Scheme (SLCCS). The overall objective is to assess existing policies related to climate change mitigation, identify needs for strengthening them, recommend any new regulations and/or policies, evaluate the interactions between new and existing measures to understand the coherence of the overall climate policy mix, and provide optimal policy recommendations. The study team comprises of Athula Senaratne, Manoj Thibbotuwawa, Ruwan Samaraweera, Dilani Hirimuthugodage and Nimesha Dissanayaka.

PRESENTATIONS AND DISCUSSIONS:

- Guest speaker at the webinar on **Pure Energy - Green Economy** organised by the Road to Rights and the G17 University Ambassadors Consortium, 29 August (Ruwan Samaraweera).
- Guest Speaker at a debate on **Climate Accordance and the Urgent Development Needs of Developing Nations** at the COP 26 People's Summit 2021, organised by the United Nations Framework Convention on Climate Change (UNFCCC), virtual, 7 November (Ruwan Samaraweera).

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Support Services

Finance and Administration

The Finance and Administration Unit is set up to facilitate and support the activities of the Research Units by providing financial, administration, human resource, maintenance, operations, transportation, and procurement services. The Institute's financial performance for the year under review recorded a surplus of Rs.9.2 Mn. The total revenue of Rs. 157.8 Mn comprised of project revenue (44%), collections from the IPS Endowment Trust Fund (18%), interest income (20%), government grants (18%) and other miscellaneous income.

During 2021, the Institute replaced its IT server system and related software used for over 10 years.

In 2021, the IPS bid farewell to 07 researchers and 02 support staff members, while 14 new staff members were recruited to the Institute.

CORPORATE GOVERNANCE

The IPS governance structure consists of a Board of Governors ("IPS Board"), Executive Director and Management Committees. The IPS Board consists of seven members whose appointments and responsibilities are defined in the IPS Act No. 53 of 1988. The Executive Director and Management Committees are responsible for executing strategy and driving performance.

The Board agrees on a schedule of meetings at the beginning of each year and meets at least once a quarter. Additional meetings are also convened when required. All Committees meetings are called by the Executive Director at the beginning of the year to discuss and agree on yearly plans and Chairpersons of each Committee is responsible for calling quarterly meetings to monitor progress.

An annual Action Plan and a three-year Corporate Plan is prepared and presented to the Board for approval. Progress against budgeted costs is reviewed and reported on a quarterly basis.

AUDIT COMMITTEE

The IPS Audit Committee consists of three independent members and one board member who are professionally qualified in the fields of corporate management, public accounting and finance. The Audit Committee meets quarterly. Internal audits are carried out on continuous basis while all audit findings are discussed on a quarterly basis to identify potential risks and to take necessary action to mitigate such risks.

INVESTMENT COMMITTEE

The IPS Investment Committee is chaired by a member of the IPS Board who is a professional in the field of banking. An independent member who is an investment expert also serves the Committee along with the members of the IPS management. The Committee meets bi-annually, and additional meetings are held when required.

RISK MANAGEMENT PROCEDURE

The IPS has to navigate a number of potential risks stemming from its internal and external environments and recognises the importance of identifying, measuring and managing these risks in a structured and proactive manner. The objective of the Institute's Risk Management procedure is to assure that uncertainty does not impede the achievement of Institutional goals. The IPS Board holds the ultimate responsibility and oversight of risk management. The IPS Board is supported by a dedicated Management Committee in discharging its duties and responsibilities on overall risk.

TYPES OF POTENTIAL RISKS AND APPROACH TO MITIGATE KEY RISKS

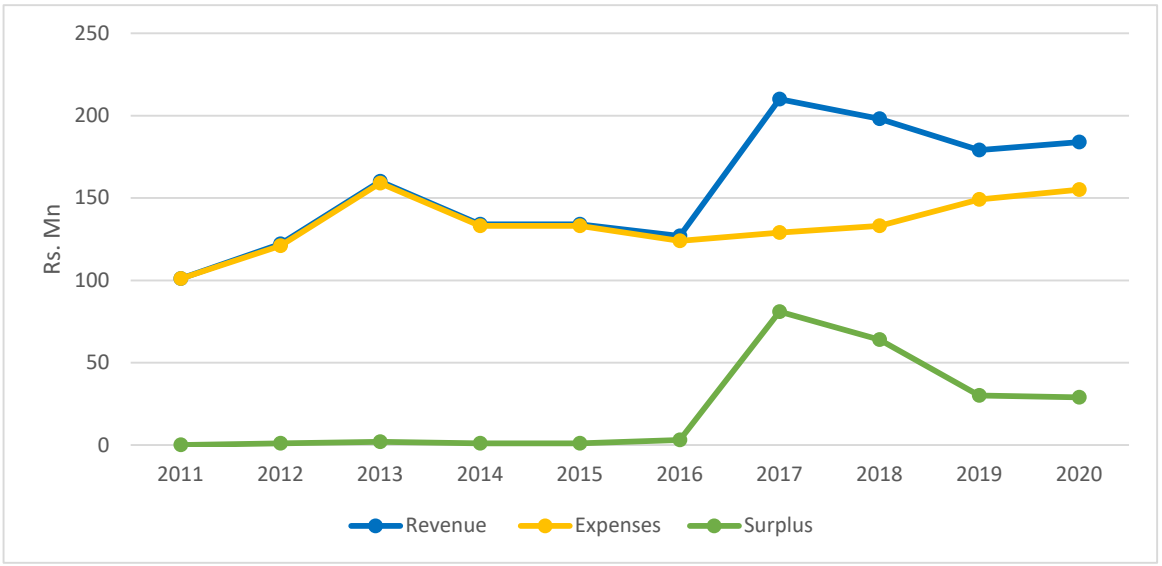
In general, the Institute has identified Operational and Reputational Risk, Financial Risk, Compliance Risk and Competitive Risk as the main types of potential risks to the Institute.

