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Ongoing exodus is depleting Sri Lanka of necessary human capital: Dr. Bilesha

Weeraratne

07 Oct 2023 | By Marianne David



- **The country is losing a significant component of its talented personnel**
- **Well-thought-through strategies need to be adopted in timely manner**
- **Five-Year No-Pay Leave Policy an example of short-sighted policy making**
- **Formal remittances to Lanka have somewhat improved in recent months**
- **Comprehensive policy framework needed for regulating inbound migration**

The key disadvantage of the ongoing exodus of human capital is the risk of depleting the human capital that is necessary for Sri Lanka's regular economic performance as well as for the economic recovery activities needed to come out of this ongoing crisis, said Institute of Policy Studies (IPS) Research Fellow and Head of Migration and Urbanisation Research Dr. Bilesha Weeraratne, in an interview with *The Sunday Morning*.

"The loss of human capital at this point is multi-faceted. On the one hand, Sri Lanka is haemorrhaging skilled and educated personnel who are currently in the workforce. In addition to losing those already in the labour force, Sri Lanka is also losing a significant component of talented personnel who would become our future pool of human capital," she added.

Dr. Weeraratne warned that if well-thought-through strategies were not adopted in a timely manner, Sri Lanka's human capital would be affected in many ways, with a huge shortage of skilled and experienced workers and a shortage of trainers to develop the future pool of human capital, along with a shortage of new entrants into the labour market who can be developed into skilled and professional workers.

She emphasised that focusing on promoting labour migration without due consideration to how labour migration was connected with the domestic economy was dangerous, citing the Five-Year No-Pay Leave Policy for State sector workers as an example of short-sighted migration promotion policy making. "The evolution of this policy reflects the reactive nature in policy making in Sri Lanka," she added.

In the course of the interview, Dr. Weeraratne also spoke on the imposing of restrictions on certain sectors while granting others years of no-pay leave, steps Sri Lanka should take to retain its national talent pool in critical sectors, reaping the benefits of the global labour pool, and President Ranil Wickremesinghe's stance that the Global North should pay compensation to countries in the Global South for hiring skilled professionals.

Following are excerpts of the interview:

What is the current status of Sri Lanka's inward remittances from migrant workers and how does it compare to pre-Covid levels?

Formal remittances to Sri Lanka have somewhat improved in recent months and have been catching up to pre-Covid levels. For instance, in August 2023, Sri Lanka received \$ 499 million as monthly remittances and it shows only a very small decline of less than 4% when compared to the amount received in August 2019.

Despite labour migration being an immediate net foreign exchange gain, what will the ongoing exodus of human capital cost Sri Lanka? What are the key disadvantages of labour migration as things stand and how can they be addressed?

The key disadvantage of the ongoing exodus is the risk of depleting the human capital that is necessary for Sri Lanka's regular economic performance as well as for the economic recovery activities needed to come out of this ongoing crisis.

The loss of human capital at this point is multi-faceted. On the one hand, Sri Lanka is haemorrhaging skilled and educated personnel who are currently in the workforce. In addition to losing those already in the labour force, Sri Lanka is also losing a significant component of talented personnel who would become our future pool of human capital. Specifically, some individuals migrate alone as students, while others migrate together with their parents as families.

If well-thought-through strategies are not adopted in a timely manner, Sri Lanka's human capital will be affected in many ways. There will be a huge shortage of skilled and experienced workers, and, at the same time, there will be a shortage of trainers to develop the future pool of human capital. Additionally, there will be a shortage of new entrants into the labour market who can be developed into skilled and professional workers.

How would you describe the State's approach to labour migration and how it is addressing the issues it is giving rise to?

Currently, Sri Lanka is adopting a migration promotion approach by actively incentivising and promoting labour migration. However, focusing on promoting labour migration without due consideration to how labour migration is connected with the domestic economy is dangerous.

The Five-Year No-Pay Leave Policy (Public Administration Circular 14/2022) for State sector workers is one example of short-sighted migration promotion policy making without evaluating all related policy implications.

The evolution of this policy reflects the reactive nature in policy making in Sri Lanka, where initially, this policy was introduced to promote migration across all sectors by banking on the potential to earn formal remittances.

But it was quickly realised that exodus from certain sectors – such as health – would have greater negative consequences than the potential benefits from remittances. This led to plugging this oversight with exit control mechanisms in certain sectors.

