ANNUAL REPORT 2013

INSTITUTE OF POLICY STUDIES OF SRI LANKA

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IPS at a glance…

Who we are

Established by an Act of Parliament in December 1988, and formally set up as a legal entity by gazette notification in April 1990, the Institute of Policy Studies of Sri Lanka (IPS) was designed to conduct economic policy analysis in Sri Lanka. Today, the IPS has established itself as the foremost economic policy research institute in the country and has gained recognition, globally, in particular, in the South Asian region for its independence and excellence in economic policy research.

Since its inception, the IPS has had considerable autonomy in setting and implementing its research programme. The Institute is managed by a Board of Governors and the Executive Director. Its institutional structure has allowed the IPS to acquire a unique position as an authoritative and independent voice in economic policy analysis enabling it to work closely with a cross-section of stakeholders including the government, private sector, academia and civil society.

IPS - an autonomous institution that aims to promote **policy-oriented economic** research and to strengthen the capacity for **medium term policy analysis** in Sri Lanka

Our Vision

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

Our 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

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Our Governing Board

W. D. Lakshman, Chairman

Director General, Department of National Planning (Ex-officio)
Governor, Central Bank of Sri Lanka (Ex-officio)

Deputy Secretary to the Treasury, representing Secretary, Ministry of Finance & Planning (Ex-officio)

S. T. Hettige - Professor of Sociology, University of Colombo

A. Ekanayake - Chairman, Ceylon Chamber of Commerce

L. Gunaruwan - Senior Lecturer in Economics, University of Colombo

Message from the Chairman

Prof. W. D. Lakshman

It is satisfying and encouraging to look back for a review of the past year's performance and progress of a vibrantly dynamic and growing organization like the Institute of Policy Studies of Sri Lanka (IPS). The Institute celebrated its 29th anniversary in 2013. Its expansion and advancement, observed since its commencement decades ago, continued with greater vigour during this year, as this Annual Report amply demonstrates. This progress could be seen from many angles – its financial strength, research, publications and other activities, the number and the quality of its professional and support staff, its domestic and international recognition as a national economic policy think tank and so on.

Having been a member of the Governing Board of IPS since inception, I am aware of the attempts made by successive managements, particularly by the present Executive Director since he took over, to build up an independent financial base to strengthen the Institute's autonomy. An Endowment Fund was set up with donor assistance about two decades ago. One principal achievement of the IPS in 2013 was its ability eventually to set up a Trust to manage this Endowment Fund. The untiring and resolute efforts of the newly appointed Board of Trustees, ably assisted by the Board of Governors and the top management of the Institute, are acknowledged here with gratitude for the effective setting up of the IPS Trust during the year under review. The resources from the Trust, prudently used, will permit the IPS to gradually reduce the current level of project-dependence of its research agenda.

Many important and policy relevant research projects have been undertaken by the IPS during this year for various governmental institutions, and other domestic and international organizations, including some from the private sector, thus contributing to useful knowledge creation and policy analysis. In addition to work carried out on the basis of funded projects for an extensive clientele, the Institute has also undertaken research on its own, bearing on relevant and important policy issues. All this research has led to a significant number of publications, both printed and electronic. The annual State of the Economy Report continued to hold its supreme position among these publications, with a large institutional and individual readership continuing to depend on it for

independent analyses of socio-economic policy issues that are of relevance in the contemporary Sri Lankan context. In addition to published work, the IPS continued to be active electronically by providing access to its work and resource persons through its website and other means.

The Institute maintained and expanded it relationships with domestic and international organizations with similar missions such as domestic universities and chambers of commerce as well as regional and international research organizations. The programme of institutional development work since 2010, undertaken with the support of the International Development Research Centre (IDRC) of Canada as part of its Think Tank Initiative (TTI) project, continued in 2013 also bringing in many benefits to the Institute. The IPS records with satisfaction that, through proven success in the implementation of the TTI project during the first phase of 2010-14, the Institute has succeeded in 2014 to win a second four year phase of the TTI project from IDRC for 2014-19.

Behind the achievements of the Institute are its competent staff and their continuing commitment to independent policy research. During the year under review, there were a few staff resignations but replacements have been found without any significant loss of institutional efficiency. While some of its researchers with doctoral qualifications resigned, the IPS was able to find persons returning from overseas with similar qualifications to fill the vacancies created by those resignations. The human resource strength of the Institute thus remains high. The demand from domestic and international academic/training institutions for internship positions at the IPS remained high to train their students and trainees. This requires to be noted as such interns would constitute a rich source of human resources for the IPS to draw from when needed.

Let me conclude this message by recording my appreciation of the services of the Board of Governors who efficiently guided the work of the Institute during the period underreview. The foresight, commitment and diligence in which the Executive Director has provided the management leadership to the IPS and played the role of representing the Institute in the world external to the IPS, is noted with appreciation. The Institute is in the process of further institutional and financial strengthening. The policy makers, I am sure, would be able to look towards the IPS with greater confidence in the years to come as a policy research entity equipped with improved and strengthened institutional conditions and a human resource base that continues to gain in competence and social acceptance.

Professor (Emeritus) W. D. Lakshman
Chairman
June 2014

Executive Director's Report

Dr. Saman Kelegama

A primary objective of an autonomous research institution is to develop a sound financial base. For this purpose, most often, research institutes establish Endowment Funds assuming that there will be generous donors and well-wishers who will contribute to such a Fund. After carefully studying the operational environment, the IPS embarked on establishing an Endowment Fund in 1993 with the aim of seeking an autonomous and sustainable funding channel for the Institute. Subsequent to the initial contribution by a donor in 1995, the Institute has been planning to form a Trust to manage the fund but this process got delayed due to other priorities. In 2013, twenty years after the initiative, a Trust was created to manage the Fund and this was a key achievement during the year.

With Wickrema Weerasooria (Lawyer), Maxi Prelis (Banker) and Lloyd Fernando (Economist/Civil Servant) as Trustees and with two ex-officio members from the IPS, the Trust was put into operation in early August 2013. The Trust now operates independently from the IPS and will ensure a continuous flow of funds to the Institute to execute some of its key programmes. The funds from the Trust will be complemented by other revenue sources such as projects, IPS reserves, etc.

The Institute secured 27 new projects and completed work on 16 projects during the year with projects bringing in a total income of LKR 41.4 million compared to LKR 29.7 million in 2012. The final installment of the IDRC TTI (Think Tank Initiative) grant gave much space for additional research and training work during the year. Overall, the expenditures exceeded LKR 150 mn for the first time, which the IPS managed to meet with more revenue and make an overall surplus of LKR 1.6 mn.

IPS brought out 9 publications, two issues of a journal, and 32 blogs. The flagship publication on the State of the Economy was on the theme: "Transition to a Middle Income Economy" -- a contemporary topic that has been much debated by the policy makers. The South Asia Economic Journal is now indexed in 13 data bases, including EconLit, EBSCO, RePEc, and SCOPUS.

The blog entries have generated a debate on key economic policy issues and some of them were brought out to mark International Days. Talking Economics which is mostly based on blog entries has also become a regular publication with the 8th issue being published in the third quarter of 2014. Hits on the IPS website, blogs, and Social Media increased significantly during 2013.

IPS organized two major international conferences during the year. First, after initiating the first South Asia Economic Summit in 2008, the IPS' turn once again came in 2013 to organize the 6th Summit. With more than 100 foreign delegates participating, the Summit was organized on a grand scale in the month of September with the support of funds from a consortium of donors. Many influential dignitaries from the South Asian region participated in the Summit. Second, the TTI regional workshop was organized in Marawila in the month of March with all the South Asian TTI recipient institution heads/senior fellows participating in the event with IDRC experts. It was also an occasion to learn of innovative practices of other research institutions in South Asia and network with regional institutions.

IPS made contributions to three important international events during the year. For the Ministry of External Affairs, the Institute prepared the key Concept Papers for the Commonwealth Heads of Governments Conference (CHOGM); for the Ministry of Youth Affairs and Skills Development, the MDG Youth Report and a presentation were prepared for the Commonwealth Youth Conference in Hambantota; and for the Ministry of Industry and Commerce, a briefing note was submitted on SAARC position for the 9th WTO Ministerial in Bali. These inputs were much appreciated by the Ministries concerned.

Besides, for the Indian Ocean Rim Ministerial in Perth, a briefing note on the proposed Indian Ocean Centre on Ocean Studies and Environment was submitted to the Ministry of External Affairs, while Small and Medium Industry Policy Papers were prepared for the Ministry of Traditional Industries and Small Enterprise Development. Contributions were also made to the Industrial Development Board and the National Enterprise Development Authority. The Migration Profile of Sri Lanka was prepared for the first time in Sri Lanka and it was an outcome of the deliberations of the National Labour Advisory Council under the Ministry of Foreign Employment and Welfare where three research staff members of the IPS have been serving for the last three years.

IPS made several noteworthy contributions to the private sector – engaging in the Corporate Social Responsibility Award of the Ceylon Chamber of Commerce, Exporters Award of the National Chamber of Exporters Association of Sri Lanka, Sri Lanka Economic Summit organized by the Ceylon Chamber of Commerce; etc. IPS research staff members have been contributing to private sector companies, banks, and finance companies.

Two veteran Senior Researchers resigned from the IPS in 2013 and both happened to be Heads of Research Units in the Institute. Malathy Knight joined the IPS as a Project Intern in 1993 and later as a full time researcher in 1994. Later, she headed the Competition, Regulation and Industrial Economic Unit of the IPS and capped herself with a doctorate from the University of Manchester. She made a valuable input to develop the Unit over the last two decades. Parakrama Samarathunga joined the IPS in 2003 and served as the Head of the Agriculture Economics Policy Unit for 10 years. He was an influential researcher who guided many junior staff members. The IPS will miss their presence and find it difficult to secure suitable replacements to them.

The IPS saw a large turn up of Project Interns during the year. Since moving to the new Head Office, IPS has managed to accommodate more Interns and provide them the desired training in their subjects of interest. Training Programmes were also conducted by the IPS during 2013 and many staff members participated in both domestic and international training programmes during the year.

The Institute upgraded its IT server and embarked on preparation of a Strategic Plan for the next 5 years taking into account its strengths, weaknesses, opportunities and threats with the assistance of an external consultant. Wide stakeholder consultations were carried out to do the study and the final report was discussed at the 2nd IPS retreat organized at the Club Hotel Dolphin in Waikkal in late December 2013.

TTI funds have gone a long way in institutional building, generating new revenue earners, networking, and advocacy work. At the time of writing this report, I am delighted to announce that the IPS has been successful in qualifying for Phase 2 of the TTI grant which will support the Institute for a four year period, viz., 2014-2019. The IPS Deputy Director played a crucial role in doing the preparatory work with the support of the Research Committee, and the Director of Finance and Administration for submitting the IPS application to secure the Phase 2 grant. I am most grateful for their dedicated work.

It is with deep sorrow that I record the passing-away of the first Chairman of the IPS, Dr. Gamani Corea on 03 November 2013. Dr. Corea served the IPS as its Chairman from 1989 to 2006 and was instrumental in guiding the Board in the formative years and his very presence was a great source of strength to the IPS at difficult times.

In conclusion, I would like to thank the Chairman, Governing Board, the Audit Committee, and IPS staff for the excellent cooperation offered to me during the year to steer the Institute.

Dr. Saman Kelegama
Executive Director
June 2014

The Heads & Acting Heads of the Main Research Units in IPS

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i Dushni Weerakoon,
BSc (Queen's University of Belfast), MA, PhD (Manchester)
Deputy Director and Fellow/Head of Macroeconomic Policy

ii Nisha Arunatilake,
BSc (University of South U.S.A.), MA, PhD (Duke)
Fellow/Head of Labour, Employment, and Human Resources Development Policy

iii Athula Senaratne,
BSc, MPhil (Peradeniya), PhD (Deakin)
Fellow/Head of Environmental Economic Policy

iv Janaka Wijayasiri,
BA (Sussex), MA (The Hague), PhD (Monash)
Fellow/Head of International Economic Policy

v Ganga Tilakaratna,
BA (Manchester), MPhil (Cantab), PhD (Manchester)
Fellow/Head of Poverty and Social Welfare Policy

iv Anushka Wijesinha,
BSc (Hons) (University College London), MA (Leeds)
Research Economist/Acting Head of Industry, Competitiveness and Regulatory Policy

IPS Research Programmes

The core aim of the IPS research programme is to contribute constructively to the discussions and debates on mediumterm economic policy priorities for Sri Lanka. The Institute's research output over time has addressed many of the development issues that are relevant to the country, such as unemployment, regional disparities, and rural poverty. The aim of the current programme of research is to build on the substantive work that has already been carried out, identifying gaps in the existing body of research, and formulate an integrated mediumterm work programme. This programme addresses strategies to achieve more durable and equitable growth to meet the country's development priorities.

The IPS research agenda is fulfilled by our Research Units, each headed by a senior staff member. Each Unit works within the mediumterm research agenda developed to ensure coherence to the overall direction of the Institute's work. The Research Units are as follows:

- Macroeconomic Policy
- International Economic Policy
- Labour, Employment, and Human Resources Development Policy
- Industry, Public Enterprise Reform, and Regulatory Policy
- Poverty and Social Welfare Policy
- Agricultural Economic Policy
- Environmental Economic Policy

Further, as of 2011, our research agenda was focused on six broad thematic areas. Reflecting a shift towards a holistic, multi-angle research approach, the research studies embarked on this year have thus, been separated not via Unit but via thematic direction. The six thematic directions are as follows:

- Policy Efficiency and Competitiveness
- Migration and Development
- Human Resources for Sustained Development
- Private Sector Development
- Poverty and Vulnerability
- Environment, Natural Resources and Agriculture

The IPS research programme is financially supported by the Institute's funds as well as externally funded through collaborative projects with both domestic and international partners.

Policy Efficiency and Competitiveness

Migration and Development
Human Resources for Sustained Development
Private Sector Development
Poverty and Vulnerability
Environment, Natural Resources and Agriculture

The process and institutional arrangements that underpin policy efficiency are critical factors in overcoming economic and political barriers to growth and development. Policy efficiency can ensure that difficult but necessary reforms are identified, prioritized, initiated, implemented, and sustained over time. In view of Sri Lanka's current demographic transition, higher growth will have to come from improved labour productivity and efficiency, encompassing a gamut of regulatory reforms to raise competitiveness and institutional capacity in the economy. This calls for policies that will allow for a reallocation of factors of production; diversification, upgrading, and deepening of the production and export baskets; and use of new production methods and processes and different inputs.

Research Studies:

Sri Lanka: State of the Economy 2013, funded by IPS - *Team: Led by Dushni Weerakoon*

The report shows that despite a challenging external economic climate, the Sri Lankan economy has remained an impressive performer amidst the highly subdued growth seen both in the developed and developing world. As the country pushes ahead in the transition to a middle income economy, it will bring with it significant upward social mobility and an emerging middle class. With their more discerning consumer demands, a growing domestic middle class can spur service and process innovations that propel economic growth. A growing middle class can also positively impact public policy by making greater demands on, and wanting a greater voice in, how they are governed and the institutions that govern them. However, the report highlights that rising incomes and mobility will also bring additional pressure on already stretched resources and economic opportunities, from greater urbanization, environmental degradation, changes in aspirations on the type of employment sought by young people, and changes to the country's epidemiological profile. This is the challenge that Sri Lanka will have to address in the coming years.

Export Processing Zones (EPZs) and their Impact on Trade Facilitation and Poverty Reduction in Sri Lanka, funded by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) - *Team: Ashani Abayasekera and Chandana Karunaratne*

This study conducts an evaluation of the effectiveness of Export Processing Zones (EPZs) on trade facilitation measures and poverty reduction in Sri Lanka. There is limited analysis on how EPZs facilitate trade by providing better governance through more efficient procedures and minimizing bureaucratic interference in customs-related procedures. Furthermore, poverty reduction impacts of EPZs including employment generation, education and specialized training among the poor in these areas have not been sufficiently explored in Sri Lanka. As such, this study aims to explore the abovementioned issues.

Promoting Participatory Approaches for Removing Regional Trade Barriers in South Asia (COENCOSA Phase II), funded by Consumer Unity & Trust Society (CUTS) - *Team: Ashani Abayasekera and Raveen Ekanayake*

Ridden with a wide range of barriers other than tariffs, South Asia's efforts to enhance intra-regional trade by reducing tariffs are under the threat of subversion by Non-Tariff Barriers (NTBs). The fact that regional trade has failed to rise to the expected levels and stagnated at a level far below its true potential for the past two decades, despite actively pursuing trade liberalization through a formal legal and institutional system, indicates certain systemic shortcomings in dealing with NTBs. In order to understand the extent and magnitude of NTBs and the need for NTB reforms in South Asia, a research study entitled 'Promoting Participatory Approaches for Removing Regional Trade Barriers in South Asia' was undertaken by CUTS with the support of the Asia Foundation. IPS was the Sri Lankan partner for the project and carried out case studies on the incidence of NTBs affecting Sri Lankan exporters and importers as well as a series of stakeholder consultations with government officials, civil society representatives and industry chambers.

Global Competitiveness Report 2012/2013, funded by World Economic Forum (WEF) and Information & Communications Technology Agency (ICTA) - *Team: Dilani Hirimuthugodage, Ayodya Galappattige and Anushka Wijesinha*

The Global Competitiveness Report (GCR) series continues to provide the world's most respected assessment of national competitiveness, for more than three decades. The GCR presents rankings of the Global Competitiveness Index (GCI), introduced in 2005. The GCI is based on 12 pillars of competitiveness, providing a comprehensive picture of the competitiveness landscape in 144 countries in the world which are at different stages of economic development. The ranking shows the productive potential of nations and is widely used in foreign and domestic investments decisions.

Sri Lanka was first included from year 2000 and was included for the thirteenth consecutive year in the 2012 report. The study is in the form of an Executive Opinion Survey among business leaders who are able to provide information and bring to light competitive issues that are important for the country, which are not available in other published sources. The survey in Sri Lanka was carried out by the IPS.

Economic and Development Environment in Sri Lanka (2012 / 2013), funded by the Centre for Policy Alternatives (CPA) for the UNFPA - *Team: Kaushalya Attygalle*

The report provided a brief overview of the economic and development environment in Sri Lanka for the 2012-2013 time period. It consisted of a concise yet insightful write-up on areas of importance in the Sri Lankan economy such as the macroeconomic environment, external sector performance, availability of credit, fiscal position of the country, etc. The report also provided insight into the social sector, particularly the education sector, health sector and social protection programmes in Sri Lanka. Special attention was also given to North and East development efforts.