Risk Type	Approach to mitigate the risk
Operational and Reputational Risk	■ Reaching out to its main stakeholders through targetted communication strategies and tools. ■ Evaluating the effectiveness of IT and other related support services. ■ Conducting internal audits on continuous basis and reviewing the findings on a quarterly basis. ■ Conducting external audits on an annual basis and closely reviewing any concerns highlighted. ■ Securing comprehensive insurance cover on all the Institute's properties. ■ Providing insurance cover for hospitalisation and critical illnesses for employees.
Financial Risk	■ Ensuring financial stability viz. raising research grants and interest income in the absence of GOSL allocation in 2022. ■ Maintaining the Institute's investment portfolio in several licensed banks to mitigate the credit risk. ■ Using budgetary controls and periodically monitor deviations. ■ Continuously monitoring the Institute's financial position while assuring the adequacy of liquid funds to run the operations without disruptions. ■ Using various investment appraisal techniques before finalising investment decisions.
Compliance Risk	■ Continuously monitoring statutory payments to the relevant regulatory bodies together with required documents to be filed.

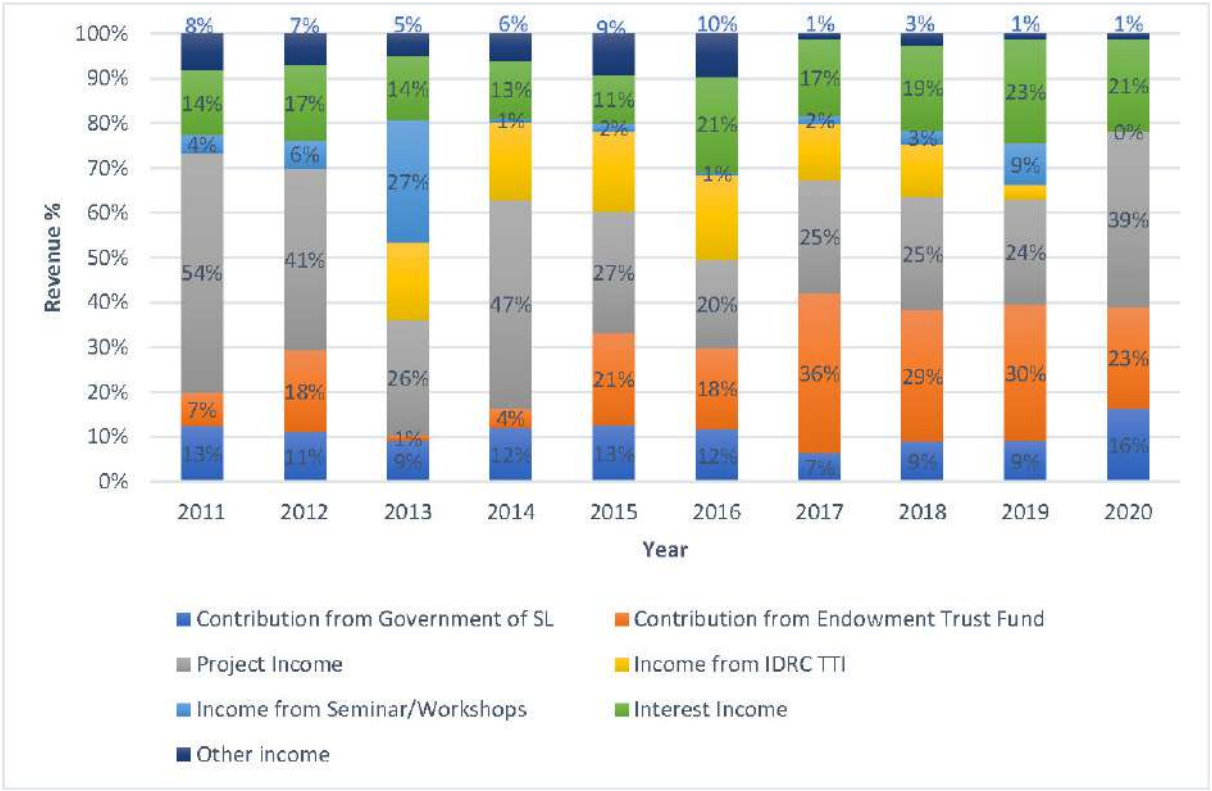
Competitive Risk	■ Monitoring and improving IPS media visibility in comparison with the other competitive research institutions.
HR-related Risk	■ Recruiting and retaining suitably qualified staff. ■ Strengthening our employee value proposition. ■ Continuously investing in training and development. ■ Offering opportunities for career progression such as no pay leave for higher education (Ph.D. or M.Phil). ■ Maintaining a high level of employee engagement. ■ Conducting annual Performance Development Reviews (PDRs). ■ Using an HRIS system to manage attendance and leave, as well as time allocation for research and support staff activities.
IT Risk	■ Implementing an IT system and network security. ■ Introducing and an implementing an IT policy. ■ Implementing an onsite centralised storage backup management system and offsite cloud storage backup management system. ■ Introducing and implementing IT security audits annually.

