

This month's highlights:

- In a blog for the East Asia Forum, Dr Dushni Weerakoon analyses Sri Lanka's crisis of legitimacy and highlights the critical need for consensus building across party lines to restore political and economic stability.
- In an interview with *The Annapurna Express*, Dr Nisha Arunatilake reflects on the lessons from Sri Lanka's economic crisis; she flags the need to address irregularities in a country's systems before a crisis hits.
- Dr Bilesha Weeraratne, writing for the IPS blogsite Talking Economics (TE), takes stock of the partial removal of the Family Background Report policy for female migrant workers. She also draws attention to the importance of persuading migrant workers to remit through formal channels.
- Lakshila Wanigasinghe, in a TE blog, examines the effects of the ongoing economic crisis on the vulnerable and the poor, and outlines policy measures to safeguard their wellbeing.
- In the Inside IPS segment, Dr Lakmini Fernando says that building trust in the government through hard-core reforms is a must. She insists that reforms should be implemented following comprehensive analysis and consultations.
- Appearing on 'The People's Platform' live panel discussion telecast over NewsFirst – TV1, Dr Bilesha Weeraratne speaks on migrant worker policies and measures to increase foreign remittances to Sri Lanka.

We hope you find this issue insightful. Your feedback is, as always, welcome!

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Blogs

Sri Lanka's Crisis of Legitimacy

By Dr Dushni Weerakoon



Sri Lanka's slide into political instability since April 2022 culminated in the resignation of former president Gotabaya Rajapaksa following public protests on 9 July 2022. The government's policy blunders and resistance to course correction were blamed for unleashing the harshest economic crisis on the Sri Lankan population in recent history. Gotabaya Rajapaksa leaves behind an economy ravaged by shortages of essential goods, spiralling inflation, and historical-first debt default. Much of the blame for this sorry state of affairs can be placed on policy hubris. However, the former president's resignation paves the way for the formation of an interim all-party government.

[See more >>>](#)

Lesson from Sri Lanka: Don't Wait for a Crisis to Act

Featuring Dr Nisha Arunatilake



Sri Lanka's unprecedented economic crisis has spiralled into a full-scale political upheaval. President Gotabaya Rajapaksa's house was stormed and chased away while Prime Minister Ranil Wickremesinghe's residence was also set on fire. As Sri Lanka stares at an uncertain future, anxiety has also shifted to other South Asian countries like Nepal. Kamal Dev Bhattarai of ApEx speaks to Dr Nisha Arunatilake, senior economist and director of research at the Institute of Policy Studies of Sri Lanka.

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Good Riddance to the FBR: What Next to Increase Migrant Remittances to Sri Lanka?

By Dr Bilesha Weeraratne



The decision by the Cabinet to partially lift the Family Background Report (FBR) requirement for female migrants is long overdue and a welcome move to promote female labour migration from Sri Lanka. The FBR policy was introduced in June 2013 to restrict females with children under the age of five and to discourage females with older children from taking up foreign employment. The FBR initially covered only female domestic worker departures but in August 2015, this was expanded to cover all females. As a result, from 2013 onwards the dominance of women among worker departures declined significantly. The partial removal of this discriminatory requirement is likely to increase female departures by enabling women to decide independently of their maternal status while minimising delays and vulnerability in the recruitment process. However, to reap the desired outcome of more remittances, the new stock of females departing for foreign employment in the absence of the FBR must be convinced to remit through formal channels.

[See more >>>](#)

Sri Lanka's Deepening Economic Crisis: The Plight of the Poor

By Lakshila Wanigasinghe



Empty supermarket shelves, endless queues to buy essentials and overnight camping around fuel stations are now regular sights in Sri Lanka. As the economy continues to plummet with no viable short-term solutions in sight, levels of frustration among the citizens continue to rise. The country's worst economic crisis since independence has battered Sri Lankans from all walks of life but the fallouts are impacting the poor with greater intensity. If urgent measures are not taken to support the most vulnerable at this time, more Sri Lankans will slip into poverty thus increasing intergenerational poverty in the long term. This blog identifies some of the most pressing challenges faced by the poor and vulnerable amidst the prevailing crisis and outlines policy options to safeguard their well-being.