Handbook on the India-Sri Lanka Free Trade Agreement, funded by the Indian High Commission (IHC) - *Team: Ashani Abayasekera*

The India-Sri Lanka Free Trade Agreement (ISFTA) has been in operation for more than a decade. India has now emerged as the largest and the most balanced trading partner of Sri Lanka with a high level of exports and imports taking place between the two countries. While there is quite a lot of information and literature on the ISFTA, they remained scattered. This handbook attempts to bring this scattered information together to assist the business community and other stakeholders to obtain a better understanding of the ISFTA. In addition to a brief analysis on what has happened so far under the ISFTA, the handbook reproduces the Free Trade Agreement and technical details relevant to the Agreement such as the Negatives Lists, Rules of Origin, etc., and agencies dealing with the ISFTA.

Strengthening the Textile and Clothing Sector in South Asia, funded by the Indian Council for Research on International Economic Relations (ICRIER), New Delhi - *Team: Chandana Karunaratne and Ashani Abayasekera*

This study attempts to assess whether Sri Lanka has improved its competitiveness in both global and regional textile and clothing markets following the phasing-out of the Multi-Fibre Arrangement (MFA) quota in 2005. It mirrors similar studies conducted across South Asia in four other countries. The study conducted by the IPS not only evaluated strategies developed by firms in the industry to move up in global value chains, but also examined whether any potential exists for developing supply chains within the region.

Trade Opportunities in Sri Lanka for the Indian Business Community, funded by the Indian High Commission (IHC) - *Team: Ashani Abayasekera*

Despite the fact that trade between India and Sri Lanka has increased, particularly following the implementation of a Free Trade Agreement (FTA) between the two countries in 2000, the potential for growth and diversification of trade has not been fulfilled. The ending of the war and the revival of the North and East in Sri Lanka is expected to boost the economy in the next few years with consumption expected to increase and the government encouraging foreign investors to make investments in the country. There is thus an unprecedented opportunity for the Indian business community to engage in the Sri Lankan economy. In this background, this study investigates trade opportunities in Sri Lanka for Indian traders and provides relevant information on trade opportunities in Sri Lanka for the Indian business community.

Institutional Mechanisms for Promoting Intra-Regional Investments and Trade in the IOR-ARC Region in Strategic Sectors, funded by the Indian Ocean Rim Academic Group (IORAG) - *Team: Ashani Abayasekera and Raveen Ekanayake*

This project aims to explore the potential of economic cooperation in the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) – a grouping of 19 economies in the Indian Ocean region – in knowledge-based industries and infrastructure development and to identify institutional mechanisms for facilitating the exploitation of this potential. Specific attention is paid to identification of opportunities of trade and investment cooperation in these strategic sectors. The study draws upon national and international sources of information on trade and investments of IOR-ARC member countries, while undertaking in-depth case studies for selected member economies based on different levels of performance in terms of the knowledge economy and infrastructure development.

Socio Economic Impacts of Nanotechnology Applications in Sri Lanka, funded by the National Science Foundation (NSF) - *Team: Anushka Wijesinha*

The project looks at the potential for the use of nanotechnology in Sri Lanka for greater value addition and sustainable development, particularly from an industry perspective. It is led by the National Science Foundation, and funded by the IDRC. IPS is part of a group of technical partners in Sri Lanka and South Asia in this regional study.

Publications:

Fostering Innovation to Fast-forward Growth in Sri Lanka, February (by Anushka Wijesinha and Nethmini Perera)

'Export Sector in Sri Lanka: Issues and Challenges', Sri Lanka Exporter, Volume 80 (by Saman Kelegama)

Handbook on the "India-Sri Lanka Free Trade Agreement" (by Ashani Abayasekara and jointly published with the High Commission of India in Colombo)

India-Sri Lanka Free Trade Agreement: Looking Back to Look Beyond, *Business Lanka,* June – July (by Saman Kelegama)

Consumer Interests – Sri Lanka & South Asia in K.N.O. Dharmadasa (Ed.), Leel Gunasekera Felicitation Volume, Colombo (by Saman Kelegama)

"Enhancing Economic Connectivity in South Asia: Alternative Approaches" in D. Suba Chandran (ed.), *Building Bridges: Strengthening Physical, Emotional and Economic Linkages in South Asia,* New Delhi: Institute of Peace and Conflict Studies (by Ashani Abayasekera)

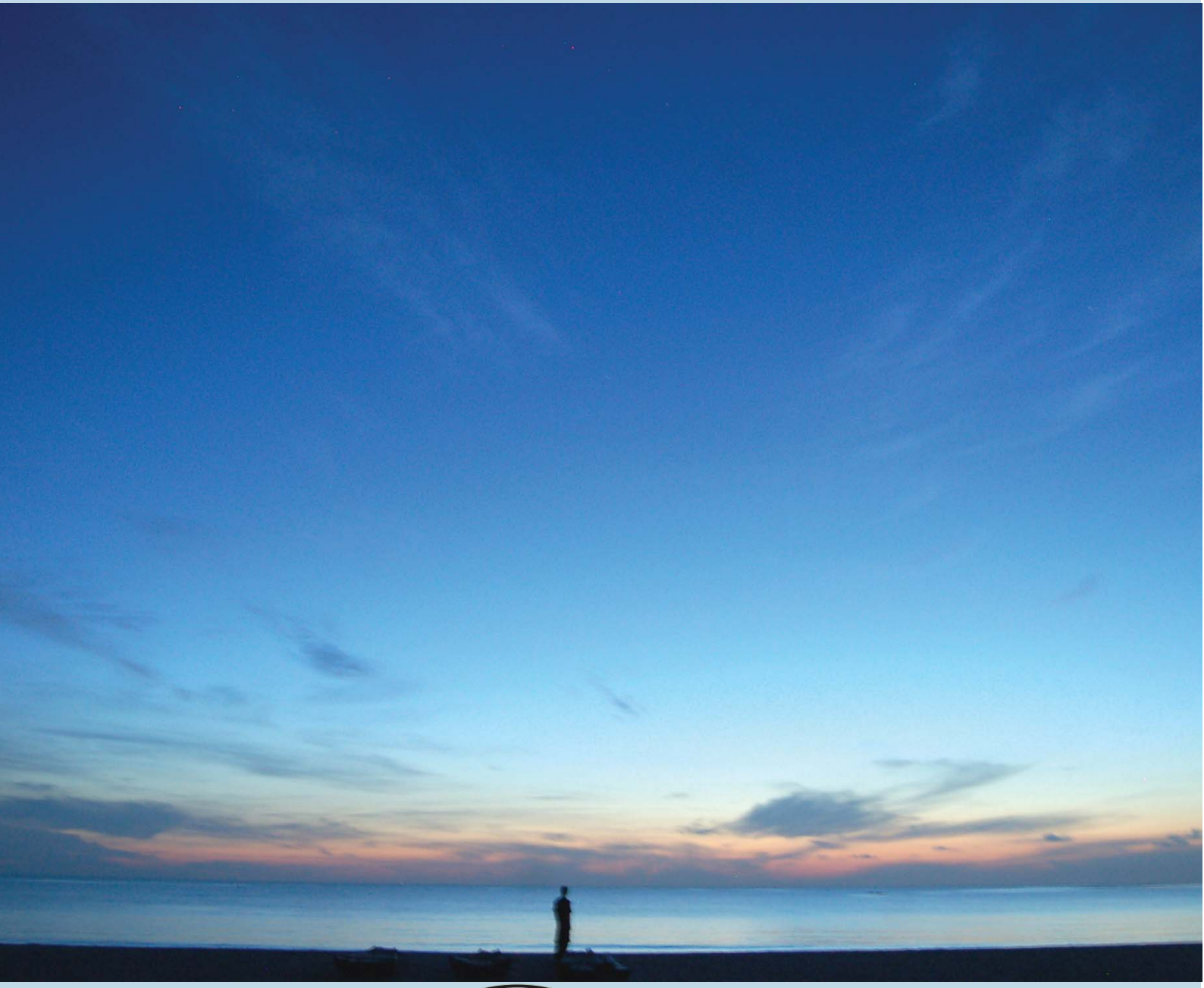
"Experiences of Sri Lanka in the Sri Lanka - India FTA and the Sri Lanka - Pakistan FTA", Working Paper, UNCTAD Regional Value Chains Background Paper Number RVC-10 (by Saman Kelegama and Chandana Karunaratne)

"Policy Challenges for Export Growth: Emerging Issues for Sri Lanka", in Indraratna, A. and S. Vidanagama (eds.) *Export Growth for Sustained Development,* Sri Lanka Economic Association: Colombo (by Anushka Wijesinha)

"Trade in Services between India and Sri Lanka" in Mukherji, I.N. and K. Iyengar (eds.), *Deeping Economic Cooperation between India and Sri Lanka,* ADB, Philippines (by Anushka Wijesinha and Deshal De Mel)

"Connecting South Asia: Liberalizing Air Services", *Trade Insight,* Vol. 9, No.2, 2013, SAWTEE, Nepal (by Anushka Wijesinha)

Book Review: VeenaJha, **"India Emerging: The Reality Checks",** *South Asia Economic Journal,* September 2013, 14(2). pp. 360-364 (by Nipuni Perera)



Migration and Development

Human Resources for Sustained Development
Private Sector Development
Poverty and Vulnerability
Environment, Natural Resources and Agriculture
Policy Efficiency and Competitiveness

Sri Lanka has experienced varying forms and intensity of migration in post-independence decades. At present, over one million Sri Lankan citizens are estimated to have migrated for foreign employment. Over the years, the government has facilitated labour migration to ease employment and foreign exchange shortfalls in the country with the relaxation of regulations on travel and foreign exchange convertibility to facilitate overseas work and remittances. The government is hoping to raise remittances by changing the skill mix of migrants and the composition of country destinations. The challenge is to identify and promote foreign employment that is both beneficial to the workers as well as the country.

Research Studies:

Migration Profile: Sri Lanka 2011, funded by the International Organization for Migration (IOM) and the Ministry of Foreign Employment Promotion and Welfare - *Team: Nisha Arunatilake and Roshini Jayaweera*

Migration can be identified as the movement of people from their roots to other surroundings, whether inside or outside the country. Migration has multiple consequences on the economic, political, and social lives of the people and the environment they live in. The main objective of this report is to provide comprehensive information on the migration trends in the country and to summarize existing knowledge on how these influence various dimensions of development.

Meeting the Development Challenges of Migration – Leveraging to Improve Policy Impacts, funded by Think Tank Initiative (TTI) - *Team: Nisha Arunatilake, Janaka Wijayasiri, Suwendrani Jayaratne, Dharshani Premaratne, Chandana Karunaratne, Nipuni Perera*

Migration plays a key role in the Sri Lankan economy in a variety of ways. This has not only contributed to easing unemployment rates and raising wages, but it has also resulted in creating worker shortages in some sectors. Around 260,000 workers leave the country for employment annually, and this number has grown more than six fold over the last couple of decades. Consequently, the inflow of remittances to the country stood at US $5.7bn or 9 per cent of GDP in 2011. The Middle-East constitutes the largest foreign employment market with over 93 per cent of overseas Sri Lankan workers employed in this region. Approximately 85 per cent of female migrant workers in 2011 were housemaids and the socio-economic implications of female migration have been a growing concern for many years. The proposed project enabled the Institute to kick-start activities in this area of research. The objectives of the proposed project on migration were two-fold: 1) to strengthen the research capacity and quality of research work undertaken by the IPS on migration, and 2) to improve policy linkages/engagement.

Publications:

Migration Profile – Sri Lanka, jointly published with the Ministry of Foreign Employment Promotion and Welfare, International Organization for Migration (IOM), and the Sri Lanka Bureau of Foreign Employment, February

Migration for Foreign Employment: A Vital Component of Sri Lankan Economy, Business Lanka, Volume 1, No. 1, March 2013 (by Saman Kelegama)

Human Resources for Sustained Development

Private Sector Development
Poverty and Vulnerability
Environment, Natural Resources and Agriculture
Policy Efficiency and Competitiveness
Migration and Development

Developing the country's human resources to meet the changing demand will require a concerted effort on many fronts. First, to foster a skilled workforce that is able to meet the changing demand of the labour market improving access to high quality tertiary level education will be critical. However, expanding the tertiary education sector alone is not sufficient. The foundations for further training in advance science and technology related subjects are laid at the school level. As such, the quality and access to general education should also improve. Along with education and skill development, health is an important determinant that ensures success in education and greater productivity in work life. The importance of nutrition for decreasing loss of work days due to illness and increasing productivity is well documented in the literature. Studies also show that well-nourished children are more likely to succeed in education. Diseases that are more prevalent amongst the productive age population such as non-communicable diseases (NCDs) also influence work life and productivity. Sri Lanka's demographic profile is changing. The country has a fast ageing population, while its younger population – both children and those in their productive ages – are shrinking. The country will need to be conscious about these changes when planning for its future human resources.

Research Studies:

Education for All - Global Monitoring Report - 2013: Education Quality Input (EQI), Sri Lankan Case, funded by United Nations Educational, Scientific and Cultural Organization (UNESCO) - *Team: Nisha Arunatilake and Priyanka Jayawardena*

This study assesses the effectiveness of the Education Quality Inputs (EQI) scheme - a formula based resource allocation scheme for schools -- in distributing funds and improving learning outcomes in Sri Lanka. The study was commissioned by UNESCO (Paris) as a background study for the Education for All - Global Monitoring Report – 2013.

Results show that the EQI scheme has improving equity amongst Sri Lankan schools. Smaller less facilitated schools rely on EQI funds more, but their utilization of funds is weaker. Evidence suggests that EQI funds have improved teaching, school attendance and learning. However, the effective usage of EQI funds was not optimal. Reasons are discussed.

PDF available online:unesdoc.unesco.org/images/0022/002259/225944e.pdf

Millennium Development Goals (MGDs) for Youth, funded by Ministry of Youth Affairs and Skills Development - *Team: Nisha Arunatilake, Chatura Rodrigo, Priyanka Jayawardena, and Sunimalee Madurawala*

Approximately 26 per cent of the Sri Lankan population is comprised of youth. These youth populations are the future contributors of economic development to the country, hence it is important to make sure that their needs are met and ensured by government development policies in all sectors. Furthermore, policy actions have to enable access for youth to take part in government development activities and decision making. Millennium Development Goals (MDGs) is one of the universally accepted evaluation framework developed by the United Nations

to see whether countries have achieved their targets in development and it covers several important development aspects. When comparing national data from 2006 and 2010, it is very clear that Sri Lanka has, by and large, been able to achieve the MDGs successfully. Generally MDGs are concentrated on the whole population of a country, therefore indicators are not concentrated on youth. However, it is quite important to explore how these MDGs are realized by the youth of the country.

The objective of this study was to document the youth participation, their commitment and practices in realizing the MGD goals, through the case studies directed at each of the MGD goal.A special emphasis was made towards understanding the youth participation in the development of the post 2015 MGD goals. A case study approach was adopted to understand the commitments, practices and experiences of the government and the youth.

Development of Action Plan for Households with Undernourished Children and Pregnant Women in Districts of Moneragala and Nuwara Eliya, funded by United Nations Children's Fund (UNICEF) - *Team: Samanthi Bandara, Sunimalee Madurawala and Wimal Nanayakkara*

The nutritional status of Sri Lankan children does not match the country's achievements in child survival and per capita GDP. Having realized the multi-sectoral nature of nutrition, the government has recently set up a National Nutrition Council. For the Council to be able to propose policy options and programmes, it requires evidence of what has worked so far and identify the gaps including inequalities of opportunities to access the existing services, by those who need them the most. The model of Multi sectoral approach to reduce under-nutrition and improve equity, a special study was done in Nuwara Eliya and Monaragala Districts, on a pilot basis. The objective of this study was to analyse how effective the services provided at the Divisional Secretariat Division level, any existing gaps or difficulties in providing the services and suggestions by the service providers themselves to improve the delivery of their services, in order to minimize the problems related nutritional status of women and children.

Intersectoral Action for Health in Addressing Social Determinants of Health through Public Policies in Sri Lanka: Health in All Policies, funded by IPS - *Team: Samanthi Bandara and Sunimalee Madurawala*

Health permeates all aspects of social life. This factor is now being recognized in public policies, with health being included as a policy concern in every governance sector. Health in All Policies (HiAP) is well recognized as a Policy Practice, which emphasizes the need of including and integrating the health component in other policies during the policy formulation, implementation, and evaluation. Consequently, this policy practice requires a mechanism with the joint leadership within governments, across all sectors, and between levels of government. Therefore, many countries within the region and out have made concerted efforts to integrate health considerations into other public policies which have an impact on health. Sri Lanka currently does not have an integrated governance tool which deals with health in other public policies through policy formulation, implementation and evaluation at a national level. However, it is observed that there are fragmented committees and task forces which address various health issues at different levels.

Private Hospital Health Care Delivery in Sri Lanka - A Comprehensive Study Related to Issues on Equity, Fairness and Regulations in Private Hospital Health Care Delivery, funded by IPS - *Team: G.D. Dayaratne*

The issues pertaining to the private health sector have not been addressed through task force reports or the Health Master Plan 2006. As a result, the government has been burdened with the delivery of public health care services, while the private sector growth has not been planned or promoted as part of an overall healthcare system.

The size of Sri Lanka's health care sector is reasonably large enough, however, distribution is lopsided – with the bulk of services (both public and private) skewed towards the Western Province, and main urban centres. This is further compounded by the fact that the government has provided land at concessionary rates to set up private hospitals, predominantly in urban areas.

Revisit of State of the Sri Lanka Alcohol Industry and Governing Policies: Analysis of Present State of the Industry, funded by IPS - *Team: G.D. Dayaratne*

Despite the many perils of alcohol consumption on human health and on society as a whole, imbibing alcohol has become a significant activity for many of the ordinary citizens in Sri Lanka, and also seen as one of the most profitable industries in the country. As a result, the production and consumption of alcohol in Sri Lanka has reached a new height – becoming a valuable revenue contributor to the economy, in spite of certain alcohol restraining policies introduced by the government. However, misconceptions on the legal alcohol trade, politicization of the alcohol industry as well as matters related to the illicit alcohol industry remain issues of concern. In light of this situation, this Working Paper looks into the importance of formulating a balanced policy option for decision makers to develop a rational policy framework on alcohol production, sales and consumption in Sri Lanka.