Financial Highlights – 2011 – 2020

Income, Expenditure and Surplus



Composition of IPS Income



Communications and Outreach

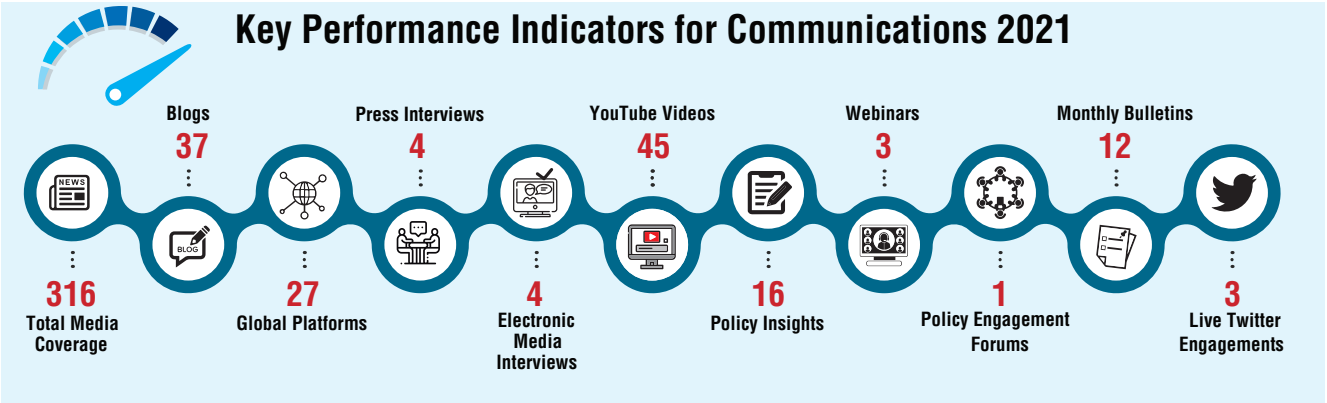
Disseminating IPS research and expanding outreach through the effective use of communication channels is one of the key objectives of the Institute. This includes distributing IPS' multidimensional research activities to local and international stakeholders, policymakers, and the public through various mediums such as publications, policy briefs, events, and dialogues. Moreover, IPS regularly publicises research findings and news through press releases, articles, and interviews across diverse media platforms to reach different target audiences.

The IPS produced four publications in 2021. These include the annual flagship report 'Sri Lanka: State of the Economy 2021', and a special Resource Digest on 'Pandemics, Public Health and Economic Prosperity' with recommendations on how Sri Lanka can respond to public health concerns in the age of pandemics.

In 2021, the IPS also produced 37 blogs for the Institute's official blog site 'Talking Economics' which were published in widely-read newspapers and online news outlets. In addition, the IPS continued to make its presence felt internationally with a total of 27 articles and significant staff mentions appearing on global platforms. IPS staff also appeared in four interviews with print, broadcast, and electronic media to contribute to the policy debates in Sri Lanka.

The IPS' social media presence expanded significantly in 2021 with Facebook, Twitter, Instagram, LinkedIn, and YouTube pages regularly updated with engaging content. The Institute was particularly active on Twitter and used this vital social media platform to post live updates during events, thereby gaining significant traction.

As COVID-19 was a predominant concern for the second year running, continuing to present a serious challenge to the Sri Lankan economy, one of the important topics that the Institute's research and dissemination focussed on was promoting economic recovery in the 'new normal'. The most notable event held in 2021 was the release of the 'Sri Lanka: State of the Economy 2021' report with a three-part webinar series held to launch the report. Furthermore, IPS hosted three virtual dissemination workshops and one online policy dialogue. The Institute has thus managed to reach out to a wide variety of stakeholders with its premier research.



Information Systems

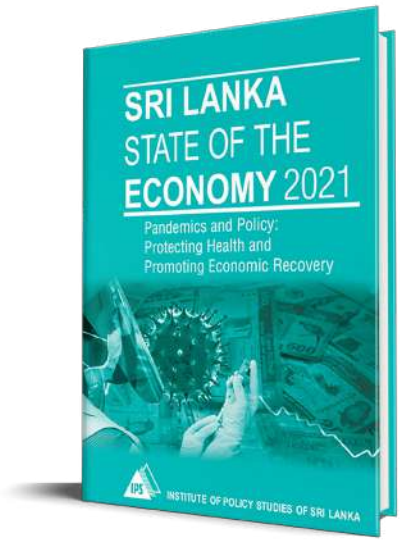
The IPS' information systems unit (ISU) assists the Institute to remain competitive as a regional centre of excellence, by facilitating key activities such as software, communication, hardware, networking, and IT infrastructure management, web development, information dissemination and database development. With our new server system, more facilities in online information system were successfully carried out in 2021, enabling easy ways to work from home, VPN system, Mail system zoom meetings and other online activities. The IPS also expects to upgrade network systems in 2022.

Library Resources

The IPS Library provides information resources to its research and support staff, as well as serving external users. The main focus in 2021 was the restructuring of library services and staff duties continue to be a priority for 2021. Introducing procedures for streamlining library activities and services, and library digitalisation were other priorities. It also continued to provide access to several databases and e-papers, including JSTOR and continued library services to their users during the pandemic time.

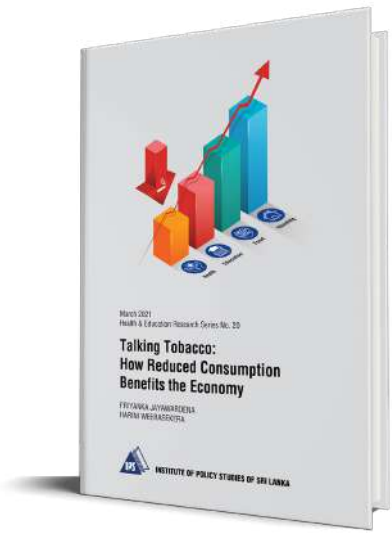
The library also keeps its users up-to-date on current affairs. It engages in educational activities to make the staff familiar with the library intranet, OPAC, and electronic databases. Library staff successfully conducted library stocked verification at the beginning of the year. It also attended to a large number of interlibrary loan (ILL) and document delivery (DD) requests. A library consultant and a library intern were hired on a temporary basis until 31 March the finalisation of the restructuring programme. Also, one library assistant was recruited to the permanent cader. The continuing library digitalisation priorities for 2021 include introducing a plan for marketing library and information services are other priorities for the near future.