Subsequently, it was realised that more productive workers were keen to benefit from this policy and that it would negatively affect the productivity and service delivery in the State sector. To address this, the previous assured clause of retaining one's seniority in the public sector while being on no-pay leave is now rescinded from new applicants for Five-Year No-Pay leave.

Is it fair of the Government to impose restrictions on certain sectors while granting others years of no-pay leave?

The right to mobility has always been contested when viewed from micro and macro-economic perspectives.

Ideally, everyone should have an equal right to go abroad if they want to. But right now, Sri Lanka is at a critical economic juncture. At this time when macroeconomic performance is prioritised, it becomes necessary to identify sectors with labour shortages versus those with surpluses and restrict the outflow of individuals in labour shortage sectors and promote migration from sectors with labour surpluses.

The problem is that they're not really looking at why people want to leave certain jobs in the first place. They should try to fix those push factors here so they don't have to

stop people from migrating. If exit control restrictions are introduced, they should be temporary measures that will be systematically phased out and be replaced with measures to improve voluntary retention of human capital

What steps should Sri Lanka take to retain its national talent pool in critical sectors?

The upcoming IPS flagship report 'Sri Lanka: State of the Economy 2023' discusses some ways to handle the situation.

In the short term, exit control measures, such as restricting specific sectors from the Five-Year No Pay Leave Policy (Public Administration Circular 14/2022) or imposing bonds on medical officers on the premise of 'paying back' would work. However, in the medium to long term it is critical to make the 'pastures greener in Sri Lanka'.

To achieve this, it is important to understand the push factors from Sri Lanka and the pull factors from countries of destination, such as differentials in wages, cost of living, living standards, quality of life, opportunities for children, and opportunities for career growth, to name a few, and address these differentials in a manner for Sri Lanka to become competitive in retaining Sri Lankans.

Looking outward, what steps has Sri Lanka taken - if any - to reap the benefits of the global labour pool? What is the approach the country should adopt?

This is extensively discussed in the upcoming 'Sri Lanka: State of the Economy 2023' report, where I show that previously Sri Lanka attempted to bring in foreign workers into the Sri Lankan labour market through bilateral Free trade Agreements (FTA) negotiations, such as the Economic and Technical Cooperation Agreement (ETCA) with India and the Singapore-Sri Lanka Free Trade Agreement (SSLFTA).

However, these efforts faced severe backlash, especially from sectors such as healthcare and technology. Presently, these same sectors are among those affected by brain drain and could benefit from foreign human capital if approached by careful opening up of selected sectors and job categories.

The 'Sri Lanka: State of the Economy 2023' report suggests that Sri Lanka needs a comprehensive policy framework for regulating inbound migration, with a focus on protecting local workers and ensuring that foreign workers are qualified and skilled.

To facilitate this, it is critical to develop a framework to ensure impartial evaluation of credentials of incoming workers and to establish new safety nets to 'protect the segments of the labour force that would be adversely affected by the inward migration of labour'.

President Ranil Wickremesinghe is of the opinion that the Global North should pay compensation, such as compensatory development assistance/financial aid, to countries in the Global South for hiring skilled professionals. How do you view this?

The 'Sri Lanka: State of the Economy 2023 report talks about how there's a heavy imbalance in the context of payback, between the labour sending and receiving countries regarding the human capital development cost and benefits.

The report notes that 'while the labour sending countries would have invested for around 17-18 years in a person, the receiving country starts benefiting from day one of the migrant's arrival in the COD, without any upfront investment in the worker'.

Nonetheless, when migration is an individual-level decision, it is hard to convince receiving countries on legal or moral grounds to redress the sending country for the human capital development investment made on migrants. Therefore, the payback is normally the responsibility of the migrant.

However, there are instances where the employer covers recruitment- and relocation-related expenses. In such cases it is 'important to explore the possibility of foreign employers supporting migrants to bear this cost' of paying back.

However, such changes 'cannot be achieved by Sri Lanka acting alone' because it has the capacity to affect Sri Lanka's competitiveness in the global labour market. In such a setting, one solution is for sending countries to come together and garner the support of international organisations such as the International Organization for Migration (IOM) and the International Labour Organization (ILO) and approach receiving countries to explore possible options.

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