Sri Lanka National Health Accounts 2010-2011,funded by IPS - *Team: G.D. Dayaratne*

This report provides the National Health Accounts estimates for the period 2010-2011. National Health Accounts describe the financing flows to the national health system, the direction of spending and for what purpose, by function. The boundaries of the health accounting framework are embedded in the health system. Health goods and services provided and consumed are seen in relation to health outcomes for the population and the influencing characteristics of the health status. In essence, this means that the health accounting framework is part of a larger model, in which the determinants of health play a crucial role.

Health in All Polices: E-waste and Health, funded by IPS - *Team: Samanthi Bandara*

With the rapid developments in technology and the growing demand for new products, the production and consumption of more 'Electronic and Electrical Equipment' (EEE) has significantly increased around the world. This has also resulted in the acceleration of the rate of replacement of new products, creating a substantial burden on the waste stream in general. The rise of outdated EEE - which is known as Waste Electronic and Electrical Equipment (WEEE) or 'e-waste', is classified as hazardous waste streams in the world. E-waste contains both hazardous as well as valuable substances, such as lead, mercury, cadmium, copper, gold, silver, Polychlorinated Biphenyl (PCB), and Brominated Flame Retardants (BFR). Unless e-waste is processed, recycled or

disposed in a proper way, it will have serious impacts on human health as well as on the environment. This study makes an effort to review the health impact of e-waste from various literatures, and to measure the e-waste generations in Sri Lanka by the selected equipment in the period of 2009 – 2013, using the Custom Data. In addition, e-waste management in Sri Lanka in terms of policies, actions, and their limitations/gaps are discussed.

Literature Review on Occupational Safety & Health Policy for Sri Lanka, funded by TTI - *Team: Sunimalee Madurawala*

Although the country has identified the protection, promotion and maintenance of the highest degree of physical mental and social well-being of all workers in all work places as a priority and a key factor for national productivity improvements, there is no national safety and health policy currently operating in the country. Therefore it is a timely need to initiate and develop a National Safety and Health Policy. Addressing this national need, the National Institute of Occupational Safety and Health (has initiated to develop a "National Occupational Safety and Health Policy for Sri Lanka" and has invited the IPS to carry out a literature review on Occupational Safety and Health.

Publications:

IPS Blog article: **"Inter-sectoral Action for Health in Addressing Social Determinants of Health through Public Policies in Sri Lanka: Health in All Policies"** (by Samanthi Bandara, Naomi Jayaratne and Sunimalee Madurawala)

Private Hospital Health Care Delivery in Sri Lanka, Some Issues on Equity, Fairness and Regulations, *Working Paper Series:* No. 18 (by G. D. Dayaratne)

State of the Sri Lankan Alcohol Industry and Analysis of Governing Policies, Working Paper Series No. 19 (by G. D. Dayaratne)

Book Review: Politics of Education Reform and Other Essays - Eric J. de Silva, *Sri Lanka Journal of Economic Research,* Vol. 1, No. 1, pp. 169-174 (by Nisha Arunatilake)

Private Sector Development

Poverty and Vulnerability
Environment, Natural Resources and Agriculture
Policy Efficiency and Competitiveness
Migration and Development
Human Resources for Sustained Development

With a stated government policy objective of achieving GDP growth of 8 per cent or higher, Sri Lanka would need to raise its annual rate of investment from the current level of approximately 28 per cent of GDP to at least 35 per cent. With increasing pressures on public finances and announcements that public investment is likely to be capped at around 6 per cent of GDP, this higher investment ratio would need to come almost entirely from private investment.

Within this, foreign private investment too plays a critical role. This then necessarily means that private sector development is a critical part of Sri Lanka's overall development challenge. While the sources of faster growth in recent years have mainly been from government initiative, the sources of sustained faster growth in the mediumterm will need to come from the private sector – large and small. No longer can we look at private enterprise development from just the narrow lens of 'industrial development' as may have been done in the past.

It is about exploring and addressing a myriad of factors that can strangle or strengthen the private sector, provide it a conducive climate for growth, and ensure it plays a substantial role in bridging growth disparities and contributes to more inclusive economic progress and prosperity in the country. The latter becomes especially important in Sri Lanka's post-war milieu.

Research Studies:

Employment, Empowerment and Living Standards, funded by the German Institute for Global and Area Studies (GIGA) - *Team: Anushka Wijesinha, Malathy Knight, Roshini Jayaweera and Ayodya Galappattige*

IPS carried out a study on "Employment, Empowerment and Living Standards" in Sri Lanka in collaboration with the German Institute of Global and Area Studies. The main objective of the study was to explore the linkages between employment, empowerment and living standards. The study in Sri Lanka is part of a global study carried out in developing countries including Burkina Faso and Uganda.

The key areas the study would explore are the relationship between employment and well-being over the life-course, the effects of social ties on micro enterprises, aspirations and perceptions of well-being and good work in the context of informal employment, the lessons that can be learnt from the performance of minority entrepreneurs, and women's choices and constraints in the context of informal employment.

The focus of the study lies on small and medium size entrepreneurs. The study in Sri Lanka used a sample of over 500 enterprises in the Colombo district including enterprises of several manufacturing clusters. In addition to the detailed field survey, focus group discussions and life history interviews were also conducted to explore deep linkages.

Business - Led Growth and Development Matrix, funded by the World Bank - *Team: Nisha Arunatilake and Anushka Wijesinha*

This project provided a strategic meta-analysis of the key bottlenecks facing private sector developmentin Sri Lanka, based on available secondary material on business climate constraints.

Feasible reform areas, both short and long-term, were identified. The final document was provided to stakeholders in the private sector development arena, including the Ceylon Chamber of Commerce and the Ministry of Economic Development's private sector division, for their own deliberations and necessary follow-upaction.

Research and Advocacy for Improved Sub-regional Business Climates, funded by The Asia Foundation (TAF) - *Team: Anushka Wijesinha*

SMEs in Sri Lanka are the backbone of regional economic development and the business climate issues they face are distinct to what is captured at the national level. In the current phase of this project funded by The Asia Foundation, IPS conducted a survey of SMEs around the country together with the National Chamber of Commerce of Sri Lanka. The findings are being compiled into a research paper,coupled with a review of Asian initiatives taken to solve SME challenges like access to finance, technology,and business development.

Consultancy on Business Development Services (BDS) Available for Women SMEs, funded by Oxfam Great Britain - *Team: Athula Senaratne, Anushka Wijesinha, Kaushalya Attygalle and Dilani Hirimuthugodage*

The general objective of this study was to examine the socio-economic and cultural barriers which hinder women's progression to the Small and Medium Enterprise (SME) sector. Furthermore, it also looked at the existing and future opportunities for women to enter and lead SMEs with a special focus on access and availability of women - friendly Business Development Services (BDS) including development of business skills, technology transfer and linking with financial services. The study also aimed to provide policy level recommendations to increase women entrepreneurs' access to business development services and to identify national-level strategic priorities for stakeholders to work in economic justice with the aim of promoting women's economic leadership and enterprise culture among women.

Tax Policy and Enterprise Development in South Asia, funded by Governance Institutes Network International (GINI) - *Team: Anushka Wijesinha and Raveen Ekanayake*

Inclusive growth continues to remain a challenge for South Asian economies. Experts now agree that themissing link between growth and inclusivity is labour market outcomes that generate well-paying andproductive jobs. Most non-agricultural employment in South Asia is concentrated in small enterprisescharacterized by very low productivity and wages. Research indicates that small enterprise developmentand employment generation is strongly linked to tax policy. First, tax exemptions and concessions arelargely skewed to favour large enterprises. Second, small enterprise development is affected by taxessuch as the Value Added Tax (VAT). Third, small enterprise development is affected by weak local propertytaxation. The gender dimension of small enterprise development in South Asia has been ignored inpolicy and research. These problems need to be researched through an integrated framework from thenational and international perspectives. This research aims to fill research gaps, inform policy, andprovide opportunities for shared learning outcomes at the regional level. The study covers five SouthAsian economies namely, Sri Lanka, Pakistan, India, Bangladesh and Nepal.

Publications:

Article on **"Access to Finance for SMEs: Challenges and Policy Options",** *Economic Review,* December 2012/January 2013, Peoples Bank (by Anushka Wijesinha)

Incentivizing Foreign Investment in Sri Lanka and the Role of Tax Incentives, Research Studies: *Working Paper Series* No.17, April 2013, Institute of Policy Studies of Sri Lanka (by Anushka Wijesinha, Raveen Ekanayake and G. Mahendra)

Poverty and Vulnerability

Environment, Natural Resources and Agriculture
Policy Efficiency and Competitiveness
Migration and Development
Human Resources for Sustained Development
Private Sector Development

Despite the remarkable progress in poverty reduction and in achieving the Millennium Development Goals (MDGs) in Sri Lanka, considerable disparities exist across sectors and regions. Moreover, many households are vulnerable to various risks such as economic shocks, vagaries of weather, and life cycle events that may cause the non-poor to fall into poverty while pushing the poor into deeper poverty. The large informal sector workforce with relatively low levels of social security, higher rates of unemployment among youth and the educated, particularly among females, are other major issues of concern. The rapid ageing of population also brings several challenges to the existing social protection system of the country. Addressing the above challenges requires policies and programs that cover a broader spectrum of risks and a vulnerable people including the poor, old aged, disabled, women and children. It requires a comprehensive approach that goes beyond provision of social assistance such as cash or in-kind transfers, to include social insurance and, skills and livelihood development. In this context, the IPS research agenda on poverty and vulnerability focuses on a number of areas/issues that include the Millennium Development Goals (MDGs), social protection, microfinance, poverty in lagging regions/sectors, addressing vulnerability and disasters and risk mitigation.

Research Studies:

Social Protection and Welfare Analysis, funded by United Nations Children's Fund (UNICEF) - *Team: Ganga Tilakaratne, Ayodya Galappattige and Roshini Jayaweera*

The social protection system of Sri Lanka comprises a range of programmes targeted towards various vulnerable segments such as the poor, the elderly, the disabled, children, and women. Despite the large number of programmes, the effectiveness of the current social protection system of the country in improving welfare of households remains unclear. This study aims at providing a comprehensive analysis of the social protection system of the country. It has two components: supply-side analysis to examine the existing social protection programmes (and the system as a whole) particularly their coverage, expenditure, etc., and the demand-side analysis to assess the effectiveness of the current programmes at the household-level.

Third Millennium Development Goals Progress Report (2013) for Sri Lanka, funded by United Nations Development Programme (UNDP) - *Team: Wimal Nanayakkara, Ganga Tilakaratna, Chatura Rodrigo, Sunimalee Madurawala, Suwendrani Jayarathna and Ayodya Galappattige*

The objective of preparing the Third Millennium Development Goals (MDGs) Report for Sri Lanka is to provide a comprehensive assessment of the progress of eight MDGs and the indicators, at national, regional and sectoral level and to contribute towards shaping the post-2015 development agenda.

Southern Voice on Post - MDGs: Social Protection for the Poor and Vulnerable in Sri Lanka, funded by Southern Voice Secretariat located at the Centre for Policy and Dialogue (CPD) - *Team: Ganga Tilakaratna*

Social protection has been increasingly viewed as an important tool for addressing poverty, vulnerability, inequality, and social exclusion. It plays a vital role in accelerating progress on the Millennium Development Goals (MDGs) and has been recognized as a key element that needs to be included in the post-2015 development agenda. This study reviews the social protection system in Sri Lanka and analyses the country's progress on achieving the MDGs and the role of social protection in attaining them.

Regional Integration and Poverty in South Asia, funded by the Asian Development Bank (ADB) - *Team: Saman Kelegama, Ganga Tilakaratna, Suwendrani Jayaratne and Sahan Jayawardena Nipuni Perera*

This study analyses the possible impacts of improved regional integration in South Asia on poverty and welfare in the region. An empirical analysis identifies the potential to improve integration via trade in goods, trade in services, and investment in the region. Furthermore, regional cooperation in migration, food security, and energy are discussed in detail, identifying the challenges the region faces and the scope for regional integration. The study also draws lessons from ASEAN.

Publications:

Book review on **"Why Nations Fail? The Origins of Power, Prosperity and Poverty"** by Daron Acemoglu and James A. Robinson (2012), *Trade Insight,* Vol. 9. No.1. 2013, published by SAWTEE (Nepal) (by Ganga Tilakaratne)

"Multiple Borrowing in the Sri Lankan Microfinance Sector", Worldpoverty@manchester *Briefing Series,* Issue 19, September 2013, Brooks World Poverty Institute, Manchester, UK (by Ganga Tilakaratne)

Environment, Natural Resources and Agriculture

Policy Efficiency and Competitiveness
Migration and Development
Human Resources for Sustained Development
Private Sector Development
Poverty and Vulnerability

Growth that results in depleting the natural capital stock of a country is not smart as it cannot be sustained in the long-term. Sustainability implies attaining the aspirations of the current generation without compromising the capacity of future generations to do the same. In essence, it deals with inter-generational equity of human use of environmental resources. Sri Lanka is blessed with a habitable tropical environment all over the country that offers many eco-system services for the well-being of people. The rich stock of natural resources provides the essential launching pad for Sri Lanka's post-conflict drive towards fast-track growth. Whether this endowment could bring in desired improvements to living standards of people, and more importantly, could it be maintained for the well-being of future generations, is largely a matter of how sensibly it is put into use. Recently, the idea of sustainability has given rise to more operational concepts such as 'green growth'. Green growth advocates exploring new avenues of growth that ensure continuity of the natural capital stock. However, there is overwhelming evidence to believe that the present use of natural capital in Sri Lanka is not fulfilling the conditions necessary for green growth. The policies/strategies for green growth cover three broad areas of interest: (i) innovation and adoption of right technical solutions; (ii) policies for getting structure of incentives right; and (iii) policies for setting up right institutions.

Research Studies:

Intellectual Property Rights in Protecting Plant Varieties and Farmer's Traditional Knowledge: The Case of Rice in Sri Lanka, funded by the National Science Foundation (NSF) - *Team: Dilani Hirimuthugodage*

The overarching objective of this study is to propose feasible protection methods and techniques to plant varieties and farmers' traditional knowledge. Moreover, the study attempts to identify issues, existing policies and policy gaps with regard to plant protection especially on rice varieties. Further, it will evaluate the effectiveness of the present policy framework and the present legal and institutional system relating to plant varieties and farmers' traditional knowledge.

Implications of Import Liberalization of Tea for Value Addition, funded by the Tea Traders Association - *Team: Dilani Hirimuthugodage*

The study attempts to analyse the feasibility of establishing a tea hub in Sri Lanka. It discusses details on tea imports liberalization in Sri Lanka, value addition to tea, present challenges to tea exports, etc. It also evaluates the positive and negative aspects of establishing a tea hub in Sri Lanka. Furthermore, it discusses the pros and cons in other tea export processing zones around the world.

A Study of Demand and Supply Behaviour Relating to Rice, Livestock Product, and Fisheries in Sri Lanka, funded by the National Science Foundation (NSF) - *Team: Athula Senaratne, Dilani Hirimuthugodage and Chatura Rodrigo*

The study attempts to understand the systematic supply response and price formation relationships of selected crops and livestock products in Sri Lanka. In addition, this study will identify institutional and technical constraints to the efficient supply and price transmission of selected crops and livestock products. Further, it recommends feasible policy interventions to overcome the identified barriers.

Environmental Management Practices in the Hotel Sector in Sri Lanka, funded by South Asian Network for Development and Environmental Economics (SANDEE) - *Team: Kanchana Wickremasinghe*

The study intends to assess environmental management practices, which includes energy, water andwaste management in the hotel sector. The study also intends to identify the factors determining theadoption of the water, energy and waste management practices in the tourist hotels in Sri Lanka acrossdifferent hotel categories. The study is based on the registered hotels in the Western Province of SriLanka. A survey of hotels, case studies, key informant interviews, and secondary information sourceswere used to collect data and information for the study.

Regional Knowledge Networks for Natural Food Security Strategies, ESCAP, South and South-West Asia Office – *Team: Dilani Hirimuthugodage assisted by Saman Kelegama*

With the UN Secretary General initiating the 'Zero Hunger Challenge' in February 2013, this project was started by the UNESCAP in July. South and South West Asia epitomized the food security problem in the Asia-Pacific both in terms of present gaps and future challenges for its population. The objective of the project is to strengthen natural and regional expertise to review and assess national development strategies, and support the sharing of such expertise at the national and regional level. The project analyzes the current national frameworks and strategies in place in Sri Lanka for achieving food security and assessing the implementation and effectiveness of these frameworks and strategies in achieving the zero hunger challenge.

Publications:

Climate Change Issues in Sri Lanka - A Collection of Articles from the IPS CLIMATEnet Blog, February

Brains behind the research work…

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Farewell to IPS Senior Researchers

Dr. Parakrama Samaratunga who served for 10 long years as a Research Fellow and the Head of Agricultural Economics Policy Unit retired from the Institute in June 2013. Dr. Samaratunga immensely contributed to the IPS in terms of policy discussion in agricultural and environment economics.

Dr. Malathy Knight who was the Head of Industry and Enterprise Development Policy Research resigned from the IPS in July 2013. With more than a decade long service at the Institute, Dr. Knight shared her expertise in areas including institutional economics, and has published extensively both locally and internationally.

Think Tank Initiative (TTI) Funded Events/Programmes in 2013

The 3rd Regional Meeting of the Think Tank Initiative (TTI) and Resource Mobilization Workshop

The IPS - a TTI grantee of the International Development Research Centre (IDRC) in Canada, hosted the 3rd TTI Regional Meeting and Resource Mobilization Workshop from 13th-17th March in ClubPalm Bay Hotel, Marawila. Representatives from the 16 TTI grantee institutions in South Asia, donor agencies, and IDRC officials participated in this workshop.

CLIMATEnet Policy Discussion Forum

The Environment Economic Policy Unit had several discussions with key stakeholders on the Policy Discussion Forum. The objective of the project is to identify policy gaps and key stakeholders involved in different impact areas/sectors with high vulnerability to climate change impacts, and to propose policy actions to bridge these identified policy gaps. The project also aims to assess the information needs of respective sectors, ways of coordinating the actions of key stakeholders, and resource mobilization strategies that complement the proposed policy actions.

An Emerging "Process Innovation" in Agri-Food Industry in Sri Lanka and its Impact on Employment and Income Distribution

The Agriculture Economic Policy Unit held a round of discussions and in-depth interviews to evaluate the impacts of a process (or a business), innovation of introducing small or medium scale processing and marketing enterprises in the spice sector of Sri Lanka and employment and income (both factor and personal) distribution and social inclusiveness, in comparison to the traditional supply chain.