Publications 2021



Sri Lanka State of the Economy 2021

Tobacco Smoking Cessation: Lessons and Policy Options for Sri Lanka

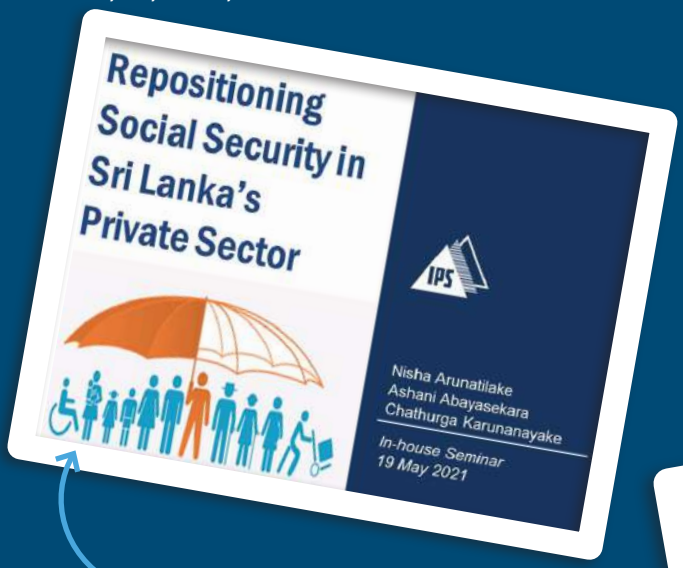


Talking Tobacco: How Reduced Consumption Benefits the Economy

IN-HOUSE

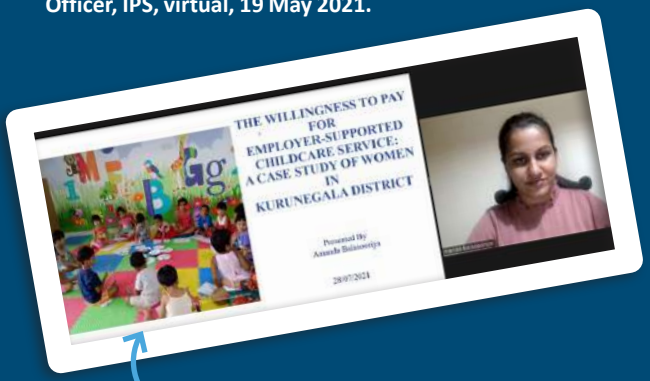
Human-Elephant Conflict: Can Insurance Help Affected Communities?, by Ruwan Samaraweera, Research Officer, IPS, virtual, 2 March 2021

Transforming Tobacco Farmers through Alternative Cropping Strategies: An Analysis of Tobacco Value Chain, by Nimesha Dissanayake, Research Officer, IPS, virtual, 8 April 2021.



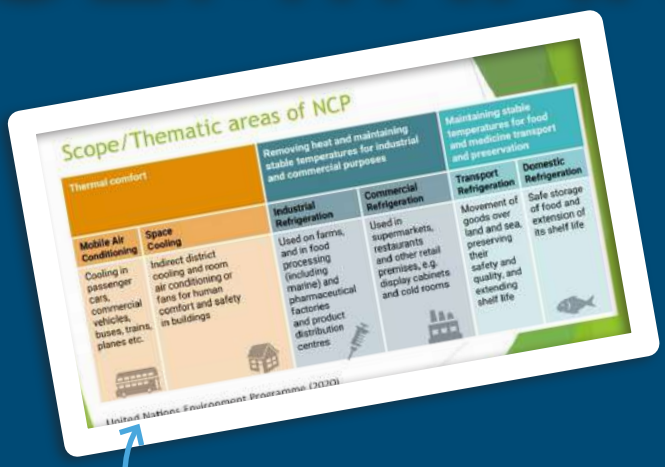
Repositioning Employment Social Protection in the Private Sector in Sri Lanka, by Dr. Nisha Arunatilake, Director of Research, Ashani Abayasekara, Research Economist, and Chathurga Karunanayake, Research Officer, IPS, virtual, 19 May 2021.

The Trade Origins of Protectionism and Deglobalization of Our Time, by Dr. Asanka Wijesinghe, Research Economist, IPS, virtual, 30 June 2021.



The Willingness to Pay for Employer-Supported Childcare Service: A Case Study of Women in Kurunegala by Amanda Balasooriya, Project Intern, IPS, virtual, 28 July 2021.

SEMINARS



National Cooling Policy of Sri Lanka, Dr. Erandathie Pathiraja, Research Economist, IPS, virtual, 30 September 2021.

Risk and Resilience of Agri-food Supply Chain: The Case of Small Firms in Agri-food Sector of Sri Lanka, by Thilini Bandara, Research Assistant, IPS, virtual, 9 November 2021.

Developing a Framework to Assess Retail Food Environments in Sri Lanka's Urban Underserved Settlements, by Ashani Abayasekara, Research Economist, IPS, 30 November 2021.

Work Hard or Play Hard? The Tale of the Sri Lankan Student Athletes, by Thisuri Ekanayake, Research Assistant, IPS, 22 December 2021.

Institute of Policy Studies of Sri Lanka

Financial Statements for the year ended 31st December 2021

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31st December	**Notes**	**2021 Rs.**	2020 Rs.
Revenue			
Grant from the Government of Sri Lanka	**2**	27,812,000	30,214,000
Project Income	**3**	69,667,408	72,188,166
Interest Income		30,831,385	37,753,890
Contribution from the Endowment Trust Fund	**21**	28,232,540	41,641,019
Income from Seminars/Workshops	**4**	591,000	-
Income from Hiring the Auditorium		-	90,000
Miscellaneous Income	**5**	683,457	621,987
Profit on Disposal		-	1,650,000
Total Revenue		**157,817,790**	184,159,062
Expenses			
Employee Cost	**6**	73,897,846	70,322,900
Research Cost	**7**	23,294,574	26,343,953
Utility Expenditure		13,493,656	16,286,697
Other Operating Expenses	**8**	13,527,694	13,544,549
Seminars and Workshops Cost		85,261	-
Travel Expenses		30,988	33,822
Hire of Auditorium		-	4,763
Total Expenses		**124,330,019**	**126,536,684**
Current surplus for the year		**33,487,771**	57,622,378
Depreciation on Property, Plant and Equipment	**15**	15,992,950	17,430,593
Surplus after depreciation for the year		**17,494,821**	**40,191,785**
Income Tax Expense	**9**	8,268,950	11,115,287
Surplus for the year after taxation		**9,225,871**	**29,076,498**