[See more >>>](#)

Inside IPS



Special interview featuring:

Dr Lakmini Fernando

Research Economist with primary areas of research interest in public finance, economic development, climate change, and environmental economics

Q: Tell us about your background and your role at IPS:

Before joining IPS as a Research Economist in January 2022, I worked as an Assistant Director at the Department of National Planning of the Ministry of Finance. My research interests include development economics, public finance, and climate change. I have a BSc in Agriculture from the University of Peradeniya, a Master's in Development Economics from the University of Queensland, Australia, and a Ph.D. in Economics from the University of Adelaide, Australia.

Q: How is the transition from a ministry to a policy research think-tank?

At the Ministry, I was attached to the Macroeconomic Planning (Macro) Division of the Department of National Planning. This division is primarily responsible for setting the public investment programme within the macroeconomic framework. So, my previous role involved both research and administrative work. At IPS, I continue my research on public investment, hence there are many similarities. However, I feel there is greater scope for creativity and in-depth analysis at IPS.

Q: What are you currently researching?

Currently, I am working on three studies related to fiscal consolidation in Sri Lanka. The first study examines whether a Fiscal Council is an effective measure to increase fiscal transparency and accountability in developing economies. The second study focuses on the existence of a safe and sustainable debt threshold for Sri Lanka and in the third study, I investigate the paradox between happiness and the human development index for Sri Lanka.

Q: What do you identify as the key issues that led to Sri Lanka's current economic paralysis?

In brief: mismanagement, corruption, political interference, and an unproductive public sector. The multiple crises we are facing now are an outcome of years of malpractices. It is easy for us to say that the politicians are to be blamed and yes, I agree. However, we need to understand that if we fail in our duties as voters, citizens, public officials, parents, etc. we all are to be blamed as well. Every citizen should be duty-conscious: it does not matter whether one is a politician or a commoner. Equally, the country should have the right people in the right place. Otherwise, history is bound to repeat itself.

Q: What are the immediate steps that should be taken to restore some semblance of normalcy?

There is no magic formula to restore normalcy within a few weeks or months. Our understanding of the time lag required for economic restoration is vital. It could be a few months to a few years. The existing system and the institutions have failed to deliver a decent life for its citizens. Hence, building trust in the government through hard-core reforms is a must. This will also have a positive impact on the country's image nationally and internationally. Further, reforms should be implemented following comprehensive, systematic analysis and consultations.

Restoring normalcy through the provision of basic needs should be the prime focus. Then, as a Development Planner, I would say the country needs to implement a long-term National Development Framework that ensures inclusive and sustainable development. The development framework should accompany a non-debt creating innovative financing mechanism. Finally, the other two main pillars for success are the establishment of strong institutions and a productive public sector. We need to make the public sector efficient and productive. Talent and performance should be the foundation. A clear difference between quality and quantity will ensure progress towards sustainable development.

Q: What do you enjoy most in your work?

Simply it is the FREEDOM of EXPRESSION, which I believe is the root of creativity. I spent nearly six months familiarising myself with the new research environment and workflow at IPS. It is time for me to deliver better research outputs to shoulder the development process of my country!

Q: What is the one book you recommend to an aspiring economist?

'The International Handbook on Public Financial Management' by Richard Allen, Richard Hemming and Barry H. Potter. This book provides many valuable insights into how public investment can be used to overcome development challenges faced by countries in the global south.

Featured Video



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Dr Bilesha Weeraratne | විදේශ මුම්බාසන් ආරක්ෂා කිරීමට ඇති හිඟ සහ ප්‍රතිපත්ති | The People's Platform | NewsFirst