E-Waste and Health: Health in All Policies

Health Economic Policy Unit held a round of discussions on e-waste and health. E-waste management in Sri Lanka in terms of policies, actions, and their limitations/gaps were also discussed.

Macro Analysis of Environment and Natural Resources in the Economy of Sri Lanka

Environment data collection and compilation for a database was undertaken by the Environment Economic Policy Unit.

Attracting More Women into the Labour Force for Inclusive Growth: Trends, Issues and Concerns of Female Labour Force Participation in Sri Lanka

This study aims to explore the ways and means of attracting more women in to the labour force to ensure inclusive growth in Sri Lanka.

Launch of Youthlink and Panel Discussion

A unique collaborative knowledge platform on youth development and related policy issues in Sri Lanka was launched.

Incentivizing Foreign Investment in Sri Lanka and the Role of Tax Incentives

A working paper prepared by Anushka Wijesinha, Raveen Ekanayake and Gajen Mahendra

Talking Economics Digest

The 'Talking Economics Digest' is a bi-annual publication of the IPS, which compiles the articles featured on the IPS blog 'Talking Economics'every 6 months, together with feature segments. Two issues of the digest were produced with TTI grant assistance.

IPS Annual National Conference

The IPS held its Annual National Conference on the theme 'Sri Lanka's Transition to a Middle Income Economy'on 15th October at the IPS Auditorium. The annual flagship publication of the IPS, 'Sri Lanka: State of the Economy 2013' was also launched at the conference.

The event also comprised three panel discussions on issues related to sustainable growth of the Sri Lankan economy. The three sessions were represented by three key socio-economic experts in Sri Lanka as well as by IPS research staff. The in-depth discussions were made under the broad topics of 'Macroeconomics & Competitiveness of Sri Lanka', 'Youth & Middle Class' and 'Social Protection and Climate Change'.

Strategic Plan

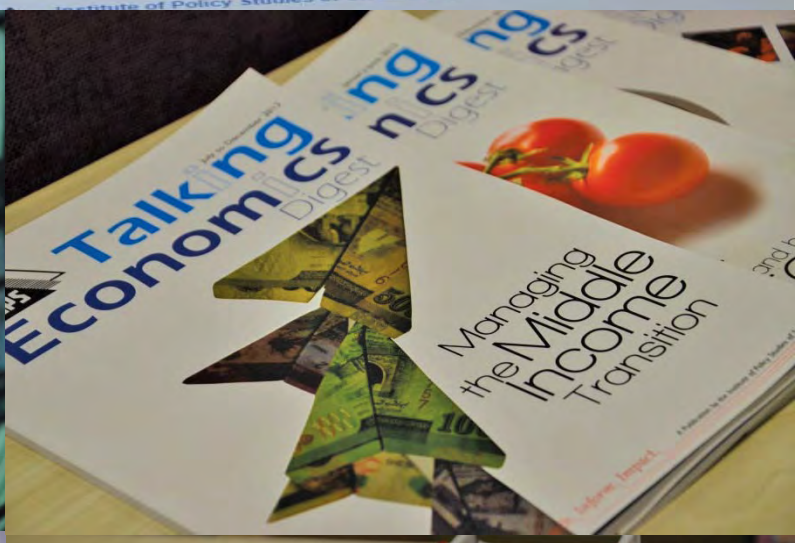
The Institute decided to undertake an internal strategic planning exercise with the objective of re-assessing the vision, mission, goals and objectives of the Institute for the next five years. A Steering Committee comprised of a cross-section of IPS staff led the strategic planning exercise, facilitated by an external consultant.

IPS Retreat

A staff retreat was held at Club Hotel Dolphin in Waikkal to discuss the new vision, mission, goals and objectives with a new outlook for the IPS. An external trainer guided the interactive sessions that were conducted during the day which ended with the IPS annual get-together.

In-house Training

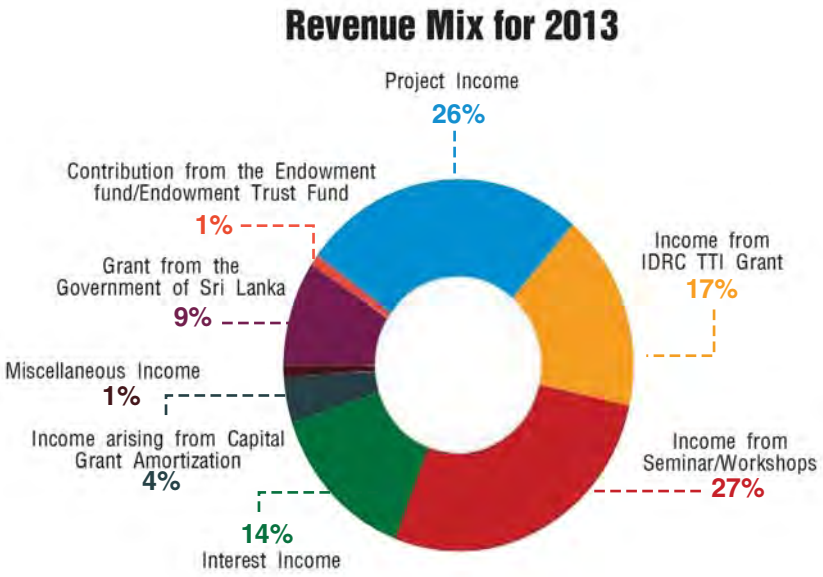
Throughout the year, in-house trainings on Infographics, Qualitative Research, Stata and Short-term Research Studies using Statistical Software were conducted for the research staff.



Support Services

Finance and Administrative

The Department of Finance and Administration comprises of five units, Financial Operations; Administration; Human Resources; Maintenance Operations; and Procurement Services. This Unit provides internal support services to the Research Units in the IPS.



2013 became a challenging year for the Finance and Administration department, with increased activities and expectations by the Institute. Several areas in finance, administration and human resources were improved and new controls and guidelines were introduced to fine tune the existing processes. All these tasks were performed whilst ensuring better financial results for the Institute. A pivotal role was played by this support unit in holding the 6th South Asia Economic Summit, development of the IPS Strategic Plan and the formation of the Endowment Trust Fund.

"The Institute recorded a surplus of Rs. 1,648,908 as against Rs.916,970 recorded in the previous year and saw an increase of 32% in total revenue compared to the previous year."

Project income increased by 39%. Income from seminars and workshops increased significantly by 473% mainly due to the hosting of the 6th South Asia Economic Summit. Interest income showed an increase of 12%. Contribution from the Government of Sri Lanka increased by 10% mainly because there were no budgetary constraints from the Government as witnessed in the previous year. The IDRC Think Tank Initiative (TTI) grant continued to enhance the overall revenue as in the previous year and grew by 40% as a result of more planned out activities. However, income from hiring out the Auditorium was not as anticipated and indicated a reduction by 40%. IPS did not rely much on the contribution from the Endowment Trust Fund in 2013 and saw a 93% reduction in its usage as against the previous year.

A noteworthy feature in the Institute's cost pool is the reduction in research expenses by 41% and a significant increase in seminar and workshop expenses by 551% mainly due to the hosting of the 6th South Asia Economic Summit. Although the Institute was able to control utility costs due to certain expense management measures, increase in depreciation, lease rent, seminar and work shop costs increased the overall costs by 31% as compared to the previous year.

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As in the previous year, the Finance and Administration department was confronted with the resignation of long standing employees. The Maintenance Officer who served the Institute for twelve years and a Driver for twenty two years left IPS in the early part of 2013. These vacancies were filled in by new people and the Finance and Administration department carried out its tasks to meet the growing demands of the Institute without an interruption.

IPS Endowment Fund which was formed utilizing the contribution made by the Canadian Government in 1995 grew over the years by accumulating interest on its investments. In 2012, IPS took measures to prepare a legal framework to govern the Endowment Fund by a trust and the IPS Governing Board at its 56th meeting on 22nd February 2013, appointed the Trustees. On the finalization of the Trust Deed, the Trustees met on 6th August 2013 to sign the Trust Deed. Thereafter, the Trust commenced its operations. Dr. Wickrema Werasooria, former Secretary, Ministry of Plan Implementation, serves as the Chairman of the Trust. Other Trustees are Dr. Lloyd Fernando, former State Secretary of Plan Implementation, Maxi Prelis, former DG/CEO, DFCC, and the IPS Chairman and the Executive Director.

Going beyond research…

Used IT equipment was handed over to the Kuruwita Provincial Council IT training centre, as a CSR initiative, on 2nd October 2013 at the IPS premises by Jayani Ladduwahetty, Director Finance, Mr. G. L. B.Pooliyadda, Administrative Officer and Nandaka Pothuwewa, Head of Information Systems of IPS.

Communications Outreach

Expanding research outreach through effective use of communication channels is one of the key objectives of the Institute, and is mainly led by the Publications and Communications Unit (PCU) of the IPS. The PCU is overall responsible in disseminating the multi-dimensional research activities of the Institute to the outside world through mediums including publications, print and broadcast media, digital and social media, as well as events and dialogues.

Research dissemination through publications

Publications are one of the main methods in which the Institute disseminates its research findings, and informs policy makers on issues related to socio-economic policy development in the country. The PCU, which oversees the production and dissemination of IPS publications, not only ensures that the quality is maintained, but also ensures that wider accessibility and audience engagement is received, both locally and internationally.

Sales of IPS publications are generally carried out at the IPS premises, and also through selected dealers island-wide. Apart from overall monitoring of the publications dealers, necessary follow-ups are also carried out by the PCU. In 2013, new marketing strategies were adopted, which contributed to achieve the targets of the publications sales of IPS.

Outreach through a strategic relationship with the media

Over the years, the Institute has maintained a close relationship with the print and broadcast media in Sri Lanka. Since visibility and dissemination are key priorities of the Institute, this strategic partnership with the media has facilitated to a great extent in propagating the socio-economic policy research of IPS to a wider audience both within Sri Lanka and beyond.

Apart from this, the PCU is also engaged in the re-packaging of IPS academic research into more accessible formulations. By doing so, the PCU aims to effectively engage with the target audiences - national, regional and international stakeholders, of the Institute.

"The Institute has also embraced a series of social and digital media channels to generate wider interest around IPS and to communicate key insights on socio-economic policy issues."

Aside from the traditional mediums of outreach such as publications and dialogue, the Institute has also embraced a series of social and digital media channels to generate wider interest around IPS and to communicate key insights on socio-economic policy issues. The IPS blog 'Talking Economics' is one of the main modes of outreach – with regular posting of 'long-read' essays, op-eds and rapid-response articles. Further, the Institute has been actively using channels such as Facebook, Twitter YouTube, Scribd to reach our varied target audiences.

In the future, the PCU will also explore new ways of engaging with the key stakeholders of IPS. Regular review meetings to discuss and obtain feedback on contemporary IPS work and more informal round table discussions with key stakeholders are among the measures that will be looked into by the PCU. In addition, we are targeting the vernacular language audiences through options such as TV documentaries and regular panel discussions.

Information Systems Unit

The Information Systems Unit (ISU) of the IPS concentrates on the following core areas:

- Software, Hardware, Networking and IT Infrastructure Management
- Web Development, Maintenance and Information Dissemination
- Database Development, Maintenance and Management

In doing so, it supports the Institute to remain competitive as a regional Centre of excellence.

The Local Area Network

A completely new LAN was conceptualized and implemented at IPS, with the objective of meeting the IPS ICT demands for the next 5 years.

Unified Communications

An integrated unified communication network with IP phones was put in place improving communication, conferencing and connectivity, and at the same time reducing the cost of the implementation of a separate telephone network.

Virtual Private Networking

Ability for the researchers to securely connect to the IPS network, from various locations outside of the IPS premises (e.g., while at conferences abroad, from the field, or working from other locations such as from home) and access necessary resources, communicate remotely via soft phones thereby enabling researchers to collaborate and engage in virtual team work was introduced. This system is used within the IPS team as well as with other organizations with which IPS researchers collaborate.

Audio/Video Conferencing

Audio conferencing facilities were also integrated to the network, in Conference Rooms for the Staff and Executive Director. As planned, the implementation of integrated video conferencing devices and web casting is underway.

Data Centre

To host central IT equipment and provide efficient data and information dissemination service, an equipped Data Centre was also incorporated. Redundant un-interrupted power supplies were also introduced until the building generators take over, as part of the solution for power failures.

Servers

New server systemswere installed in 2013 with virtualization solutions. As a result, centralized main system is in operation (i.e., users can access the relevant email boxes from anywhere of the world). Backup system also has been installed.

Wi-Fi

Secure Wi-Fi Zone is provided within the IPS premises to facilitate Internet for IPS staff as well as for visitors.

Web

IPS web operations continued, with the maintenance of the existing web and construction of a new website commenced in 2013.The expansion of the IPS blog was also looked into during the latter part of the year. Initiatives were also made to improve IPS web presence through social networks, including Twitter, Facebook, YouTube and Flickr.

"New server systems were installed, and operations continued for the construction of the new IPS website and an intranet."

PCs

New PCs were introduced to staff members with Microsoft Windows 7 as the standard operating system and Microsoft Office Suite 2010.

Plans

At the moment the Unit is in the process of developing an Intranet. This will be completed in August 2014. A plan is also underway to implement a Disaster Recovery System. This will be completed by the end of 2014.

Library

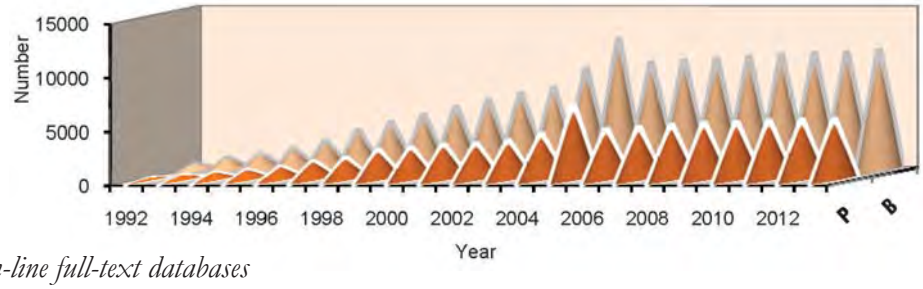
Library plays a vital role in supporting the Institute's research process. It is committed to achieving the highest standards in the provision of information resources and services that advance the Institute's research. Despite the human resource challenges it faced,the library made a considerable progress in accomplishing the goals stated in the previous year's Annual Report.

Mission
Library advances research by delivering responsive knowledge services and connecting staff with quality information resources.
Vision
Library is the centre of choice for essential knowledge services for Sri Lankan socio-economic policy research.

Collection Development

Building and maintaining a collection responsive to the growing needs of the Institute's researchers is always a challenging task. Yet, the library managed to increase its acquisitions and build a significant collection by working closely with its own researchers as well as similar research organizations. A large number of items were added to the library's print collection of books and pamphlets mainly through the exchange programme which the library developed over the years. Like in the previous year, a substantial amount of printed and electronic publications and documents were also added to the repository, which the library maintains on Sri Lankan economic and sectoral policy. Library also continued its subscriptions to print journals which cover 69 titles of local and international journals.

Collection Development 1992 - 2013



Access to on-line full-text databases

As stated in the 2012 Annual Report providing continuous access to on-line full-text databases is a huge challenge faced by librarians. However, library was able to gain access to a range of on-line full-text databases till September 2014 with the phase one grant of IDRC/Think Tank Initiative (TTI).

Library had several discussions with EIFL to form a consortium with similar libraries like CEPA. The university libraries in Sri Lanka are once again in the process of formulating a consortium and with the invitation of EIFL, librarian also attended their meetings to see the feasibility becoming a member of their consortium which is still in discussion stage.

Enhancing Services

Working towards the library's prime goal to enhance user experience to library resources and services, the library was able to fully implement the new Integrated Library Management System (ILMS) and the digital library i.e., 'econSpace'. A demonstration on both ILMS and ecoNspace was given to research staff and help guides circulated. As a result, some of the researchers have started submitting their publications and reports to ecoNspace which also acts as the IPS electronic repository.

However, library was unable to make available both these services outside the IPS premises as the Institute's new website was not launched as scheduled which was something that is beyond the library's control.

During 2012, in addition to e-mail and telephone queries, a considerable number of national and international professionals and students used its services by visiting the library.

Library Networking and Cooperation

Like in the past,the library actively participated in national and international networks such as Economics and Banking Network of Sri Lanka (EBankNet), Sri Lanka Science and Technology Information Network (SLSTINET), and the Programme for the Enhancement of Research Information (PERI). Currently,the library is in the process of submitting its applications to Health Literature Libraries and Information Services (HELLIS) network and Agricultural Information Network (AgriNet) for membership.

Library Committee

The Library Committee which plays an advisory role assists the Librarian in setting overall library policy and in defining broad guidelines for the further development of the IPS library. The Committee provides an efficient avenue to channel requests for acquisition of new materials, informs the Librarian of the priority needs of the researchers, and sets the direction for the IPS library within the context of the Institute's overall goals.

Dr. Dushni Weerakoon who served as the Chair of the committee from its inception stepped down due to her other work related commitments. Dr. Nisha Arunatilake was appointed as new Chair to the committee from January 2014. We record our thanks to Dr. Dushni Weerakoon for her visionary approach, guidance and support.

Human Resources

As pointed out in the 2012 Annual Report, a team of knowledgeable, highly skilled, trained and motivated staff in sufficient numbers is vital to carry out services and activities in a rapidly changing information and communication technology environment. However, in terms of human resources, 2013 was not a very fruitful year for the library. After losing a well trained Assistant Librarian in 2012, library staff was reduced to 3, however, every effort was taken to continue its services as usual in addition to undergoing major service-oriented transformations. Worst of all, in mid-2013, the remaining two Assistant Librarians announced their resignation. Ms. Dilrukshi Ariyaratne, and Ms.Gayani Bentotage, Assistant Librarians left IPS after serving 10 and 6 years in April and May 2013, respectively. We greatly acknowledge their contributions towards the development of IPS library and information services.

Even though an Assistant Librarian and a Library Assistant were recruited immediately after their resignation, the new recruits had to go through a learning period and this could not provide the same service as before. Hence the main challenge faced by the library is lack of well trained, highly skilled staff.