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

As at 31st December	Notes	2021 Rs.	2020 Rs.
ASSETS			
Current Assets			
Cash and Cash Equivalent	10	280,708,203	36,055,585
Investments	11	110,157,200	420,781,441
Trade receivables	12	13,152,327	19,157,068
Inventories - Publications		1,674,133	1,514,516
Deposits and Prepayments	13	8,091,465	5,683,123
Interest Receivable		6,234,477	5,196,782
Other Receivables	14	22,653,428	15,930,937
Total Current Assets		**442,671,233**	504,319,452
Non Current Assets			
Property, Plant and Equipment	15	467,020,840	445,810,723
Long Term Investments	11	122,210,600	68,132,786
Deposits and Prepayments	13	4,154,020	-
Total Non Current Assets		**593,385,460**	513,943,509
Total Assets		**1,036,056,693**	1,018,262,961
LIABILITIES			
Current Liabilities			
Trade and Other Payables	16	15,223,664	17,169,606
Advance Receipts on Projects	17	36,314,558	25,986,235
Total Current Liabilities		**51,538,222**	43,155,841
Non Current Liabilities			
Employee Benefits	18	21,262,898	21,716,143
Staff Welfare Fund		3,609,226	2,970,501
Total Non Current Liabilities		**24,872,124**	24,686,644
Total Liabilities		**76,410,346**	67,842,485
Net Assets		**959,646,347**	950,420,476
EQUITY			
Accumulated Surplus		**959,646,347**	950,420,476

These financial statements have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.

Chief Financial Officer

Executive Director

Chairman

Member of the board of directors

Member of the board of directors

The Accounting policies on pages 5 to 8 and Notes on pages 9 to 15 form an integral part of these Financial Statements. The Board of Governors is responsible for the preparation and presentation of these Financial Statements.

24.02.2022

Colombo

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December

	Accumulated Surplus
	Rs.
Balance as at 31st December 2019	921,343,978
Surplus of income for the year	29,076,498
Balance as at 31st December 2020	950,420,476
Surplus of income for the year	9,225,871
Balance as at 31st December 2021	**959,646,347**

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF CASH FLOW

For the year ended 31st December		2021	2020
		Rs.	Rs.
Cash Flow From Operating Activities	**Notes**		
Surplus/(Deficit) Before taxation		17,494,821	40,191,785
Adjustments for;			
Movement of the Staff Welfare Fund		638,725	94,584
Depreciation on Property, Plant and Equipment	**15**	15,992,950	17,430,593
Provision / (Reversal) of Gratuity	**18**	1,295,505	6,525,530
Interest Income		(30,831,385)	(37,753,890)
Decrease in Provision for Bad debt		(341,571)	(167,567)
(Profit) / Loss on sale / write down of assets		-	(1,650,000)
Net cash inflow/(outflow) Before Working Capital Changes		**4,249,045**	**24,671,035**
(Increase)/ Decrease in Trade Receivables		6,346,312	(14,382,157)
(Increase) /Decrease in Inventories		(159,617)	(15,914)
(Increase)/Decrease in Deposits and Prepayments		(6,562,362)	6,765,360
(Increase)/ Decrease in Other Receivables		(6,722,491)	5,584,923
Increase/(Decrease) in Advance Receipts		10,328,323	8,060,228
Increase/(Decrease) in Trade and Other Payables		(1,521,024)	8,641,133
Net cash inflow/(outflow) Generated From Operations		**5,958,186**	**39,324,608**
Gratuity Paid	**18**	(1,748,750)	(2,045,898)
Income tax paid		(8,693,868)	(9,295,834)
Net cash inflow/(outflow) From Operating Activities		**(4,484,432)**	**27,982,876**
Cash Flow From Investing Activities			
Purchase of Property, Plant and Equipment	**15**	(37,203,126)	(10,168,855)
Interest Received		27,635,706	42,209,276
Sales Proceeds from Disposal of Property, Plant and Equipment		-	1,650,000
Purchase of Investments		(339,111,852)	(306,744,497)
Proceeds from Sale of Investments		351,831,442	244,391,027
Net cash inflow/(outflow) From Investing Activities		**3,152,170**	**(28,663,049)**
Net (Decrease)/Increase in Cash and Cash Equivalents		(1,332,262)	(680,173)
Cash and Cash Equivalents at the beginning of the year (Note 10)		2,661,446	3,341,619
Cash and Cash Equivalents at the end of the year		**1,329,184**	**2,661,446**
a) Reconciliation of Cash and Cash Equivalents			
Cash at Bank		1,239,184	2,571,446
Cash in Hand		90,000	90,000
		1,329,184	**2,661,446**

The Institute of Policy Studies of Sri Lanka
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2021

1. Domicile and legal form

Institute of Policy Studies was established by the Parliament Act No.53 of December 1988, and was formally set up as a legal entity by gazette notification in April 1990. The Institute of Policy Studies of Sri Lanka (IPS) registered office and the principal place of service is situated at 100/20, Independence Avenue, Colombo 07- Sri Lanka.

1.1 Principal activities and nature of operations

The principal activity of Institute of Policy Studies is to promote policy-oriented economic research and medium term policy analysis in Sri Lanka.

1.2 Basis of preparation

1.2.1 Statement of compliance

The financial statements of the Institute of Policy Studies comprise of, the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flow and notes to the financial statements. These statements are prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS) for public sector entities published jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Ministry of Finance.