Priorities for the Coming Year

Due to the reasons mentioned elsewhere in this brief report, library was able to partially achieve thegoals set in the 2012 Annual Report. The same goals thus remain for the year 2014 with some changes for implementation.

Goal 1

Access: To advance the Institute's research by facilitating the availability and accessibility of information resources irrespective of format and location

Action: Make available library Intranet on the IPS home page (thereby enabling IPS staff to access the library and its specialized services anywhere in the world).

Goal 2

Resources: To provide, maintain and produce quality information resources, which support the Institute's research staff and the research community affiliated to other research organizations in the country

Action: Upload more literature and expand the electronic repository

Goal 3

Human Resources: To create a team of highly skilled, trained and motivated staff in sufficient numbers to carry out library services and activities

Action: Assess training needs and find training opportunities to improve information management skills

Goal 4

Collaboration: To identify partners and foster collaboration with other libraries and organizations which enhances services and resource sharing

Action: Organize training workshops for the librarians of similar organizations on new library trends

Goal 5

Innovation and Evaluation: To apply and develop appropriate evaluation techniques, organizational structures, and information transfer technologies in order to deliver new or improved services to users and staff

Action: Implement a system (web analysis) to monitor and study usability of the library Intranet and Web OPAC

Faces behind the operational work…

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Driver/ Office Aide

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Driver

Renuka Wijekoon
Maintenance Officer, relinquished his duties in early 2013 after twelve years of service to the Institute.

Nihal Dharmasiri
Driver of the Executive Director, relinquished his duties in early 2013 after 22 years of service to the Institute.

H. S. Udayakantha
Driver/Office Aide

G.R. Wickramsena
Driver/ Office Aide

IPS Events

Domestic Conferences

Export Sector in Sri Lanka: Issues and Challenges - 10th January

The Executive Director was a Special Guest at the 18th Annual General Meeting of the National Chamber of Exporters of Sri Lanka which was held at Colombo Hilton. He also made a presentation on 'Export Sector in Sri Lanka: Issues and Challenges' at the event.

Launch of the IPS latest publication 'Climate Change Issues in Sri Lanka'- 14th February

Launch of the IPS latest publication 'Climate Change Issues in Sri Lanka', took place at the IPS Auditorium. The report, published by the IPS, is a composite of articles that appeared in the institute's ground breaking CLIMATEnet blog.Minister of Environment and Renewable Energy, Susil Premajayantha was Chief Guest at the occasion. The report, published by the IPS, is a composite of articles that appeared in the institute's ground breaking CLIMATEnet blog. The aim of producing such a report was to raise awareness amongst economists and policy makers of the importance of calibrating their calculations for an inevitable shift in the global climate.

Global Economic Downturn: The Challenges Ahead - 6th March

The Executive Director delivered the 11th Sivagananathan Memorial Oration organized by the Association of Professional Bankers of Sri Lanka and the K..Sivagananathan Memorial Trust at the Bank of Ceylon Auditorium. He was also the Chief Guest at the event.

Launch of the Report 'Migration Profile: Sri Lanka'- 7th March

IPS together with the Ministry of Foreign Employment Promotion and Welfare launched the 'Migration Profile: Sri Lanka' – a report analyzing and presenting the overall migration situation in Sri Lanka, at the IPS Auditorium, under the patronage of Hon. Dilan Perera, Minister of Foreign Employment Promotion and Welfare. Secretary to the Ministry, the Resident Representative of the ILO and IOM also participated in the launch.

Igniting the Power of Innovation in Sri Lanka - 12th March

A seminar and panel discussion on 'Igniting the Power of Innovation in Sri Lanka' was organized by the IPS in collaboration with the National Science Foundation (NSF). The Keynote address was delivered by Chief of Research and Innovation at Sri Lanka Institute of Nanotechnology, Prof. Gehan Amaratunga, while the discussion was presided over by the chief guest, Hon. Senior Minister for Scientific Affairs Prof. TissaVitarana. The session also included an engaging panel discussion entitled, "Igniting the Power of Innovation: An Agenda for Sri Lanka," moderated by Anushka Wijesinha, Research Economist at the IPS. A special edition of the Talking Economics Digest on Innovation and an IPS Working Paper on 'Fostering Innovation to Fast Forward Growth in Sri Lanka,' were launched at the event.

World Consumer Rights Day Forum - 15th March

The World Consumer Rights Day Forum took place on the 15th March at the IPS Auditorium. The Forum was jointly organized by the IPS and Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL), and was sponsored by "Socio-Economic Development for Conflict Affected Communities of North and East Sri Lanka" Project funded by EU and Implemented by Oxfam GB. Insurance Ombudsman, Dr.Wickreama Weerasooriya was the Chief Guest and Dr. Dayanath Jayasuriya, former Director General of the Securities and Exchange Commission was the keynote speaker.

3rd TTI Regional Meeting and Resouce Mobilization Workshop - 13th - 17th March

The IPS - a Think Tank Initiative (TTI) grantee of the International Development Research Centre (IDRC), Canada hosted the 3rd TTI Regional Meeting and Resource Mobilization Workshop, at the Club Palm Bay, Marawila, Sri Lanka. Representatives from the 16 TTI grantee institutions in South Asia, donor agencies, and IDRC officials were in attendance. The key objective of the 3rd Regional Meeting was to share knowledge, practices and experiences related to being a successful policy research organization, and to encourage networking and collaboration among the Initiative's institutions in South Asia. The Resource Mobilization Workshop was intended to enable participants and expert resource persons to share and discuss South Asian think tanks' experiences of attracting support from funding partners and other stakeholders, both international and domestic, and highlight the individual and organizational skills and capabilities required to do so.

New Directions for Sri Lanka's Foreign Employment - 3rd April

A lecture on 'New Directions for Sri Lankan Foreign Employment', by Prof. Hisashi Nakamura, Professor of Economics, Ryukoku University, Japan, took place at the IPS Auditorium. Many distinguished personalities related to foreign employment and research staff of IPS were also present.

Training Programme on Transformation of Supply and Use Tables to Systematic Input-Output Tables - 3rd – 5th April

The Executive Director addressed the inaugural session of the Training Programme on Transformation of Supply and Use Table to Symmetric Input-Output Tables at the Miloda Institute. The Director General of the Department of Census and Statistics (DCS) and the Department of National Planning (DNP) and the Chief Economist of the ADB in Sri Lanka also addressed the gathering.

The IPS played a key role in preparing the Input-Output Tables based on the year 2000 and these Tables were published in 2005. The main objective of the training programme was to provide technical skills required in constructing Input-Output tables. Chandana Karunaratne and Raveen Ekanayake from the IPS participated in the programme.

Launch of the UN-ESCAP Economic and Social Survey of Asia and the Pacific – 2013 - 18th April

The United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) organized several global launches for the Survey Report, with the Sri Lankan launch taking place in partnership with the IPS and the United Nations Information Centre (UNIC). The report is a compilation of data gathered from surveys done in 37 countries, including 28 countries from the Asia-Pacific region. Giving an overview of the report, Dr.Shvojit Bannerjee, Economic Affairs Officer, UN-ESCAP, stated that growth in the Asia-Pacific region remains subdued, in the wake of continued uncertainty in the Euro-zone and sluggish recovery in the US. Prof. W.D. Lakshman, Chairman of the IPS, was the Chief Guest at the event.

Improving Women's Labour Force Participation in Sri Lanka - 3rd May

Despite being a middle income country, and having exemplary social development levels when compared to its regional peers, Sri Lanka has one of the lowest rates of female participation in the workforce in the world. In a recently concluded study by the World Bank, this fact was further explored and recommendations were made based on the findings of the study. The presentation of the findings of this study was done at a forum discussion organized by the World Bank and the IPS. Many distinguished participants attended the event which also included several discussions related to female labour force participation in Sri Lanka.

Launch of the Handbook on the India-Sri Lanka Free Trade Agreement - 15th May

In an event jointly organized by the Indian High Commission and the IPS, the 'Handbook on the India-Sri Lanka Free Trade Agreement', was launched in an effort to increase awareness of, and reduce misconceptions regarding the Free Trade Agreement signed between the two countries in 1998 (and came into force in 2000).

Minister of Industry and Commerce, Hon. Rishad Bathiudeen, H.E. the High Commissioner of India, Ashok K. Kantha; Counsellor at the Indian High Commission, Mr. Manish, were some of the distinguished guests at the event.

Regional Conference on South Asian Economic Integration: A Strategic and Economic Appraisal - 11th – 12th June

Regional Centre for Strategic Studies in partnership with the IPS and the Konrad Adenauer Stiftung organized a regional conference on "South Asian Economic Integration- A Strategic and Economic Appraisal", at the Taj Samudra Hotel in Colombo.

This Regional Summit brought together policy makers and experts from South Asia to explore ways and means of bringing a healthy convergence of Track I and II dialogues of South Asia. The inaugural panel consisted of Hon. Minister Vasudeva Nanayakkara, Dr. Saman Kelegama, Executive Director, IPS, Amb. Jurgen Morhard, Dr. Mallika Joseph, Executive Director, RCSS, and Mr. Tomislav Delinic. This was followed by the country presentations on the subject.

International Conference on 'Mainstreaming Migration to the Development Agenda: The South Asian Experience - 13th – 14th June

International Conference on 'Mainstreaming Migration to the Development Agenda: The South Asian Experience' was organized by IPS together with FES (Friedrich Ebert Stiftung). Following the launch of the Sri Lanka Migration Profile, this international conference was organized to explore the feasibility of mainstreaming migration policies in to the broader development agendas of the region.

The two day event saw delegates and migration experts from South Asia gathering to examine evidence from the region to make a feasible case for the mainstreaming of migration to the development agendas. Dr. Jürgen Morhard – Ambassador for Germany in Sri Lanka, Hon. Dr.Sarath Amunugama – Senior Minister for International Monetary Cooperation, and Dr. Humayun Kabir, Vice President of the Bangladesh Enterprise Institute (BEI), were some of the distinguished guests present at the event.

Regional Consultation on 'Road to Bali: South Asian Priorities for the ninth WTO Ministerial' and Regional Training of Economic Journalists on 'Trade, Climate Change and Food Security' - 2nd – 5th July

The IPS and South Asia Watch on Trade, Economics, and Environment (SAWTEE) organized a conference – 'Road to Bali',in an effort to provide an expert voice that will contribute to a common regional position, in time for the 9th Ministerial Conference of the WTO (MC9) in December. The event which brought together prominent economists and trade experts in South Asia was held in the coastal town of Marawila, and was also supported by OXFAM, UNESCAP, and the Commonwealth Secretariat. The conference looked at the issues surrounding regional needs on agriculture and food security; climate change; trade facilitation; aid for trade; intellectual property rights; and the issues of Least Developed Countries (LDCs).

Subsequent to the Consultation, a two-day regional training programme of economic journalists from South Asian countries, organized by SAWTEE Kathmandu and IPS, took place at the same venue. The broad theme of the training programme was 'Trade, Climate Change and Food Security in South Asia'.

'In the Best Interest of My Country' Book Launch – 3rd July

The Executive Director delivered an address based on his review of the book 'In the Best Interest of My Country', at the Institute of Chartered Accountants of Sri Lanka Auditorium. The book authored by Dinesh Weerakkody is the 4th volume, and is based on his regular columns in the print media. Dr. Kelegama commended the author for his talent in bringing out many important national issues to the wider public, and also commented on few sections of the book including the area on economy, human resource management and the private sector in his address.

Sri Lanka Economic Summit – (9th – 11th July)

Several members of the IPS research staff participated at the Sri Lanka Economic Summit 2013, which took place at the Cinnamon Grand Hotel in Colombo. The theme of this year's summit was 'Re-balancing the Economy'.

Executive Director, Dr. Saman Kelegama, made a presentation in the Session 'Export Strategy: Time to re-think and re-focus', and Research Fellow, Dr. Nisha Arunatilake presented in the session a paper on 'Meeting the Challenges of Demographic Changes and Skills Gap'.

Symposium on 'Coping with Climate Change: Sharing Experiences and Challenges from Rural Sri Lanka - 16th - 17th July

IPS Research Economist, Chatura Rodrigo presented a paper on 'Fighting Climate Change through Community Based Adaptation (CBA): Assessment of the Factors that Determine the People's Willingness to Take Part in CBA in Agriculture Sector' at the symposium on 'Coping with Climate Change: Sharing Experiences and Challenges from Rural Sri Lanka' organized by the Global Environmental Facility's Small Grants Programme (GEF/SGP) of UNDP at the Sri Lanka Foundation Institute. The Symposium brought together over 150 rural people, community-based and civil society organizations working towards managing local impacts of climate change adaptation projects to share experiences, knowledge and lessons learnt. Hon. Mahinda Amaraweera, Minister for Disaster Management was the Chief Guest at the event.

The 4th Biennial International Conference on 'Evaluation for Change' - 24th – 27th July

IPS Research Economist Chatura Rodrigo made a presentation on 'Evaluation of Public Interest' at the 4th Biennial International Conference on 'Evaluation for Change', at the Mount Lavinia Hotel. The Conference was organized by the Sri Lanka Evaluation Association (SLEvA) in collaboration with the Department of Project Management and Monitoring of the Ministry of Finance and Planning in partnership with the UNICEF. Chatura Rodrigo's paper on 'Does Climate Change Matter?: Evaluation of the Public Interest on the Climate Change in the Context of Urban Climate Resilience Infrastructure' was also published.

Sri Lanka Ceramics and Glass Council 10th AGM - 2nd August

IPS Research Economist Anushka Wijesinha was the keynote speaker at the 10th AGM of the Sri Lanka Ceramics and Glass Council where he spoke on the topic 'Clarity or Confusion?: The Global Economy and Sri Lanka'.

In his presentation, he looked at growth drivers and constraints in the US, EU, and emerging economies of India and China, and what implications they hold for Sri Lanka. He also spoke on the need for Sri Lanka to get more aggressive on its export strategy, and take cognizance of the new emerging global middle class in emerging economies which could provide new markets for the country's exports. Minister for Technology and Research, Hon. Patali Champika Ranawaka was the Chief Guest at this event.

International Conference on 'Managing Enterprises: Challenges and Opportunities'
12th – 13th September

Dr. Saman Kelegama participated at the International Conference organized by the Institute of Certified Professional Managers, during 12th – 13th September. The theme of the conference was 'Managing Enterprises: Challenges and Opportunities'.He made a presentation on 'A Strategic Approach to SME Export Growth' in the session 'Business Management in Key Economic Sectors'.

Interactive Session and Workshop on Small and Medium Scale Entrepreneurs in the Tea Sector - 4th October

Research Economist, Chatura Rodrigo participated at the 'Interactive Session and Workshop on Small and Medium Scale Entrepreneurs in the Tea Sector', organized by the National Development Bank in partnership with the Ceylon Chamber of Commerce in the city of Ratnapura. He also made a presentation on 'Current Status of the Economy, Challenges and Opportunities for Regional Business: Tea Industry'.

IPS Annual National Conference, 'Sri Lanka's Transition to a Middle Income Economy' - 15th October

IPS Annual National Conference took place at the IPS Auditorium, with IPS releasing its flagship report: 'Sri Lanka State of the Economy 2013'. The theme for 2013 was'Sri Lanka's Transition to a Middle Income Economy'.

Hon. D.E.W. Gunasekera, Senior Minister for Human Resources was the Chief Guest at the occasion. The event also comprised three panel discussions on issues related to sustainable growth of the Sri Lankan economy. The three sessions were represented by key socio-economic experts in Sri Lanka as well as by IPS research staff. The in-depth discussions were made under the broad topics of 'Macroeconomics & Competitiveness of Sri Lanka', 'Youth & Middle Class' and 'Social Protection and Climate Change'.

Technology Justice - Session Guide - 25th October

Research Economist Chatura Rodrigo was a speaker at the 'Technology Justice – Session Guide' organized by Practical Action at Mihilaka Medura, BMICH, Colombo. The session discussed the concept and importance of Technology Justice in achieving sustainable development, and its importance in the context of new global development agenda that has strong emphasis on sustainability.

Whither Exports in the Next 5 Years - 25th October

The Executive Director chaired a Session on 'Manufacturing and Services' and was a Panelist to a Session on 'Strategizing for Exports' at the seminar on 'Whither Exports in the Next 5 Years' organized by the Exporters' Association of Sri Lanka at the JAIC Hilton Hotel, Colombo.

The National Workshop on Reform and Development of Public Enterprises - 21st – 22nd October

The National Workshop on Reform and Development of Public Enterprises was held at the Grand Monarch, Talawatugoda. IPS Chairman Prof. W.D. Lakshman and Executive Director Dr. Saman Kelegama chaired two sessions. Prof. W.D. Lakshman chaired the 'Group Presentation and Panel Discussion' and Dr. Saman Kelegama chaired the session on 'Motivation of Employees of State-Owned Business Enterprises for Productivity Improvement'.

Commonwealth Youth Forum - 10th November

The Executive Director made a presentation on 'Millennium Development Goals (MDGs) and Young People in Sri Lanka' at the Commonwealth Youth Forum 2013 held at the International Convention Centre at Hambantota.

The presentation was made in the first session of the Forum on "Youth in the Post 2015 Development Agenda", and was based on the report "Youth and Development: Realizing the MDGs for Sri Lankan Youth" prepared by the IPS for the Ministry of Youth Affairs and Skills Development.

Commonwealth Business Forum 2013 - 12th – 14th November

The Executive Director chaired a session on 'Sri Lanka: Trading Hub for the Indian Ocean and SAARC' at the Commonwealth Business Forum which commenced on 12th November 2013 at Cinnamon Grand, Colombo in conjunction with the Commonwealth Heads of Government Meeting (CHOGM).The Forum was the premier business event in the Commonwealth bringing together Heads of Government, Ministers, and top business leaders from around the world and was attended by over a thousand delegates.

Conference & Launch of the Asia Pacific Trade and Investment Report (APTIR) - 26th November

The Conference & Launch of the 'Asia Pacific Trade and Investment Report 2013' (APTIR) was held at the IPS Auditorium. The report which reflects the importance of making trade and investment more inclusive in the Asia-Pacific region was published by the United Nations Economic and Social Commission for Asia-Pacific (UN-ESCAP), under the theme 'Turning the Tide: Towards Inclusive Trade and Investment'. The conference was organized by IPS together with the Asia-Pacific Research and Training Network on Trade (ARTNeT). Hon. Dr. Sarath Amunugama, Senior Minister for International Monetary Cooperation and Deputy Finance and Planning was the Chief Guest at the event. Key highlights of the 'Asia-Pacific Trade and Investment Report 2013' were presented by IPS Research Officers, Suwendrani Jayaratne and Dharshani Premaratne. The event also comprised a panel discussion focusing on the drivers of greater inclusiveness in the Sri Lankan economy. This was led by Dr. Nihal Samarappuli, Executive Director (Research and Policy Advocacy) at the Board of Investment, Dr. M. Ganeshamoorthy, Senior Lecturer in the Department of Economics at the University of Colombo and Deshal De Mel, Senior Economist at Hayley's PLC.