1.2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

1.2.3 Going concern

The Board of Governors is satisfied that the Institute has adequate resources to continue its operations in the foreseeable future. Accordingly the Financial Statements are prepared based on the going concern basis.

1.3 Summary of significant accounting policies

The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Foreign currency transactions

These Financial Statements are presented in Sri Lankan Rupees, which is the Institute's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the date of statement of financial position. All differences are taken to the statement of financial performance.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the statement of financial performance as an expense as incurred.

The Institute of Policy Studies of Sri Lanka
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2021

Property, plant and equipment (Continued)

Depreciation is calculated on the straight line method using the following rates per annum, based on the estimated useful economic life of the asset.

Computer Equipment	33 %
Web Page Design	33 %
Motor Cycle	10%
Furniture	10%
Office Equipment	10%
Motor Vehicles	10%
Library Books	25%
Buildings	2%

The useful life of the assets is reviewed at the beginning of each financial year if expectations are differ from previous estimates changes are made to reflect such changes.

Depreciation of an asset begins when the asset is available for use, whereas depreciation of the asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Impairment

Carrying value of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases. Payments under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

(d) Investments

These investments comprise of Fixed Deposits, Treasury Bills/ Repurchase Agreements, Treasury Bonds and Corporate Debentures.

i. Fixed Deposits

The Investments in Fixed Deposits are accounted at cost. Interest accrued as at the statement of financial position date is shown as interest receivable.

ii. Treasury Bills/ Repurchase Agreements

The Investments in Treasury bills and Repurchase Agreements are stated at cost plus interest as at the statement of financial position date.

The Institute of Policy Studies of Sri Lanka
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2021

Investments (continued)

iii. Treasury Bonds

The Investments in Treasury bonds are stated at cost as at the date of statement of financial position. These investments have been classified as held to maturity investments as the Institute has positive intention and ability to hold them to maturity.

iv. Corporate Debentures

The Investments in Corporate Debentures are stated at cost as at the date of statement of financial position. These investments have been classified as held to maturity investments as the Institute has positive intention and ability to hold them for more than one year.

(e) Inventories

Inventory consists of stock of Publications. Publications are stated at cost. Any publications held for more than 10 years are being treated as slow moving and has been written off.

(f) Receivables

Receivables are carried at anticipated realizable value. Debtors are reviewed on an ongoing basis. Debts which are known to be uncollectable are written off during the year in which they are identified.

Individual impairment assessment is used to identify the provision for doubtful debt. The individually impaired debtors are provided at 10% for balances aged three (03) to six (06) months, 50% for balances aged six (06) to twelve (12) months and a provision of 100% is made for debtors aging more than twelve (12) months.

(g) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at bank, cash in hand, call deposits and Treasury Bills and Repurchase Agreements with banks which have a maturity of less than three months, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included under current liabilities which have a maturity of three months or less.

(h) Liability and provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the date of the statement of the financial position. Non-current liabilities are those balances that fall due for payment after one year from the statement of financial position date. All known liabilities have been accounted for in preparing these financial statements.
Provision for liabilities is recognized when the Institute has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.
The management assessed that, cash and short term investments, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these investments.

The Institute of Policy Studies of Sri Lanka
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2021

(i) Employee benefits

i. Defined contribution plans
All the employees of the Institute are members of the Employees Provident Fund and Employees Trust Fund to which the Institute contributes 12% and 3% respectively of such employees' basic wage or salary.

ii. Defined benefit plan
The Institute measures the present value of the retirement benefits of gratuity, which is a defined benefit plan with the advice of an actuary using projected unit credit method (PUC). Actuarial gains and losses are recognized as income or expenses over the expected average remaining working lives of the participants of the plan.

(j) Revenue recognition

i. Contribution from the Government of Sri Lanka
The contribution from the Government of Sri Lanka is recognized on an accrual basis.

ii. Project income
Revenue is recognized based on the stage of completion of the projects undertaken. Works completed and not billed to customers are recorded in the progress billing account. Advance receipts arising from the project are classified as deferred income and presented as current liabilities in the statement of financial position.

iii. Income from seminars/workshops
The Income from Seminars and Workshops is recognized once the seminars and workshops have been conducted on an accrual basis.

iv. Interest income
Interest Income is accounted for on an accrual basis.

(l)

i. Recognition of capital expenditure
Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the business or for increasing the earning capacity of the business has been treated as capital expenditure.

ii. Classification of recurrent expenditure
For the purpose of presentation of statement of financial performance, the governors are of the opinion that the nature of expense method presents fairly, the elements of the Institute's performance and hence such presentation method adopted.

INSTITUTE OF POLICY STUDIES OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

2 Grant from the Government of Sri Lanka

Represents the grant received from the Government of Sri Lanka for utilities, maintenance, and income tax expenses of the Institute. During the current year, Rs. 8,268,950/- income tax expenses were reimbursed.

		2021	2020
3	**Project Income**	**Rs.**	Rs.
	Income from Institutions	**69,667,408**	72,188,166

4 Income from Seminars and Workshops

This consists of income generated from seminars and workshops conducted on the request of donors and, as a form of dissemination of the research work carried out.