Regional Consultation on the Sri Lanka National Human Development Report: Bridging Regional Disparities for Human Development - 3rd December

The Regional Consultation on the 'Sri Lanka National Human Development Report: Bridging Regional Disparities for Human Development' took place at the District Secretary/ Government Agent's Auditorium, Batticaloa, amidst elected and Government Officials across the Eastern Province, together with NGO partners and UN representatives. Dr. Nisha Arunatilake, Research Fellow, IPS, presented the findings of the Sri Lanka National Human Development Report 2012, which was compiled by a team of IPS researchers.

Post Budget Forum - 9th December

The Executive Director made a presentation on the 'Implications of the 2014 Budget on the Banking and Financial Sector in Sri Lanka' at the Post-Budget Forum organized by the Association of Professional Bankers of Sri Lanka at the HNB Auditorium.

IPS Events

Overseas Conferences

Southern Voices on Post-MDGs - 1st-13th January

The Executive Director made a presentation on the 'Global Partnership for Post-MDGs and Resource Mobilization', and chaired a Session on the Activity Plan of the Southern Voice Initiative and issues relating to its Implementation at Southern Voices on Post-MDGs, Dhaka Expert Group Meeting. An Expert Group Meeting was held to discuss post-MDG agenda and identify a set of activities to be undertaken by the Southern Voice of Post-MDG in 2013 and 2014.

The meeting was organized by CPD Bangladesh with the participation of experts from several Southern Think Tanks under the Think Tank Initiative (TTI). The three day event took place at the BRAC Inn, Dhaka, Bangladesh.

South Asian Regional Conference - 11th April

The South Asian Regional Conference on 'Participatory Approach to Address Non-Tariff Barriers in Regional Trade', organized by CUTS, Jaipur in collaboration with Asia Foundation in New Delhi, took place in New Delhi, India. IPS was the Sri Lankan partner for both the Phase I and Phase II of the COECOSA Project.

The Executive Director made a presentation on 'Sri Lanka's Standing on Non-Tariff Barriers in South Asia', and was a panelist for a presentation on 'Country Positions on Non-tariff Barriers in South Asia' under Consumer Unity and Trust Society (CUTS) project on 'Cost of Economic Non-Cooperation to Consumers in South Asia (COENCOSA) – Phase II' funded by the Asia Foundation. He also chaired a session on 'A Programme on South Asia Regional Integration' at the South Asia Stakeholder Consultation on 'Participatory Approaches to South Asian Regional Integration and Connectivity' organized by CUTS and AUSAID. IPS Research Assistant Raveen Ekanayake was the chief coordinator of the project in Sri Lanka, and participated in all the group discussions and follow up activities.

International Conference on Regional Trade and Economic Cooperation in South Asia: Trends, Challenges, and Prospects - 2nd – 3rd May

'International Conference on Regional Trade and Economic Cooperation in South Asia: Trends, Challenges, and Prospects' was organized by the RIS, India; Commonwealth Secretariat, UK; and Public Diplomacy Division, Ministry of External Affairs, Government of India, and was held at the India Habitat Centre, Delhi, India.

The Executive Director made a presentation on 'India-Sri Lanka Economic Cooperation' in the Session on 'Promoting Bilateral Cooperation in South Asia', and was a panelist in the 'High Level Panel Discussion: South Asia in a Changing Global Economic Landscape'. IPS Research Officer, Ashani Abayasekera also attended as a panelist in the session 'Building Regional Supply Chains'.

US Trade Policy: Increasing American Competitiveness - 20 May - 7 June 2013

Ashani Abayasekara, Reasearch Officer, IPS participated in the US Trade Policy Programme in the U.S.A. This Project, designed for economic and trade specialists, policy formulators, entrepreneurs and business leaders, academics, and journalists reporting on financial issues, examines U.S. trade interests, policy and institutions, and the political, economic, social and cultural factors that affect U.S. trade policy. The project focuses on efforts at the federal, state, local and private industry levels to increase American competitiveness in the global marketplace and the role of the U.S. in international trade agreements.

South Asia Research Network on Employment for Inclusive Growth - 21st – 22nd May

The workshop on 'South Asia Research Network on Employment for Inclusive Growth', jointly organized by the Institute for Human Development (IHD), UN-ESCAP, International Labour Organization (ILO) and the International Development Research Center (IDRC), was held at the India International Center in New Delhi.

The Executive Director made the country presentation on 'Employment Challenges in Making Growth Inclusive' and chaired the session on 'South Asia Network: Modalities of Functioning'. Research Fellow Dr. Ganga Tilakaratna also made a presentation on 'Social Protection for Inclusive Growth in Sri Lanka'. Both Dr. Kelegama and Dr.Tilakaratna served as panelists at the launch of the South Asia Research Network on Employment for Inclusive Growth (SARNEIG) held on 21st May 2013.

China-South Asia Think-Tank Forum - 5th -7th June

The Executive Director made a presentation on 'China-South Asia Regional Economic Cooperation' at the first China-South Asia Think-Tank Forum organized by the Yunnan Academy of Social Science in Kunming, China. The event took place parallel to the China-South Asia Expo in Kunming where the Prime Minister of Sri Lanka and a number of Chamber representatives from Sri Lanka participated.

GDN 14th Annual Global Development Conference - 19th-21st June

The IPS organized a session on 'Social Protection for Inclusive Growth: Issues and Challenges' at the 14th Annual Global Development Conference on 'Inequality, Social Protection and Inclusive Growth' organized by the Global Development Network (GDN) in partnership with the Asian Development Bank, the East Asian Development Network and the Philippine Institute for Development Studies, held at the Asian Development Bank headquarters in Manila, Philippines. IPS Research Fellow, Dr. Ganga Tilakaratna and Research Officer, Ayodya Galappattige attended the conference as resource persons. Dr. Ganga Tilakaratna chaired the session on 'Social Protection for Inclusive Growth: Issues and Challenges' while Ayodya Galappattige presented a paper on 'Social Protection for Inclusive Growth in Sri Lanka'.

Great Games: Chinese Relations with South and Central Asia – 20th-21st June

The Exectuve Director presented a paper on 'China as a Balancer in South Asia' at a conference on 'Great Games: Chinese Relations with South and Central Asia' organized by the Walter H Shorenstein Asia – Pacific Research Centre, Stanford University, USA.

South Asia Policy Dialogue on Regional Cooperation for Strengthening National Food Security Strategies - 13th – 14th August

The Exectuve Director was a member of the High Level Panel on Regional Cooperation for Food Security in South Asia and made a presentation on 'National Food Security Strategies and Pathways to Increased Regional Cooperation' at the 'South Asia Policy Dialogue on Regional Cooperation for Strengthening National Food Security Strategies', organized by the ESCAP Sub Regional Office, South & South West Asia, New Delhi, India.

1st ADB-Asian Think Tank Development Forum – 30th-31st October

Dr. Dushni Weerakoon, Deputy Director of IPS, participated at the 1st ADB-Asian Think Tank Development Forum at the Tangla Hotel in Beijing. 'Innovation and Inclusion for a Prosperous Asia' was the theme of the forum which was organized by the ADB in partnership with the Asia-Pacific Finance and Development Center Beijing Office, a think tank of the People's Republic of China's Ministry of Finance.

Indian Ocean Region Academic Group - 30th October – 1st November

The Exectuve Director represented Sri Lanka as the spokesman for the Indian Ocean Region Academic Group (IORAG), at the 13th Council of Ministers Meeting held in Perth, Australia. IPS is the focal point of the IORAG in Sri Lanka. A submission from Sri Lanka in 2010 on the 'Centre for Excellence on Ocean Sciences and Environment for Indian Ocean Rim Countries' was approved by the Council of Ministers at the Meeting. The Concept Paper for the above submission was prepared by the IPS.

Lecture on 'Post-war Growth and Tackling the Middle-income Transition: New Miracle in the Indian Ocean?'- 14th November

IPS Research Economist Anushka Wijesinha delivered a Special Lecture on 'Post-war Growth and Tackling the Middle-income Transition: New Miracle in the Indian Ocean?' at the KDI School of Public Policy and Managementin Seoul, South Korea. He made the presentation to coincide with the CHOGM 2013 and much interest among the international student and faculty at KDI School on knowing more about the Summit's host country, Sri Lanka. Anushka engaged in a Fellowship at the Korea Development Institute (KDI), the leading think tank in Korea.

Workshop on 'Frontiers in Development Policy: Innovative Development Case Studies' - 21st – 22nd November

IPS Research Economist Anushka Wijesinha participated in a workshop on 'Frontiers in Development Policy: Innovative Development Case Studies' organized by the World Bank Institute and KDI School of Public Policy and Management, held at the Shilla Hotel, Seoul, South Korea. The workshop brought together academics, public officials and practitioners from around the world to discuss innovative case studies in economic development and how they can be used to formulate better strategies in individual country contexts. Anushka was part of the group that discussed 'Promoting Industrial Competitiveness and Innovation'.

Brainstorming Meeting on Sanitary and Phytosanitary Priorities and Challenges in SASEC (South Asia Sub Regional Economic Cooperation) Member Countries – 24th-25th November

The Exectuve Director made a presentation on 'Sanitary and Phytosanitary Priorities and Challenges in Sri Lanka' at the 'Brainstorming Meeting on Sanitary and Phytosanitary Priorities and Challenges in SASEC (South Asia Sub Regional Economic Cooperation) Member Countries', organized by the ADB and ESCAP at the Intercontinental Hotel, Bangkok, Thailand.

Policy Dialogue on 'Regional Cooperation, Connectivity, and Inclusive Development in South and South West Asia (SSWA)' – 28th- 29th November

The Exectuve Director made a presentation on 'Enhancing Regional Cooperation and Economic Connectivity in South Asia' at the High-Level Panel on Potential of Regional Cooperation, Connectivity and Inclusive Development and made a presentation on 'Regional Cooperation Agenda for Food Security in South Asia' at the Policy Dialogue on "Regional Cooperation, Connectivity, and Inclusive Development in South and South West Asia, (SSWA)" organized by SSWA – SRO – UNESCAP at the Le Meridian Hotel, New Delhi, India.

The 6th South Asia Economic Summit (SAES)

In September, the IPS organized the 6th South Asia Economic Summit (SAES) which brought together over 120 foreign dignitaries representing the socio-economic spectrum of South Asia and beyond. The three-day Summit was held at the Cinnamon Grand Hotel in Colombo. The Summit which was inaugurated in 2008 is a platform for dialogue and debate on socio-economic challenges faced by South Asia, currently one of the fastest growing regions in the world.

Under the main theme 'Towards a Stronger, Dynamic and Inclusive South Asia', the Summit debated and discussed the pressing concerns to sustainable and inclusive growth in the region. The 6th SAES which was uniquely structured along four themes - termed as 'The Big Four', explored the need of harnessing human capital through creating productive employment and addressing migrant dilemmas; managing water resources, ensuring food security and mitigating climate change; addressing intra-country growth disparities to development, and enhancing the importance of building a competitive and inclusive private sector in the region.

With a strong focus on sustainable economics, the 6th SAES was also the first carbon neutral event held in Sri Lanka. Taking a more sustainable and an environmental-friendly approach, the IPS worked in partnership with the Carbon Consulting Company (CCC) to obtain CarbonNeutral® certification from The CarbonNeutral Company in the UK. Each aspect of the event - from travel and accommodation to conference material, truly exemplified the spirit of sustainability throughout the three-day Summit.

The 6th SAES was attended by many influential dignitaries including Hon. Ahsan Iqbal Chowdhury, Federal Minister for Planning and Development of the Government of Pakistan, Ahmed Saleem, Secretary General of SAARC, Dr. Gowher Rizvi, International Affairs Advisor to the Prime Minister of Bangladesh, Sham Bathija, Minister/Senior Advisor of Economic Affairs to the President of Afghanistan, Dr. Martin Rama, World Bank's Chief Economist for

South Asia, Hon. D.E.W. Gunasekera, Senior Minister of Human Resources of the Government of Sri Lanka, and Hon. G.L. Peiris, External Affairs Minister of the Government of Sri Lanka.

Apart from the discussion over the three days of the Summit, the 6th SAES also included two official partner events with the purpose of expanding the reach of the Summit beyond the local and foreign participants who were presented at the SAES.

From blogs, to live tweets and to photo sharing…

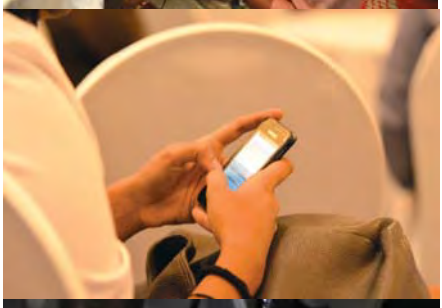
The 6th SAES had many unique features – one such is the widespread use of different channels of social media for online engagement and to disseminate the Summit's discussion.

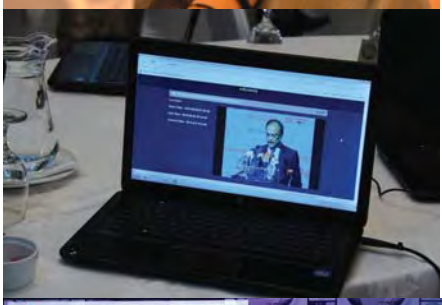
The Summit blog which came into light with feature articles written by several South Asian youth delegates covering the themes and topics of the 6th SAES was a highlight of the conference as it gave a fresh perspective to the issues being discussed.

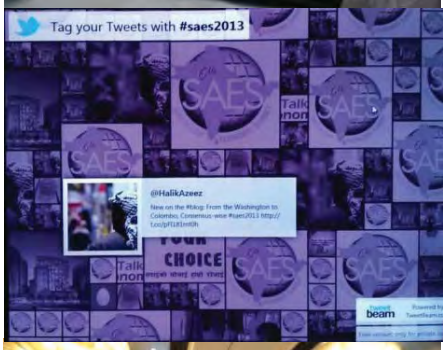
@SAES2013, the official twitter account of the Summit, was one of the key mediums used for discussion and information sharing. The live tweet sessions carried out over the course of the Summit were joined not only by the local and foreign delegates of the SAES, but those who were beyond the premises of the deliberations as well.

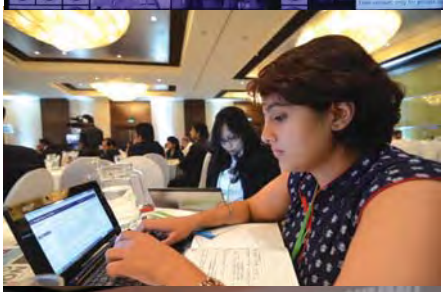
Regular updates on the debate and discussion of the Summit were also shared through the official Facebook page of the IPS. Further, lively photos of the participants and the Summit proceedings were available for easy viewing and free downloading via the IPS Sri Lanka Flickr page. As another mean of expanding the reach of the SAES, the content including presentations and thematic papers were also easily accessible through the IPS Scribd account as well as via the Summit blog.

Live web cast of the plenary sessions of the Summit was another cutting-edge feature of the event, which enabled wider audience engagement where anyone around the world got the opportunity to view the deliberations from their desktop computers, laptops, or mobile devices.









IPS Publications

Climate Change Issues in Sri Lanka
February 2013

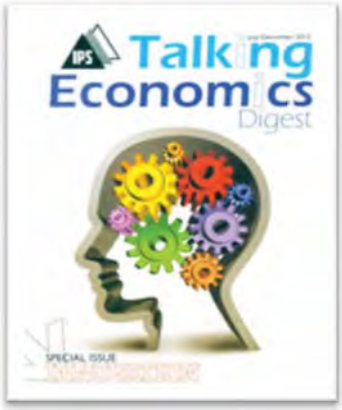
A compilation of articles featured in the IPS CLIMATEnet Blog – a blog dedicated in sharing ideas, information, insights, news and resources on how to face the challenge of climate change in Sri Lanka.

Migration Profile – Sri Lanka
February 2013

Jointly published with the Ministry of Foreign Employment Promotion and Welfare, International Organization for Migration (IOM), and the Sri Lanka Bureau of Foreign Employment March 2013. This is the first Migration Profile of Sri Lanka, which analyzes and presents the overall migration situation in the country.

Migration and remittances have both a micro level and macro level impact on the Sri Lankan economy. Remittance inflows accounted for 8 per cent of GDP and have played a counter-cyclical role when the country faced domestic shocks. Remittance inflows have also persistently contributed to support Sri Lanka's Balance of Payments in the wake of a relatively weak trade balance. Due to the low skilled nature of Sri Lankan migrants, the impact of their departure on the domestic labour market has been marginal. On the other hand, there is a large mismatch between the international demand for jobs and Sri Lanka's supply capabilities. Current demand from overseas is mainly for skilled labour; while the Sri Lankan labour supply is concentrated on housemaids and other low skilled categories. Penetration into new skill and geographical markets is one way of enhancing the development impacts of migration. The development of skills in migrant workers will undoubtedly, open the doors to a wider market. This profile highlights the fact that Sri Lanka, as a country that is beginning to experience sharp drops in the rate of unemployment, must manage its out-migration carefully in order to ensure that the necessary pool of labour is available for the domestic economy. The report is aimed at policy makers and other stakeholders to take appropriate decisions and actions to improve the developmental impact of migration and reduce its negative consequences.

Talking Economics Digest (July – December 2012)
March 2013



The Talking Economics Digest is a bi-annual publication of the IPS, which compiles the articles featured on this blog every 6 months, together with 'feature' segments. Most of the blogs in this issue were related to innovation and economic growth.

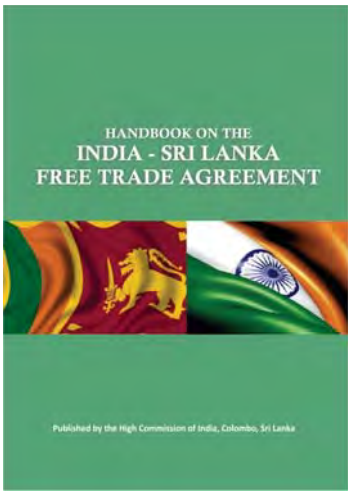
South Asia Economic Journal
(Vol.14, No.1) March 2013

IPS in partnership with RIS (India) initiated this journal in the year 2000. This is the 27th edition of the journal which carries the usual articles, research notes, and book reviews. All articles in the journal are now refereed by subject experts at the IPS and RIS. The new refeering process has expanded the decision making process in regard to acceptance and rejection of papers submitted to the journal.

Incentivizing Foreign Investment in Sri Lanka and the Role of Tax Incentives
Anushka Wijesinha, Raveen Ekanayake and Gajen Mahendra
Research Studies: Working Paper Series No.17 April 2013

As post-war Sri Lanka gears itself towards sustained fast growth and achieving upper-middle income status, the importance of attracting greater investment from abroad - Foreign Direct Investment (FDI) - has risen to the fore. Although Sri Lanka has seen a steady inflow of foreign investment projects into the country over time, the record has been less than impressive when compared with many emerging economies. Like many developing countries, Sri Lanka has offered, and continues to offer, generous tax holidays and other tax-based incentives and exemptions to incentivize FDI inflows to the country. But it is widely acknowledged that they erode the government's tax revenue base significantly. This paper argues that the key mediumterm challenge facing the country is to find a balance between providing a competitive tax incentives regime to attract FDI and keeping tax foregone to a minimum in order to preserve domestic revenue. The paper also argues that aside from tax incentives, other factors like the trade policy regime, openness to international markets, the investment policy regime, and institutional and governance set-up, are important as well.

Handbook on the India-Sri Lanka Free Trade Agreement
(IPS Research Team, Jointly published with the High Commission of India, Colombo, May 2013

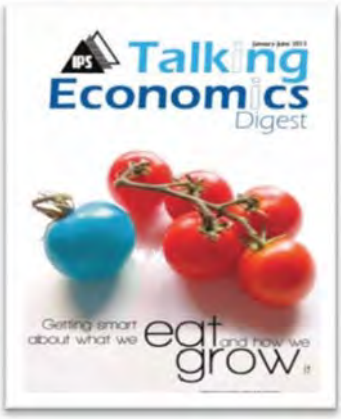


The India-Sri Lanka Free Trade Agreement (ISFTA) has been in operation for more than a decade. India has now emerged as the largest and the most balanced trading partner of Sri Lanka with a high level of exports and imports taking place between the two countries. While there is quite a lot of information and literature on the ISFTA, they remained scattered. This handbook attempts to bring this scattered information together to assist the business community and other stakeholders to obtain a better understanding of the ISFTA. In addition to a brief analysis on what has happened so far under the ISFTA, the handbook reproduces the Free Trade Agreement and technical details relevant to the Agreement such as the Negatives Lists, Rules of Origin, etc., and agencies dealing with the ISFTA.

Private Hospital Health Care Delivery in Sri Lanka: Some Issues on Equity, Fairness, and Regulation
G. D. Dayaratne, Research Studies: Working Paper Series No.18 June 2013

The issues pertaining to the private health sector has not been addressed through task force reports or the Health Master Plan 2006. As a result, the government has been burdened with the delivery of public health care services, while the private sector growth has been not been planned or promoted as part of an overall healthcare system. The size of Sri Lanka's health care sector is reasonably large enough, however, distribution is lopsided – with the bulk of services (both public and private) skewed towards the Western Province, and main urban centres. This is further compounded by the fact that the government has provided land at concessionary rates to set up private hospitals, predominantly in urban areas. The report provides policy alternatives to address equity, fairness and regulatory issues.

Talking Economics Digest (January – June 2013)
September 2013

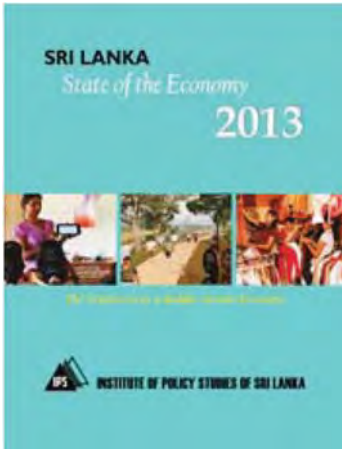


The Talking Economics digest is a bi-annual publication of the IPS which compiles the articles featured on this blog every 6 months together with 'feature' segments. This issue looks at the debate on introducing genetically modified food in Sri Lanka, among many other ongoing policy debates.

South Asia Economic Journal
(Vol.14, No.2) September 2013

The journal is now indexed in 13 databases including EcoLitt. There were 36,500 visitors to the journal website in 2013 and articles were downloaded 12,460 times from the website. Close to 300 institutes now subscribe to the journal.

Sri Lanka: State of the Economy 2013 Report
Theme: The Transition to aMiddle –Income Economy
October 2013



Despite a challenging external economic climate, the Sri Lankan economy has remained an impressive performer amidst the highly subdued growth seen both in the developed and developing world. As the country pushes ahead in the transition to a middle income economy, it will bring with it significant upward social mobility and an emerging middle class. With their more discerning consumer demands, a growing domestic middle class can spur service and process innovations that propel economic growth. A growing middle class can also positively impact public policy by making greater demands on, and wanting a greater voice in, how they are governed and the institutions that govern them. However, rising incomes and mobility will also bring additional pressure on already stretched resources and economic opportunities, from greater urbanization, environmental degradation, changes in aspirations on the type of employment sought by young people, and changes to the country's epidemiological profile.

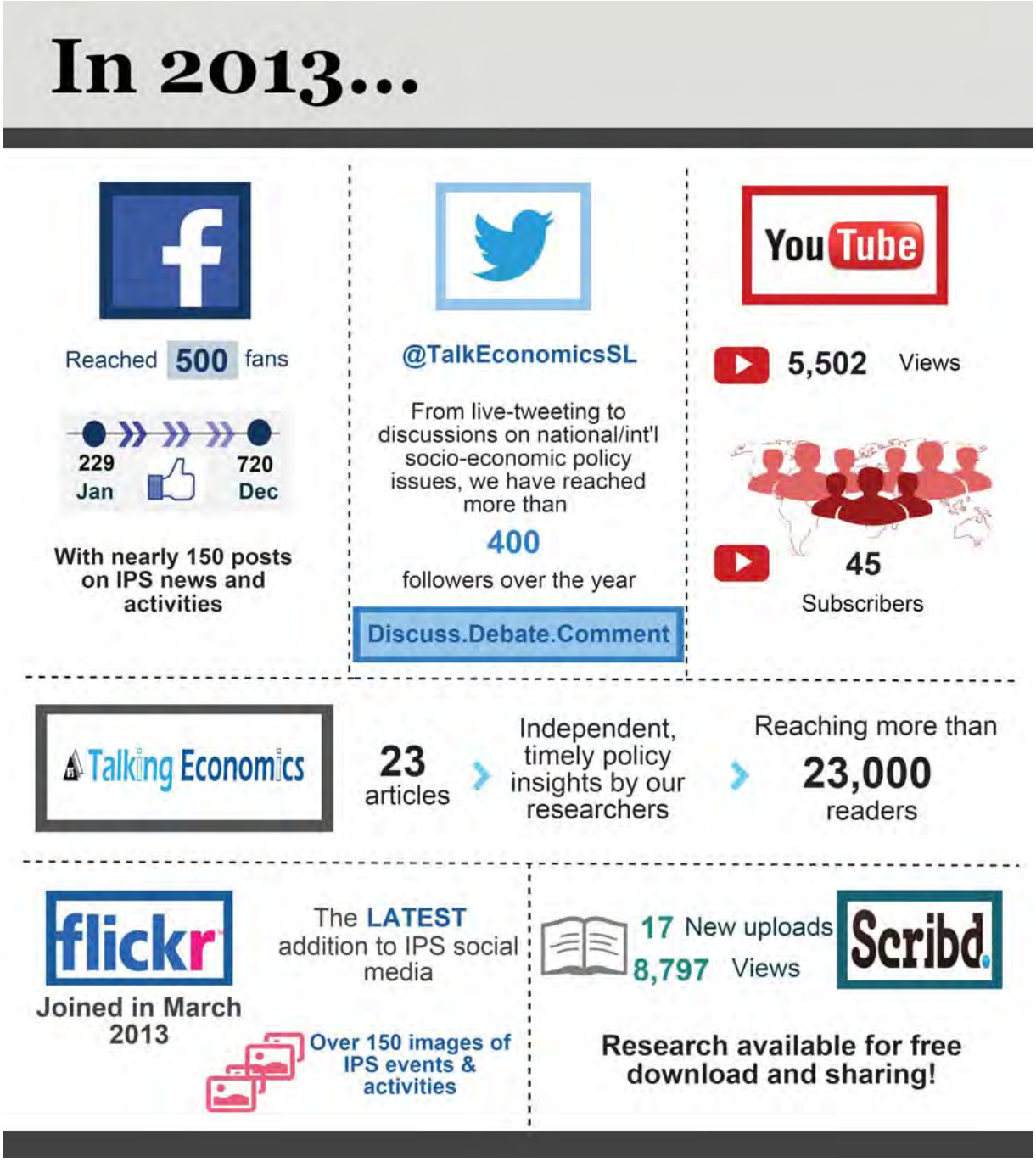
The Sri Lanka: State of the Economy 2013 takes an exploratory look at the many promising development achievements, opportunities and challenges ahead for the country. The rising socio-economic prosperity in Sri Lanka, if fostered skillfully and inclusively with progressive public policies, can spur economic dynamism, innovation, and social progress, and place the country on firmer ground, as it makes a decisive transition into a middle-income economy and beyond.

State of the Sri Lankan Alcohol Industry and Analysis of Governing Policies
G.D. Dayaratne
Research Studies: Working Paper Series No. 19
December 2013

The production and consumption of alcohol in Sri Lanka has reached a new height becoming a valuablerevenue contributor to the economy. Yet, misconceptions on the legal alcohol trade, and matters related to the illicit alcohol industry remain issues of concern. This Working Paper looks at issues of political patronization in the industry, and on the costs of alcohol-related harm due to illegal alcohol consumption and suggests policies to address these issues.

Our knowledge dissemination through social media…

IPS has embraced a range of social media channels to disseminate its policy-oriented research to its target audiences.



'Talking Economics'Blogs for 2013

February

- "Frankenfoods": A Sri Lankan Perspective on the Inevitable Rise of Genetically Modified Foods
  Dilani Hirimuthugodage, February 4
- State's Role in Boosting Nanotechnology: An Agenda for Sri Lanka
  Editorial Team, February 18

March

- Broken Promises: The Plight of Women in Sri Lanka and its Economic Costs
  Sunimalee Madurawala, March 8
- Safeguarding Consumer Interests by Strengthening Food Safety in Sri Lanka
  Raveen Ekanayake, March 15
- Latest 'Talking Economics' Innovation Special Issue Released
  Editorial Team, March 18
- Will Sri Lanka Run out of Water for Agriculture or Can it be Managed?
  Research Team (Chatura Rodrigo and Athula Senaratne), March 22

April

- Why Public Private Partnerships Might be the Answer to Sri Lanka's Struggling Health Sector
  G.D. Dayaratne, April 8
- Ensuring Migrant Worker's Rights: Regional Frameworks Could Hold the Key
  Roshini Jayaweera, April 22

May

- The Role of Tax Incentives in Attracting Investments to Sri Lanka: Time for a Re-Think?
  Anushka Wijesinha, May 10
- Sri Lanka's External Stability: Foreign Debts and Export Earnings
  Dushni Weerakoon, May 14
- Biodiversity as a Cornerstone of Sustainable Development: A Sri Lankan Perspective
  Dilani Hirimuthugodage, May 20

June

- Utility vs. Environment: Sri Lanka's Policy Outlook on Managing 'E-Waste'
  Chatura Rodrigo, June 5

July

- How Large is the Sri Lankan Global Middle Class?
  Nisha Arunatilake, July 1
- Europe at the Crossroads: Pulling Back Money, Putting Off Reforms
  Anushka Wijesinha, July 9

August

- Can Sri Lanka's Estate Sector Break Away from Poor Health and Poverty?
  Priyanka Jayawardena, August 6
- Shaping Up the Future: Can Sri Lanka set an Example in Achieving MDGs for Youth?
  Chatura Rodrigo, August 12

September

- A Comment on 'New Educational Policies and Proposals' for General Education in Sri Lanka
  Nisha Arunatilake, September 24
- Tourism and Water Management: Is Sri Lanka Paying Enough Attention?
  Kanchana Wickramasinghe, September 27
- TE Digest: 'What's in Our Food?'
  Editorial Team, September 30

October

- 'Panda Huggers' vs 'Dragon Slayers': Debating the China Growth Slowdown
  Anushka Wijesinha, October 1
- Latest Talking Economics Digest is Now Online! – 'Getting Smart About What We Eat and How We Grow It'
  Editorial Team, October 1
- Dying to Work: Why Health and Safety in the Workplace is an Important Economic Issue for Sri Lanka
  Sunimalee Madurawala, October 9
- Sri Lanka's Middle Income Transition: Thinking Beyond the 'Optics', to the 'Mechanics'
  Anushka Wijesinha, October 19

November

- Reforming a Post-War Economy in Four Years?
  Kaushalya Attygalle, November 4

December

- Fighting for the Poor: Strengthening Anti-trust Regulations
  Research Team (Raveen Ekanayake and Kaushalya Attygalle), December 4
- WTO Bali Ministerial: Issues and Challenges
  Editorial Team, December 10
- A Closer Look at the Fiscal Dynamics of the Budget 2014
  Nipuni Perera, December 13
- Sri Lankans and Irregular Migration: A Journey to Die For?
  Chandana Karunaratne, December 18

In-House Seminars

February — Can We Cut the Cake Differently?: Stimulating Innovation in Sri Lanka by *Tehani Welgama & Anushka Wijesinha*

March — Divineguma Act: Potentials and Pitfalls by *Ayodya Galappattige*

April — An Empirical Analysis of Sustainability of Trade Deficit: Evidence from South Asian Countries by *Dr.Nelson Perera, Deputy Dean, Sydney Business School, University of Wollongong, Australia*

May — Frankenfoods: A Sri Lankan Perspective of the Inevitable Rise of Genetically Modified Foods by *Dilani Hirimuthgodage*

June — Climate Change Mitigation: Challenges for Clean Development Mechanisms (CDMs) in Sri Lanka by *Chatura Rodrigo*

July — How Perceptions Could Matter in Policy?: Lessons from Climate Change Mitigation and Adaptationby *Athula Senaratne*

August — Who are Poor in Sri Lanka and Where are They? by *Wimal Nanayakkara*

September — Occupational Safety and Health Policy for Sri Lanka by *Dr. Champika Amarasinghe, Director General of the National Institute of Occupational Safety and Health, Dr. Inoka Suraweera, Environment and Occupational Health Unit, Ministry of Health, Representative from the Employers Federation of Ceylon, and Sunimalee Madurawala*

October — Has E-Waste Devastated the Country?: A Review of the Impact of E-waste on Human Health by *Samanthi Bandara*

November — Economic Value of Ecosystem Goods and Services (EGS): Estimating the Demand for EGS from Organic Rice Farming in Sri Lanka by *Chatura Rodrigo*

Financial Statements

31st December 2013

The Auditor General's (AGs) Final Report was not available at the time of publication of the Annual Report.
The AGs report will be uploaded in the IPS website (www.ips.lk) when it is available.

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL PERFROMANCE

For the year ended 31st December 2013	Note	2013 Rs.	2012 Rs.
Revenue			
Grant from the Government of Sri Lanka	2	15,000,000	13,666,000
Contribution From the Endowment Fund/Endowment Trust Fund	24	1,500,000	22,000,000
Project Income	3	41,399,592	29,683,684
Income from International Development Research Centre (IDRC) TTI Grant	4	27,582,588	19,672,048
Income from Seminar/Workshops	5	43,853,345	7,651,720
Interest Income		22,863,708	20,386,916
Income arising from Capital Grant Amortization	21	6,242,013	6,242,012
Income from Hiring the Auditorium		705,215	1,172,320
Miscellaneous Income	6	1,093,897	967,278
Exchange Gain	7	0	81,021
Total Revenue		**160,240,358**	**121,522,998**
Expenses			
Employee Cost	8	55,199,026	49,860,529
Depreciation on Property, Plant and Equipment	15	26,934,280	19,872,701
Research Cost	9	12,157,471	20,623,821
Seminar and Workshop Cost		36,269,925	5,574,930
Utility Expenditure		16,661,635	16,466,197
Travel Expenses		1,797,699	785,121
Other Operating Expenses	10	8,726,596	6,800,219
Hire of Auditorium		136,575	622,510
Loss on Disposal of Fixed Asset		15,995	0
Exchange Loss	7	692,248	0
Total Expenses		**158,591,450**	**120,606,028**
Surplus/(Deficit) Before Taxation		1,648,908	916,970
Income Tax Expense	11	0	0
Surplus/(Deficit) for the Period		**1,648,908**	**916,970**

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	2013 Rs.	2012 Rs.
ASSETS			
Current Assets			
Cash and Cash Equivalent	12	1,573,411	4,048,958
Investments	16	209,142,541	208,946,881
Trade receivables	17	20,637,902	7,402,111
Inventories - Publications		1,115,523	1,369,944
Deposits and Prepayments	13	2,347,883	18,666,394
Interest Receivable		302,741	1,505,401
VAT Receivable		4,096,790	1,204,187
Other Receivables	14	2,221,013	3,062,502
Total Current Assets		**241,437,804**	**246,206,378**
Non Current Assets			
Property, Plant and Equipment	15	348,312,983	341,505,506
Total Non Current Assets		**348,312,983**	**341,505,506**
Total Assets		**589,750,787**	**587,711,884**
LIABILITIES			
Current Liabilities			
Trade and Other Payables	18	7,834,415	9,326,549
Advance Receipts on Projects	19	40,713,975	33,221,579
Total Current Liabilities		**48,548,390**	**42,548,128**
Non Current Liabilities			
Employee Benefits	20	9,980,365	9,484,256
Staff Welfare Fund		1,423,306	1,287,671
Deferred Income- Capital Grants	21	293,374,600	299,616,613
Total Non Current Liabilities		**304,778,271**	**310,388,540**
Total Liabilities		**353,326,661**	**352,936,668**
Net Assets		**236,424,126**	**234,775,217**
NET ASSETS/EQUITY			
Contributed by;			
Initial Transfer of Assets from Government/Grantor		2,144,144	2,144,144
Accumulated Surplus		234,279,982	232,631,073
		236,424,126	**234,775,217**

The annexed notes to the financial statements are an integral part of these financial statements.