		2021	2020
5	**Miscellaneous Income**	**Rs.**	Rs.
	Sale of Publications	308,695	378,779
	Postal Chargers	3,930	1,880
	Other Income	370,832	241,328
		683,457	621,987

		2021	2020
6	**Employee Cost**	**Rs.**	Rs.
	IPS Staff Salary	58,197,943	51,991,028
	EPF	6,903,394	5,996,362
	ETF	1,725,848	1,499,090
	Short term employee cost	2,867,484	1,774,319
	Director fees and allowances	684,000	696,000
	Health Benefits and Fees	2,158,174	1,755,571
	Other Benefits	65,500	85,000
	Provision for gratuity (Note 18)	1,295,503	6,525,530
		73,897,846	70,322,900

		2021	2020
7	**Research Cost**	**Rs.**	Rs.
	Printing & Typesetting Publication Cost	471,877	541,561
	Internet Charges	3,102,281	3,090,283
	Consultation Charges	10,731,462	9,164,886
	Incentive payments to staff	5,833,930	4,984,270
	Field work supervision	1,429,926	5,305,876
	Other Research Costs	1,725,098	3,257,077
		23,294,574	26,343,953

INSTITUTE OF POLICY STUDIES OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

		2021	2020
8	**Other Operating Expenses**	**Rs.**	Rs.
	Registration and Membership Fees	406,405	403,270
	Office Costs	519,997	551,512
	General Office Cost	1,488,214	2,347,951
	Professional and Legal Fees	2,941,137	5,268,520
	Network and Server Maintenance (Note 8.1)	5,143,940	3,833,697
	External audit Fees	192,140	262,956
	Advertisements	24,000	71,568
	Bank Charges/Commission	163,258	85,399
	Fund Management Fee	300,708	-
	Other Admin Related Costs	1,382,399	365,346
	Meeting Expenses - ETF	552,087	354,330
	Fund Management Fee - ETF	413,409	-
		13,527,694	13,544,549

8.1 Network and Server Maintenance expenses include the amortization cost of the network and server system maintenance agreements. Server maintenance agreement was up to June 2021. The new network maintenance agreement is valid for two years up to October 2023.

9 Income Tax Expense

Current tax Expense

Under the provisions of the Inland Revenue Act, No. 24 of 2017, income from investments are subject to income tax at 14%. Accordingly, provisions are made for the income tax for the period ended 31st December 2020 as follows:

	2021
	Rs.
Contribution from the Endowment Trust Fund (Interest income)	28,232,540
Other interest income	30,831,385
	59,063,925
Tax on Interest income (Rs. 59,063,925/- @ 14%)	**8,268,950**

		2021	2020
10	**Cash and Cash Equivalents**	**Rs.**	Rs.
	Cash at Bank	739,184	1,521,446
	Cash in Call Deposit Account	500,000	1,050,000
	Petty Cash	90,000	90,000
	Investments held for less than 03 months		
	Fixed Deposits and repurchase agreement	175,554,936	21,014,130
	Repurchase agreement - Staff Welfare Fund	4,060,923	-
	Fixed Deposits - Gratuity	21,126,730	-
	Corporate Debentures	-	10,859,932
	Treasury Bills	78,636,430	1,520,077
		280,708,203	36,055,585

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NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

		2021	2020
11	**Investments - Short Term**	**Rs.**	**Rs.**
	Treasury Bills	8,700,000	161,963,824
	Fixed Deposit - Staff Welfare Fund	-	2,374,637
	Fixed Deposit - Gratuity Fund	-	22,961,873
	Fixed Deposits	50,250,000	223,481,107
	Treasury Bond	51,207,200	
	Corporate Debentures	-	10,000,000
		110,157,200	420,781,441

Investments - Long Term
Long Term investments consists of following investments which are classified under held to maturity investments:

	2021	2020
	Rs.	**Rs.**
Treasury Bond	96,210,600	52,132,786
Corporate Debentures	26,000,000	16,000,000
	122,210,600	68,132,786

		2021	2020
12	**Trade Receivables**	**Rs.**	**Rs.**
	Trade Receivables Projects	11,181,012	7,334,839
	Provision for Bad Debts	(997,506)	(655,935)
	Progress Billing	2,968,821	12,478,164
		13,152,327	19,157,068

		2021	2020
13	**Deposits and Prepayments - Short Term**	**Rs.**	**Rs.**
	Prepayments (Note 13.1)	7,617,575	5,137,073
	Deposits	343,750	330,050
	Advances to other suppliers	130,140	216,000
		8,091,465	5,683,123

	Deposits and Prepayments - Long Term	2021	2020
		Rs.	**Rs.**
	Prepayments - Maintenance Fee	1,523,001	-
	Prepayments - Software Licenses Fee	2,631,019	-
		4,154,020	-

		2021	2020
13.1	**Prepayments**	**Rs.**	**Rs.**
	Medical Insurance	696,800	661,951
	Other Insurance	425,564	285,616
	Other Prepayments	3,157,944	1,756,050
	Maintenance - Short Term	1,884,125	2,433,456
	Software Licenses Fee - Short Term	1,453,142	-
		7,617,575	5,137,073

		2021	2020
14	**Other Receivables**	**Rs.**	**Rs.**
	Staff Debtors	3,457,030	3,143,010
	Other Receivables Project	-	14,790
	Other Receivables (Note 14.1)	19,196,398	12,773,137
		22,653,428	15,930,937

		2021	2020
14.1	**Other Receivables**	**Rs.**	**Rs.**
	Receivable From Endowment Trust Fund	**19,196,398**	12,773,137

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NOTES TO THE FINANCIAL STATEMENTS

15 Property, Plant and Equipment

	Land	Building	Computer Equipment	Motor Vehicles	Furniture & Fittings	Office Equipment	Library Books	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
Balance as at 01st January 2021	156,000,000	324,858,736	98,697,923	29,615,195	19,965,411	25,404,287	1,730,529	656,272,081
Additions	-	-	37,077,326	-	-	124,500	1,300	37,203,126
Balance as at 31st December 2021	**156,000,000**	**324,858,736**	**135,775,189**	**29,615,195**	**19,965,411**	**25,528,788**	**1,731,829**	**693,475,148**
Accumulated Depreciation								
Balance as at 01st January 2021	-	64,263,892	92,788,470	10,049,160	19,407,077	22,226,579	1,726,180	210,461,358
Depreciation Charge	-	6,396,837	6,222,339	2,849,263	85,234	436,995	2,282	15,992,950
Balance as at 31st December 2021	**-**	**70,660,729**	**99,010,809**	**12,898,423**	**19,492,311**	**22,663,574**	**1,728,462**	**226,454,308**
As at 31st December 2021	**156,000,000**	**254,198,007**	**36,764,380**	**16,716,772**	**473,100**	**2,865,214**	**3,367**	**467,020,840**