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

Chief Financial Officer

Executive Director

Chairman

The Board of Governors of the Institute is responsible for the preparation and presentation of these financial statements.

25th February 2014

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 31st December 2013

	Initial Transfer of Assets by Government/Grantor	Accumulated Surplus/ (Deficits)	Total
	Rs.	**Rs.**	**Rs.**
Balance as at 31st December 2011	**2,144,144**	**231,714,104**	**233,858,248**
Surplus of income during the year	0	916,970	916,970
Balance as at 31st December 2012	**2,144,144**	**232,631,074**	**234,775,218**
Surplus of income during the year	0	1,648,908	1,648,908
Balance as at 31st December 2013	**2,144,144**	**234,279,982**	**236,424,126**

INSTITUTE OF POLICY STUDIES OF SRI LANKA
STATEMENT OF CASH FLOW

For the year ended 31st December	2013 Rs.	2012 Rs.
Cash Flow From Operating Activities		
Surplus/(Deficit) Before Taxation	**1,648,908**	**916,970**
Adjustments for;		
Contribution from Staff Welfare Fund	135,635	123,269
Depreciation on Property, Plant and Equipment	26,934,280	19,872,701
Income arising from Capital Grant Amortization	(6,242,013)	(6,242,012)
Provision for Gratuity	3,330,319	2,004,182
Interest Income	(22,863,708)	(20,386,916)
(Increase)/Decrease in Provision for Bad debt	(885,072)	0
Loss on Disposal of Fixed Asset	15,995	0
Net cash inflow/(outflow) Before Working Capital Changes	**2,074,344**	**(3,711,806)**
(Increase)/ Decrease in Trade Receivables	(12,350,719)	(6,091,106)
(Increase) /Decrease in Inventories	254,421	165,243
(Increase)/Decrease in Deposits and Prepayments	16,318,511	(16,426,261)
(Increase)/ Decrease in Vat and Other Receivables	(2,051,114)	528,924
Increase/(Decrease) in Advance Receipts	(18,533,431)	(7,486,929)
Increase/(Decrease) in Trade and Other Payables	(1,492,134)	(4,063,102)
Net cash inflow/(outflow) Generated From Operations	**(15,780,122)**	**(37,085,037)**
Gratuity Paid	(2,834,210)	(1,547,559)
Net Cash inflow/(outflow) From Operating Activities	**(18,614,332)**	**(38,632,596)**
Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment	(34,107,102)	(6,529,061)
Accounting Adjustment	349,350	5,167,801
(Increase)/Decrease in Capital Work in Progress	0	0
Interest Received	26,843,398	16,906,570
Sales Proceeds from Disposal of Property, Plant and Equipment	0	0
Purchase of Investments	(16,364,528)	(28,461,019)
Proceeds from Sale of Investments	13,391,840	13,915,301
Net cash inflow/(outflow) From Investing Activities	**(9,887,042)**	**999,592**
Cash Flow From Financing Activities		
Grants Received	26,025,827	23,617,447
Net cash inflow/(outflow) from Financing Activities	**26,025,827**	**23,617,447**
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,475,547)	(14,015,559)
Cash and Cash Equivalents at the beginning of the year (Note 12)	4,048,958	18,064,517
Cash and Cash Equivalents at the end of the year	**1,573,411**	**4,048,958**
a) Reconciliation of Cash and Cash Equivalents		
Cash at Bank	1,533,411	4,008,958
Cash in Hand	40,000	40,000
	1,573,411	**4,048,958**

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 and Planning.

1.2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

1.2.3 Going concern

The Board of Governors are 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.

(a) Foreign currency transactions

These financial statements are presented in Sri Lankan Rupees, which is the Institute's functional currency.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Such balances are translated at the financial year end exchange rates.

(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.

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	20%
Furniture	20%
Office Equipment	20%
Motor Vehicles	20%
Library Books	25%
Buildings	2%

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, Bonds and Repurchase Agreements.

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

(e) Capital grants
Grants relating to the purchase of property, plant and equipment are included under non-current liabilities as deferred income and credited to the statement of financial performance on a basis consistent with the basis of depreciation of the related assets.

(f) 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.

(g) 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.
Doubtful debts are provided for in full.

(h) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at bank, cash in hand and call deposits held with banks, net of bank overdrafts. In the Balance Sheet, bank overdrafts are included under current liabilities.

(i) 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 statement of the financial position date. Non-current liabilities are those balances that fall due for payment after one year from the balance sheet date. All known liabilities have been accounted for in preparing these financial statements.

Provision for liabilities is recognized when the group 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.

(j) 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.

(k) 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. 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) 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.

Classification of 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.

As at 31st December

2 Grant from the Government of Sri Lanka

Represents the grant received from the Government of Sri Lanka for utilities and maintenance of the Institute.

		2013 Rs.	2012 Rs.
3	**Project Income**		
	Income from projects-Institutions	41,399,592	29,683,684
		41,399,592	29,683,684
4	**Income from International Development Research Centre (IDRC) TTI Grant**		
	Income from International Development Research Centre (IDRC) TTI Grant	27,582,588	19,672,048
		27,582,588	**19,672,048**

This relates to the income recognised during the year by utislising the IDRC Think Tank Initiative (TTI) grant received in 2010.The grant was received for a four year period to enhance research quality,strengthen organisational performance and improve policy linkages and communication and outreach.

5 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. In 2013, the 6th South Asia Economic Summit was hosted by the IPS which resulted in an increase in Income by Rs. 26,840,558 from Seminars and Workshops.

6	**Miscellaneous Income**		
	Sale of Publications	606,166	896,333
	Other Income	487,731	70,945
		1,093,897	**967,278**
7	**Exchange Gain / Loss**		
	Exchange Gain	0	81,021
	Exchange Loss	692,248	0

The comparative figure has been restated to reflect the exchange gain which was disclosed as a deduction against expenses in 2012, as a revenue item.
As a result the total revenue and expenses in 2012 changed as follows:

	Re-stated 2012	2012
Total Revenue	121,522,998	121,441,978
Total Expenses	120,606,028	120,525,008

8	**Employee Cost**		
	IPS Staff Salary	40,253,919	36,522,531
	EPF	4,409,986	4,012,203
	ETF	1,138,574	1,107,577
	Honorarium (Note 8.1)	3,819,984	4,051,670
	Staff Welfare Cost	2,018,917	1,394,048
	Other Benefits	227,327	768,318
	Provision for gratuity (Note 20)	3,330,319	2,004,182
		55,199,026	**49,860,529**
8.1	**Honorarium**		
	Includes payments made to Board of Governors	600,000.00	600,000
9	**Research Cost**		
	Printing & Typesetting Publication Cost	3,686,499	2,509,889
	Internet Charges	2,347,203	2,375,748
	Consultation Charges	978,926	10,025,331
	Other Research Costs	5,144,843	5,712,853
		12,157,471	**20,623,821**
10	**Other Operating Expenses**		
	Registration and Membership Fees	152,312	200,880
	Office Costs	1,972,083	1,642,137
	Consumables	683,003	287,752
	Professional and Legal Fees	2,724,052	1,072,849
	Audit Fees	273,000	461,941
`	Advertisements	113,300	126,675
	Bank Charges/Commission	183,331	137,007
	Other Admin Related Costs	515,338	80,902
	Lease Rental	1,170,000	1,950,000
	Miscellaneous Expenses	55,105	20,995
	Bad Debts	885,072	819,081
		8,726,596	**6,800,219**

As at 31st December		2013 Rs.	2012 Rs.
11	**Income Tax Expense**		
	Current tax Expense		
	The profits and the income of the Institute of Policy Studies are exempt from tax as per section 19(4) of the IPS Sri Lanka Act No. 53 of 1988.		
12	**Cash and Cash Equivalents**		
	Cash at Bank	9,033	2,711,529
	Cash in Call Account	1,500,000	1,274,971
	Cash at Bank-Foreign Currency (Note 12.1)	24,378	22,458
	Petty Cash	40,000	40,000
		1,573,411	**4,048,958**
12.1	**Cash at Bank-Foreign Currency**		
	Account in EURO	24,378	22,458
		24,378	22,458
13	**Deposits and Prepayments**		
	Prepayments (Note 13.1)	1,876,883	973,968
	Deposits	306,000	306,000
	Other Advances (Note 13.2)	165,000	17,386,426
		2,347,883	**18,666,394**
13.1	**Prepayments**		
	Medical Insurance	229,371	0
	Other Insurance	646,411	441,032
	Other Pre-Payments	1,001,101	532,936
		1,876,883	**973,968**
13.2	**Other Advances**		
	The amount stated in 2012, includes an advance payment for the purchase of servers amounting to Rs.16,917,358.00		
14	**Other Receivables**		
	Other Receivables (Note 14.1)	562,045	338,698
	Provision for Bad Debt	(313,900)	0
		248,145	338,698
	Staff Debtors	1,972,868	2,723,804
		2,221,013	**3,062,502**
14.1	**Other Receivables**		
	Air ticket reimbursements for staff travel from Donors	418,400	338,698
	Others	143,645	0
		562,045	**338,698**

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

As at As at 31st December

15 Property, Plant and Equipment

	Building	Computer Equipment	Motor Vehicles	Furniture & Fittings	Office Equipment	Library Books	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost							
Balance as at 01st January 2013	320,069,088	39,008,022	10,604,125	19,104,491	22,318,069	1,243,116	412,346,911
Additions	219,327	33,629,798	0	26,600	231,377	0	34,107,102
Less: Accounting Adjustment	(84,000)	0	0	(30,843)	(187,741)	0	(302,584)
Less: Disposal	0	(2,300,840)	0				(2,300,840)
Balance as at 31st December 2013	**320,204,415**	**70,336,980**	**10,604,125**	**19,100,248**	**22,361,705**	**1,243,116**	**443,850,589**
Accumulated Depreciation							
Balance as at 01st January 2013	12,422,044	30,148,881	10,604,125	8,297,560	8,143,420	1,225,375	70,841,405
Depreciation Charge	6,423,936	12,418,829	-	3,700,907	4,388,377	2,231	26,934,280
Less: Accounting Adjustment	0		0	25,157	21,609		46,766
Less: Disposal	0	(2,284,845)	0				(2,284,845)
Balance as at 31st December 2013	**18,845,980**	**40,282,865**	**10,604,125**	**12,023,624**	**12,553,406**	**1,227,606**	**95,537,606**
Carrying Value							
As at 31st December 2013	**301,358,435**	**30,054,115**	**0**	**7,076,624**	**9,808,299**	**15,510**	**348,312,983**

As at 31st December		2013	2012
		Rs.	Rs.
16	**Investments**		
	Repurchase Agreements	119,364,591	0
	Treasury Bills (Note 16.1)	8,833,305	115,862,772
	Treasury Bills (Note 16.1) - Gratuity Fund	10,918,950	9,802,211
	Treasury Bills (Note 16.1) - Staff Welfare Fund	1,435,859	1,300,225
	Fixed Deposits	68,589,836	81,981,674
		209,142,541	**208,946,881**

16.1 Comparative figures have been restated to reflect the following:
All investments held in 2012 are short term investments.These have been classified under Non Current Assets in the 2012 financial statements. The comparaive figures for investments have been restated to reflect the investments under Current Assets.

The interest accrued on Treasury Bills and Repos have been disclosed separately as Interest Receivable in 2012 financial statements.The comaparive figures have been restated to disclose them at cost plus interest.

	Re-stated 2012	2012
Non Current Asstes		
Investments		
Repurchase Agreements	0	0
Treasury Bills	0	110,463,617
Treasury Bills - Gratuity Fund	0	9,386,520
Treasury Bills - Staff Welfare Fund	0	1,300,225
Fixed Deposits	0	81,981,674
Total	0	**203,132,036**

Current Assets	Re-stated 2012	2012
Investments		
Repurchase Agreements	0	0
Treasury Bills	115,862,772	0
Treasury Bills - Gratuity Fund	9,802,210	0
Treasury Bills - Staff Welfare Fund	1,300,225	0
Fixed Deposits	81,981,674	0
Total	208,946,881	0

	Re-stated 2012	2012
Interest Receivable	1,505,401	7,320,247

As a result the total Non Current Assets and Current Assets changed as follows,

	Re-stated 2012	2012
Non Current Assets	348,312,983	544,637,542
Current Assets	241,437,804	43,074,343

16.2	**Market Value of Investments**		
	Treasury Bills	145,174,249	126,588,081
		145,174,249	**126,588,081**

17	**Trade Receivables**		
	Trade Receivables Projects	7,913,036.98	7,402,111
	Amount Receivable from the Ministry of Finance & Planning	13,296,037	0
	Provision for Bad Debts	(571,172)	0
		20,637,902	**7,402,111**

As at 31st December		2013	2012
18	**Trade and Other Payables**		
	Creditors	2,225,650	5,479,138
	Accruals (Note 18.1)	4,750,614	3,816,327
	EPF Payable	723,985	0
	NBT Payable	22,511	31,084
	PAYE payable	111,655	0
		7,834,415	**9,326,549**
18.1	**Accruals**		
	Research Project Expenses	1,367,573	1,639,637
	Telephone/Internet Charges	273,200	292,833
	Audit Fees	678,000	655,678
	Electricity	667,213	643,840
	Other Office Costs	1,650,203	474,874
	Fuel	114,425	109,465
		4,750,614	**3,816,327**
19	**Advance Receipt on Projects**		
	Balance as at 01 January	33,221,579	17,091,061
	Receipts during the year	148,579,787.48	89,681,643
	Amount Receivable from the Ministry of Finance & Planning	13,296,037	0
	Income recognized	(141,087,391)	(73,551,125)
	Advance returned to the Ministry of Finance & Planning	(13,296,037)	0
	Balance as at 31 December	**40,713,975**	**33,221,579**

The advance receipts on projects relate to income on incomplete projects deferred in the Balance Sheet to be recognized as income over the period of projects. Amount carried forward together with expected future receipts on projects are estimated to be sufficient to meet the future expenses of these projects. Rs.13,296,037 refers to the amounts received and returned to the Ministry of Finance & Planning for a UNICEF funded project which is expected to be received in 2014.

As at 31st December		2013 Rs.	2012 Rs.
20 Employee Benefits			
Balance as at 01 January		9,484,256	9,027,633
Expense recognized during the year	(Note 20.1)	3,330,319	2,004,182
Payments made during the year		(2,834,210)	(1,547,559)
Balance as at 31 December		**9,980,365**	**9,484,256**

Number of employees of the Organization as at 31 December 2013 is 60.
Number of employees of the Organization eligible for Employee Benefits as at 31 December 2013 is 48 (2012 - 48).
The liability is funded and has been valued by a professional actuarial company.
The following assumptions are used in determining the cost to the institute of providing these benefits:

Discount Rate	10%
Increase in rate of salary	6%
Rate of Staff Turnover	7%

20.1 Expense recognized during the year	2013 Rs	2012 Rs
Current Service Cost	914,352	834,161
Interest Cost	1,043,268	902,763
Actuarial Gain/Loss	1,372,699	267,258
	3,330,319	**2,004,182**

21 Deferred Income-Capital Grants	2013 Rs.	2012 Rs.
Balance as at 01 January	299,616,613	305,858,626
Grants obtained during the year represents	0	0
Grant from the State of the Netherlands	0	0
Grant from the Endowment Fund	0	0
Amortized during the year	(6,242,013)	(6,242,013)
Balance as at 31 December	**293,374,600**	**299,616,613**

22 Lease Commitment

The Institute has a commitment to make annual repayment of Rs.780,000 p.a for the period 2005 to 2009 and Rs. 1,170,000 p. a for the period 2010 onwards as a rental for the construction of building on land owned by the Land Commissioner on an operating lease arrangement for a period of 30 years and payments have been made for rentals due. However steps are being taken to obtain the land on an outright grant from the Government of Sri Lanka.

The total of future minimum lease payments under operating leases for each of the following periods are as follows;

Less than one year	Rs. 1,170,000
Between 1-5 years	Rs. 5,850,000
More than 5 years	Rs. 17,550,000

23 Capital Commitment

No capital commitments as at the Balance Sheet date.

24 Related Party Transactions

The Institute and the Endowment Fund were governed by the same Board of Governors till August 2013. On 6th August 2013, a Trust was formed to govern the Endowment Fund. The Board consist of five Trustees of which two are Ex-Officio members (Chairman and Executive Director of IPS). During the year the Institute has received Rs. 1,500,000.00 as a contribution for the operations of the Institute from the Endowment Trust Fund.

The Institute is granted Rs. 15,000,000 from the Government of Sri Lanka for recurrent expenditure.
The Secretary to the Treasury, Governor of the Central Bank and the Director General of the National Planning Department are Ex-Officio members of the Board of the IPS.

25 Contingent Liabilities

There were no contingent liabilities as at the balance sheet date.

26 Events occurring after the Balance Sheet Date

No events occurred after the balance sheet date which require adjustments to or disclosures in the financial statements.

27 Comparative Figures

Comparative figures have been restated where necessary for the purpose of presentation.

28 Board of Governors' Responsibility

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

Thank you, to all our partners and donors for supporting us throughout the year 2013!

The IPS has placed considerable value in developing research linkages both locally and internationally. As such, the Institute has established formal links with a number of research networks, and developed collaborative partnerships with the government, non-government, private sector organizations, as well as regional research institutions, and donor agencies.

Formal Links:

- South Asia Centre for Policy Studies (SACEPS)
- SAARC Network on Global Financial and Economic Issues
- The Indian Rim Association for Regional Cooperation (IOR-ARC)
- The Poverty and Economic Policy (PEP) Research Network
- Asia-Pacific Research and Training Network on Trade (ARTNeT)

Collaborative Partnerships:

- South Asia Network of Economic Research Institutes (SANEI)
- Research and Information System for Developing Countries (RIS)
- Indian Council for Research in International Economic Relations (ICRIER)
- South Asia Watch on Trade, Economics, and Environment (SAWTEE)
- International Development Research Centre (IDRC), Canada
- Centre on Regulation and Competition (CRC), University of Manchester, U.K.
- Consumer Unity & Trust Society, Jaipur, India
- Coalition for Action on South Asia (CASAC), New Delhi, India
- Indian Council for South Asian Cooperation (ICCSAC), New Delhi, India

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