15 Property, Plant and Equipment

	Land	Building	Computer Equipment	Motor Vehicles	Furniture & Fittings	Office Equipment	Library Books	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
Balance as at 01st January 2020	156,000,000	324,858,738	97,823,713	23,525,945	19,956,911	23,795,358	1,730,313	647,690,976
Additions	-	-	874,210	7,677,000	8,500	1,608,929	216	10,168,855
Less: Disposals	-	-	-	(1,587,750)	-	-	-	(1,587,750)
Balance as at 31st December 2020	**156,000,000**	**324,858,736**	**98,697,923**	**29,615,195**	**19,965,411**	**25,404,287**	**1,730,529**	**656,272,081**
Accumulated Depreciation								
Balance as at 01st January 2020	-	57,831,320	84,804,184	9,054,626	19,321,649	21,884,460	1,722,277	194,618,516
Depreciation Charge	-	6,432,572	7,984,286	2,582,284	85,428	342,119	3,904	17,430,593
Less: Disposals	-	-	-	(1,587,750)	-	-	-	(1,587,750)
Balance as at 31st December 2020	**-**	**64,263,892**	**92,788,470**	**10,049,160**	**19,407,077**	**22,226,579**	**1,726,180**	**210,461,358**
As at 31st December 2020	**156,000,000**	**260,594,844**	**5,909,453**	**19,566,035**	**558,334**	**3,177,708**	**4,349**	**445,810,723**

INSTITUTE OF POLICY STUDIES OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

		2021	2020
16	**Trade and Other Payables**	**Rs.**	Rs.
	Accruals (Note 16.1)	11,941,444	13,548,104
	EPF & ETF Payable	1,088,041	973,698
	PAYE payable	-	28,982
	Stamp Duty payable	3,775	3,500
	Income tax payable	2,190,404	2,615,322
		15,223,664	17,169,606

		2021	2020
16.1	**Accruals**	**Rs.**	Rs.
	Office Costs	3,160,867	1,511,497
	External Audit Fees - IPS	552,000	865,260
	Professional and Legal Fees – IPS	416,900	230,180
	Professional and Legal Fees – ETF	239,916	239,916
	Electricity	490,016	542,714
	Telephone/Internet Charges	326,214	299,278
	Fuel	40,148	11,531
	Research Project Expenses	6,715,382	9,847,728
		11,941,444	13,548,104

		2021	2020
17	**Advance Receipt on Projects**	**Rs.**	Rs.
	Balance as at 01st January	25,986,235	17,926,007
	Receipts during the year	70,101,993	53,804,892
	Income recognized	(59,773,670)	(45,744,663)
	Balances as at 31st December	**36,314,558**	25,986,235

		2021	2020
18	**Employee Benefits**	**Rs.**	Rs.
	Balance as at 01st January	21,716,143	17,236,511
	Expense recognized during the year (Note 18.1)	1,295,505	6,525,530
	Payments made during the year	(1,748,750)	(2,045,898)
	Balance as at 31st December	**21,262,898**	21,716,143

Number of employees of the Organization as at 31st December 2021 is 45 (2020: 38).
Number of employees of the Organization eligible for Employee Benefits as at 31st December 2021 is 45 (2020: 38).
The liability is valued by an independent professional actuarial valuation company.
The following assumptions are used in determining the cost to the institute of providing these benefits:

Discount Rate	10.00% (2020: 8%)
Increase in rate of salary	9.20% (2020: 9.20%)
Rate of Staff Turnover	15% (2020: 23%)

		2021	2020
18.1	**Expense recognized during the year**	**Rs.**	Rs.
	Current Service Cost	1,748,120	1,778,284
	Interest Cost	1,737,313	1,766,743
	Actuarial (Gain)/Loss	(2,189,928)	2,980,504
		1,295,505	6,525,530

INSTITUTE OF POLICY STUDIES OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31st December

19 Lease Commitment

No lease commitments as at the Statement of Financial Position date (2020 : Nil).

20 Capital Commitment

No capital commitments as at the Statement of Financial Position date (2020 : Nil).

21 Related Party Transactions

21.1 IPS Endowment Trust Fund

The Institute's Endowment Trust Fund ("Trust Fund") had a net assets value of Rs. 510,841,348/- as at 31st December 2021 (2020: Rs. 501,824,498/-). The entirety of the income of the Trust is passed through to the IPS and management expenses of the Trust Fund are reimbursed by the IPS. Separate accounts are maintained for the Endowment Trust Fund which is audited separately. The Trust Fund consists of five Trustees of which two are Ex-Officio members (Chairman and Executive Director of IPS).

21.2 Key management personnel ("KMP")

According SLPSAS 14 on "Related Party Disclosures", KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

The IPS staff cost (note 6) includes salaries paid to key management personnel of Rs. 19,740,000/- (2020: Rs. 18,033,240/-).

21.3 Other Related Party

The Institute is granted Rs. 27,812,000/- (2020 : Rs 30,214,000) from the Government of Sri Lanka for recurrent expenditure.
The Director General of Department of fiscal policy, Governor of the Central Bank and the Director General of the National Planning Department are Ex-Officio members of the Board of the IPS.

22 Contingent Liabilities

There were no contingent liabilities as at the Statement of Financial Position date.

23 Events occurring after the Statement of Financial Position

No events occurred after the Statement of Financial Position date which require adjustments to or disclosures in the financial statements.

24 Board of Governors' Responsibility

The Board of Governors is responsible for the preparation and presentation of these financial statements in accordance with SLPSAS.

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